ISCTE Business School
Instituto Universitário de Lisboa

PORTUGAL AS AN EUROPEAN DESTINATION REFERENCE IN SENIOR TOURISM

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Master Project of Science in Marketing

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Resumo

O presente projeto consiste na determinação estratégica relativa ao desenvolvimento de Portugal cujo objectivo central é determinar de que forma Portugal pode vir a ser um *player* de referencia no contexto de Turismo Sénior, um segmento de mercado que representa já, quer em volume quer em valor o mais atrativo segmento de turistas.

À medida que a população mundial envelhece, o segmento sénior é considerado o segmento de consumo mais valioso, um fenómeno que se verifica não só na indústria do turismo, mas é sim comum a todas as indústrias. Este segmento possui atualmente tempo e capital disponível para a prática de turismo. Todos os dias 10,000 novos cidadãos Americanos entram na idade da reforma. Para além disso, aqueles considerados "Baby-Boomers" e que detêm hoje cerca de 60% de toda a fortuna mundial, serão os próximos "seniores" e irão dominar a indústria mundial do Turismo exigindo uma oferta cada vez mais adaptada às suas necessidades.

Posto isto, é urgente o desenvolvimento de uma estratégia direcionada não só aos membros da atual população sénior mas também a outras gerações, nomeadamente os "Baby-Boomers" e a Generation X que irão representar a curto/médio prazo o segmento "sénior" da população mundial. De forma a fazê-lo de uma forma eficaz, é crucial ter em conta a necessidade de criar uma ligação emocional com estes grupos de consumidores, ao mesmo tempo que a oferta turística disponível deverá ser capaz de se desenvolver e adaptar de forma contínua à evolução das suas necessidades e comportamentos turísticos.

Palavras-chave: Turismo em Portugal, Gerações comportamentais, *Destination Branding*, comportamentos turísticos.

Abstract

The presented project consists in a strategic development of Portugal as a Touristic Destination witch major goal is to understand how can Portugal become a major Player in Senior Tourism, as segment of the population that already represents both in volume and value the most attractive travel segment.

With the increasing ageing of the world's population, seniors are pointed out to become the most valuable consumer segment. These have increasing available time to travel and they have the disposable income to spend in travel experiences as a primary motivation. Every day in the USA 10,000 people enter in the retirement age, a trend that is expected to prevail until 2020. Moreover, 60% of the world's fortune lies in the hands of baby-boomers, which will soon become the next seniors, dominating the World tourism and demanding hand-crafted experiences as never before. A Destination that is able to understand their needs and develop customized experiences to fit their demand will surely hold a valuable competitive advantage.

This being said, there was the needed to develop a strategy targeted not only to those who may be already considered "seniors", but also to the other generations namely Baby-Boomers and members of Generation X that will become "seniors" in a 10 to 20 year period. In order to do it effectively, this strategy must take into account the need to create an emotional connection with those consumers, while our touristic offer must be developed and continuously adapted to their evolution in terms of needs and travel behaviours.

Keywords: Tourism in Portugal, Generational Travellers, Branding Destination, Travel Behaviours

JEL Classification: M31 – Marketing & L83 – Sports; Gambling; Recreation; Tourism

Methodology

In the development of the presented thesis project and in order to assure effective and reliable information, In-depth semi-structured interviews were developed with Tourism-related experts. The interviewees were Isabel Martins from PTeam, a Portuguese Travel Agency whose business activity is mainly focused on Religious Tourism and increasingly targeted to emerging countries such as Brazil due to its high interest for “faith travels”, and Bruno Ribeiro, Marketing & Communication Manager at DouroAzul.

Despite the fact that quantitative methods such as questionnaires are irreplaceable in order to gather important information of travel data and develop further analysis on Tourists profiles, the referred interviews were developed with the companies above listed taking into account their deep-knowledge on these subjects and experience when developing Tourism & Travel Activities in Portugal.

Further research must be developed namely in terms of quantitative methods in order to update the existing knowledge on subjects such as profile of tourists per touristic product, per market of origin and others, focused on the three generational cohorts on which this project is focused on – Mature travellers, Baby Boomers and Generation X.

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1 Literature Review

1.1 Introduction to Brand Equity and Brand Image

According to the AMA, a brand is a name, term, sign, symbol or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition (AMA, 1995).

Brand equity is a key element to branding strategies and brand management. Raggio and Leone (2005) define brand equity as a consumer's "attitude, perception, belief or desire that a brand will meet its promise of value". These consumer perceptions are what create and sustain brand equity. It is managed through branding, or the use of an organization's brand (image, logo or other brand elements) in the marketplace to reach consumers.

Brand image is directly related to the consumer's perception of a brand. It is the set of beliefs held about a particular brand (Philip Kotler, 1995). Garner & Levy, (1955) proposed that brands may have an overall character or personality that may be more important to the consumer than the mere technical facts about the product. In fact, consumers inevitably form a brand image based on the associations (Philip Kotler, 1995) that they remember. According to (Keller, 1993), brand associations are other informal nodes linked to the brand node in memory and contain the meaning of the brand for the consumers.

In today's intensely competitive world, a countries' ability to compete against each other for share of mind, share of income, share of talent and share of voice is significantly determined by the power of their brand image (Anholt, 2004). According to Anholt, it is crucial to establish the difference between the possible meanings of Brand, often misled:

Brand Image - it's something consumers have in their head about a company's product, it's their perception of a product – is not the company's message, is the context in which the message is received. It's in the minds of consumers and not controlled by brands.

Brand Identity – It's what the product looks like and what brands control – "you spend some money, you change your logo". It has to be coherent to all other brand elements.

Brand Purpose – Is the art of getting lots of people to behave as if they were one person. Simon Anholt stated: "They will only get where they want to go if they all agree on where they're going and who they are, so they will get there much sooner and more effectively".

1.2 A Country as a brand – Nation Brand

"We live in a globalized age where every country, every city, every region has to compete with every other for a share of what's going on - customers, products, tourist, capital, interest and respect for the foreign media - that's what everybody wants and everybody is competing for. On a situation like that, reputation becomes everything."

Simon Anholt, Keynote speech EuroPCom 2011

A destination brand represents the core essence and enduring characteristics of a destination. A destination can change its moods and the way in which it presents itself to different market segments. But its core brand characteristics, like someone's personality, are essentially always the same. In a general way, Nation Branding refers to the way a Nation can become a brand itself uniting its citizens and attracting FDI, tourism and exports.

Like any brand, nations have individual identities witch are unique between themselves (Jaworski & Fosher, 2003) and those identities are the main differentiating factor. Based on this unique identity, we can argue that many countries have been branding themselves for a long time, even if the term "branding" related to tourism was then unknown.

Simon Anholt firstly introduced the term "Nation Brand" in 1990's: it was defined as the sum of people's perceptions of a country across six different areas of national competence: Tourism, People, Culture, Brands, Policy and Investment. Each country's strengths and weaknesses rely on each point of this "hexagon" - The Anholt-GfK Roper Nation Brands Index - that measures the power and quality of each country's 'brand image':

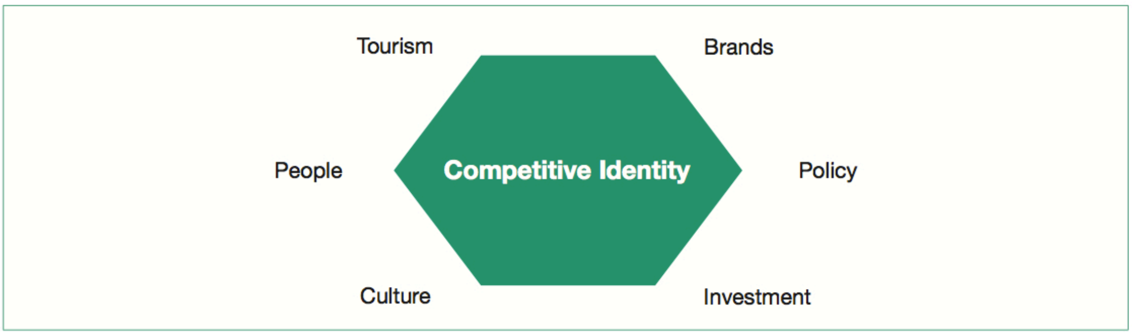


Figure 1 - Simon Anholt's Hexagon of Competitive Identity (2002). Source: Handbook on Tourism Destination Branding, European Travel Commission, 2009

A nation is not a product in the conventional sense, as it does not offer any kind of tangible product or service and it can represent and encompasses a wide variety of factors, associations and links that can build the brand itself. Moreover, the essence of a destination is multi-attributed per se (Pike, 2005), requires a knowledge-intensive structure and it is an exceptionally complicated task (Singh & Hu, 2008) to apply branding concepts to a nation.

Similarly as Anholt, Mihailovich (2006) established four different facets, based on witch a country should build an integrated and coherent brand strategy, as the process of globalisation has underlined the need for countries to brand themselves: public diplomacy, tourism, exports and foreign direct investment (FDI).

According to Ollin*s* (2009) countries and companies are taking on each other's roles and the most urgent problems are faced by small emerging nations, sometimes nearly unknown. However, the same author states that "the idea of a nation as a brand – as Kellogg's Cornflakes is a brand - is a very big mistake," establishing clearly fundamental differences between a nation brand and a commercial product brand, as showed in table 1.

What Ollins tries to highlight with this differentiation between Nation Branding and the common and most known Commercial Branding is the challenge of building a Nation Brand due to the multiplicity of stakeholders evolved with the brand and with direct influence over it and the nearly un-existing control over them, once any third party could use a Nation's image for its own advantage, manipulating it and exploiting for each ones ends.

Variables	Nation Brand	Product Brand
Offer	• Nothing to offer	• A product or service to offer
Attributes	• Difficult to define	• Well defined
Benefits	• Purely Emotional	• Functional and Emotional
Image	• Complicated, various, vague	• Simple, clear
Associations	• Secondary, numerous and diverse	• Primary and secondary, relatively few and more specific
Purpose	• To promote national image?	• To help sales and develop relationships
Ownership	• Unclear, multiple stakeholders	• Sole owner
Audience	• Diverse, hard to define	• Targeted segment

Table 1 - Comparison between nation branding and product branding. Source: Handbook on tourism destination, European Travel Commission

From a branding focused point-of-view, EIG (2005) states that as competition increases, nations need to develop distinctive brands, witch means investing in more than just a logo, strapline or advertising campaign. Even do the most immediate goal is employment for most developing countries, nation branding should not simply focus on country image but also help to develop an holistic and sustainable brand architecture uplifting not only itself but also its surroundings.

Such as in a business context, branding is all about defining an identity and its positioning in worldwide markets, and that is a equally crucial role in Nation Branding when developing an international brand architecture that gives a nation a moving, strong, credible and coherent image among all the stakeholders evolved at the different levels of the Brand.

In conclusion, and despite the fact that many authors (Olins, 2002) have questioned the idea of branding a country, the notion of brand management for countries is now increasingly developed as worldwide investors and companies still rely heavily on country images and their perception of the existing potential: it is becoming the major marketing tool to attract tourists and investments in this increasingly competitive worldwide market.

1.3 Tourism Branding Destination

"You do not change people's perceptions of a country with advertising. You change people's perceptions by finding the truth, an idea that embraces that truth and putting it through everything they do."[i]

Wally Olins

Tourism Destination Brand is a name, symbol, logo, word mark or other graphic that both identifies and differentiates the destination, conveying the promise of a memorable travel experience that is uniquely associated with the destination; it also serves to consolidate and reinforce the recollection of pleasurable memories of the destination experience (Ritchie and Ritchie, 1998, p.17).

In essence, a nation's brand identity is based on the nation's people, beliefs and history (Jaworski & Fosher, 2003), but many researchers and practitioners argue that nation brand image is much more complicated then this, once it isn't just about branding a single product or a regular brand: it is about branding a whole set of experiences named by destination mix.

Nation Branding related literature saw it's first conceptualizations developed in the 90's. Since them, almost all relevant studies on this subject agree on its high complexity.

Based on Richie and Richie (1998), later work made by Blain et al. (2005: p.337) resulted in the definition of destination branding as "the *set of marketing activities that (1) support the creation of a name, symbol, logo, word, mark or other graphic that readily identifies and differentiates a destination; that (2) consistently convey the expectation of a memorable travel experience that is uniquely associated with the destination; that (3) serve to consolidate and reinforce the emotional connection between the visitor and the* *destination; and that (4) reduce consumer search costs and perceived risk".* All of these aimed to create an image as strong as possible while building an image that positively influence consumers' decisions to visit a certain destination instead of visiting another one.

Acharya (2010) argues that a good destination branding makes a destination attractive, consistent with it's positioning, conveys excitement and quality, expresses the destination's personality, it's memorable, simple, unique, it is transportable to the web as a domain name and finally, it should be well accepted by all partners or stakeholders evolved. Destination brands act as an umbrella brand to a multiplicity of products, which may or may not be related and has a large diversity of different customers (Balakrishnan, 2008; Fan, 2006).

The complexity of the tourism destination concept is based on a wide variety of different products, services and experiences, which are all managed, distributed and 'consumed' by different stakeholders with a variety of ownership forms, and often without a suitable hierarchy with adequate rules (Konecnik & Go, 2008; Konecnik, 2005).

In fact, the first considerable issue when branding a Nation is the need for concerted action. An illustrative example of this phenomenon is an American firm that uses a French brand name to sell a perfume that is made in South-America and has nothing to do with France. This has to do with the COO or Country of Origin Effect and may have a direct impact on how a Country is perceived in the market among its competitors.

COO also affects brand equity, not only regarding Products and Services, but also the destination itself. According to Yasin, N.M., M. N. Noor and O. Mohamad (2007) positive COO affects brand loyalty, brand distinctiveness, brand awareness and brand association. Lee and Ganesh (1999) suggest that when consumers are not familiar with a country, they rely more on COO information as a reflection of a destination's image and countries with a favourable image receive a more positive country product evaluation from consumers.

Historically, a large majority of tourism destination research studies addressed and examined the brand concept primarily from a demand-side perspective, adopting a consumer-perceived- image approach (Echtner & Ritchie, 1993; Baloglu & McCleary, 1999; Anholt, 2005). On the opposite side, not long ago researchers started to advocate the importance of a different managerial perspective on tourism destination branding: the supply-side (Cai, 2002; Hankinson, 2007; Blain et al., 2005; Balakrishnan, 2008; 2009).

According to Gallarza, M.G., Saura, I.G. & García, H.C. (2002), Destination Branding falls under tourism destination image (TDI) and Brand Image is a function of who is interpreting the image, making destination branding harder to study (Meenaghan, 1995).

Brand Image principles must also be addressed on Branding Destination research as there is a strong correlation between consumers having a favourable image and their intention to visit a place (Leisen, 2001). Consumers "tend to choose brands whose perceived images are similar to consumers' actual, ideal, social, ideal-social and situational-ideal-social images" (Ataman and Ülengin, 2003, p.246). What this statement means is that perceived image self-congruity clearly affects brand preferences and so, sales. A strong support for brands to have a multiplicity of image attributes is indicated as well. The same study also reveals that 90% of sales variation (this study relates to the Turkish beverage industry) is being caused by the brand's image while only 10% is due to other factors such as advertising, distribution and/or brand loyalty.

"Image differentiates tourist destinations from and is an integral and influential part of the traveller's decision process" (Baloglu and Brinberg, 1997). This is based on the intangibility of destinations, as they cannot be sampled or tried out like most of the tangible products. Brand image is particularly important when differentiation between destinations is low. When it occurs, brand image creates a perceptual difference 35-65% of the times (Sameer Hosany, Yuksel Ekinci, Muzaffer Uysal, 2007; Palumbo and Herbig, 2000).

Moreover, there should also be a strong fit between overall destination image and the service extension/destination sub-products otherwise it affects perception on sub-product quality and overall image of the corporate brand (Jose M. Pina, Eva Martinez, Leslie de Chernatony, Susan Drury, 2006)

Gunn (1972) argues that there are two components of Brand Destination Image: **Organic Images** - formed through past experiences with destinations and unbiased sources of information (news, reports, movies, etc.) - and **Induced images**, created through information received from external sources, such as destination advertising and promotion.

According to Ross-Wooldridge (2004), Tourism is also used as an example of halo marketing that helps to confirm or modify a target customer's self-image and helps match social motivations with the customer's reference group.

Given the importance of Nation Branding and its complexity, on the Handbook on Tourism Destinations Branding (2009), there were considered various critical success factors when developing a successful Destination Brand such as:

- A good understanding of the destination's **core market segments.**
- **Qualitative consumer research** in order to understand individual's main motivations for travel and their feelings and attitudes towards the destination;
- A clear understanding of the destination's **competitive position,** as well as its strengths and weaknesses.
- **Support and Leadership for** the Destination brand itself and across all levels of stakeholders: from highly credible and visible public figures that can help promote the Destination to Government and Tourism related figures.
- An **internal brand communication plan** that inspires commitment to the brand amongst NTO staff and all evolved stakeholders, such as the Destination's own population.
- A strong and coherent brand management system that includes Continuous communication with both stakeholders and involved participants;
- **Adoption of the brand** by all evolved stakeholders in their own marketing communications as well as in their behavior – stretching the brand's impact, brand audience and percept meaning - the brand must be the center of all marketing communications.
- Constant **monitoring of the brand's impact** and relevance amongst key target segments (e.g. awareness, number of publications and/or references in international media)
- **The development of a sustainable strategy and long-term commitment** to allow enough brand equity to be built up for the brand to gain traction in the marketplace.
- **Living the brand:** A brand is not just communication: behavior is critical of everyone with whom the potential traveller may contact with personally or through any other communication channel, as well as any services or products provided.

To conclude, place branding will become increasingly important and valuable. Destinations will increasingly recognize the importance of their brand as the main source of their international ability to stay competitive. They will be forced to develop strong partnerships with all other national sectors in order to build an overall holistic place brand, as a part of an overall national, regional or city effort to project The Brand with positive images linked to it, but they will still need to decide and promote their own distinctive destination brand when relating directly with their potential customers, in this case, tourists.

1.4 The decision Making Process in tourism

In the context of tourism demand and based on the previous acknowledgements on how the tourism demand is evolving worldwide, it becomes crucial for any destination to understand how tourists take their decisions before travelling as they have different lifestyles, are in different stages of their life's, different motivations and most of all different expectations about a given destination.

Some research has been developed in decision-making process that begun to raise awareness of policy makers back in the 50s. Back then research on this topic was based essentially on economic variables and models that predicted the demand for tourism through a more macro-economic approach (Crouch, 1994), based on aggregated data to forecast demand. From a micro-economic perspective and based on such principles from Marshall's (1920) and Lancaster's (1966) the focus is now on the consumer heterogeneity and the need to find out each individual's own demand curve. This approach suggests that the human being is a rational being who behaves in terms of maximum satisfaction with decisions based on in-depth knowledge of all available alternatives. However, this economic perspective as a method of trying to understand human behaviour is considerably limited regarding the man's incapacity to perceive and evaluate all existing alternatives (Mansfeld, 1992; Decrop, 1999), as they are infinite. Within the context of tourism experience, this situation becomes far more complex as there are a multiple range of stakeholders evolved.

According to Correia (2000), consumers as non-rational human beings possess several levels of dynamic behaviour with sophisticated needs and complex motivations according to a limitless number of variables that may play different roles in the decision-making process. Factors such destination's attributes, personal motivations, past experiences and information availability represent a wide variety of decision-making influencing factors that are nearly impossible to analyse using economic models, as they evolve emotions and so unpredictable behaviours that are always part of the equation in the travel decision-making process. In fact, factors such as motivations and external stimuli in determining preferences (conductive to choice) and satisfaction (conductive to future behaviour) are a two-sided issue that cannot be seriously evaluated or predicted using economic models.

Other authors argue that internal forces push and external forces pull individuals who travel (Correia and Crouch, 2004; Correia et al., 2007b; Crompton, 1979; Dann, 1977; Kozak, 2001; Uysal and Hagan, 1993). These authors developed further research based on the external and internal forces as they must be considered in terms of satisfaction – push (emotional) and pull (cognitive): push satisfaction is considered to be emotional as related to an individual's internal state of well-being towards his tourism destination in his main motivations or the desire to attain a certain goal or to meet certain expectations as to achieve any kind of intellectual, social of physical reward. Regarding pull motivations, it is related on how a satisfaction level is obtained according to the individual's expectations in terms of the destination attributes.

INTERNAL AND EXTERNAL FACTORS IN DECISION-MAKING

In this very same context, researchers developed literature based on what may influence tourists in their decision-making process, namely on what may be a facilitator or a constrain to them. Previous research defines facilitators and constraints as the factors (Jackson, 1997), or conditions (Raymore, 2002) that are assumed by researchers and experienced or perceived by individuals to enable/promote or limit/inhibit the formation of leisure preferences and encourage/enhance or prohibit travel participation. According to McGuire et al. (1986) two types of constraints must be distinguished: *limitors* – that may reduce participation below desired levels - and *prohibitors* – those responsible for the cessation or non-participation in an activity (McGuire and Norman, 2005).

Based on this concepts developed by the mentioned authors, Silva, Oriana and Correia, Antónia (2007) developed a conceptual framework that supports this research.

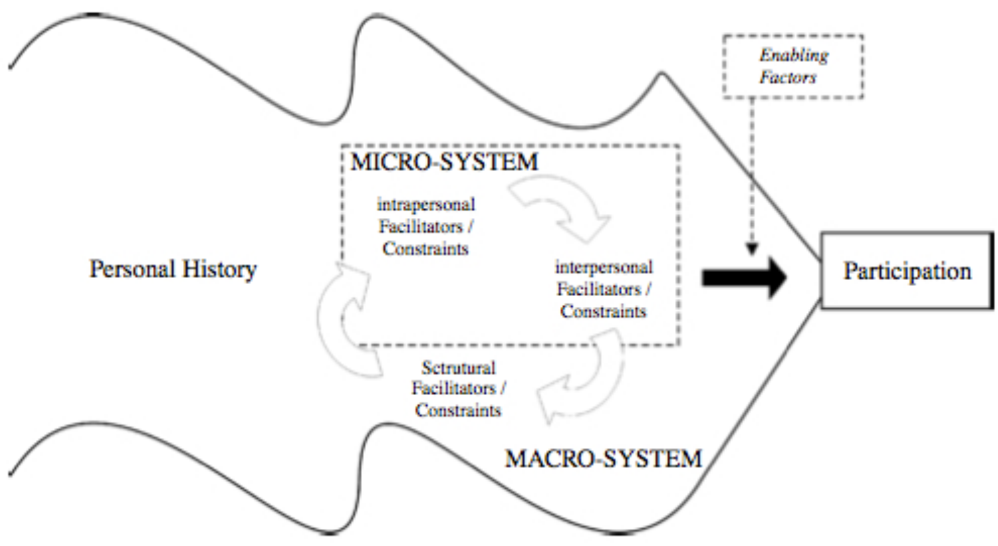


Figure 2 – Conceptual Framework on travel decision-making

The authors concluded that intrinsic factors resulting from the combination of the individual's micro and macro systems with his own personal history and background mostly shape the need or the decision to travel, and once this decision is taken, extrinsic factors such as marketing variables act as enabling factors, specially over the destination choice. The same research proved that motivations such as the need to relax appear as facilitators in the decision making process that not only arise the need to travel, but also act as a fundamental factor to overcome eventual constrains that the individuals may face.

All of this named studies and literature aimed to support the establishment of behavioural patterns as a method to segment tourists based on a more accurate pattern of consumption, according to a depth search on their characteristics and consumption behaviours. Moreover, it will help in future analyses regarding the strategic design of the customer approach. In this sense, it highlights the importance and helps when creating different approaches to different customers, such as 1st visitors, repeated tourists, or the need to focus on the true role of Nation Branding and when to approach customers, depending on their relation to the country, their past experiences, their history with Portugal, their travel purpose or the special needs that ones may require. Finally, it's not only about potentiating the travel facilitators in travel decision-making, but it is also about minimizing or smoothing constrains that one may face in the travel decision process.

1.5 Senior Tourism

All over the world, the ageing of the population, as well as other changes in socio-demographics and travel patterns, have made the senior segment an increasingly appealing target population nearly for any industry (for review, see Patterson, 2006, Ch. 4; Schröder and Widmann, 2007). This market segment is increasingly important due to it's current size and expected growth, it's purchasing power or the fact that they have more free time and available income, but also due to demographic and social forecast (e.g. Sakai et al., 2000; Lohmann and Danielsson, 2001, Hossain et al., 2003; Schröder and Widmann, 2007). At the same time, thanks to the recent decrease in demand of corporate travel, travel related companies are evaluating the value of leisure and senior travel to support their growth.

When the projected growth in the senior segment is combined with statistics that show people over 55 will account for 80% of all vacation dollars spent in the USA by 2015 (Javalgi, Thomas & Rao, 1992), the potential impact for the travel industry is extraordinary.

Seniors have many reasons for traveling and understanding their travel motivations becomes critical when approaching this segment. According to Martin and Preston (1994), in general, today's seniors are healthier, richer, more educated, more independent and free from obligations than similar segments in the past. Robinson and Gobbey (1997) argue that after retiring from work, most of "seniors" devote their additional time to leisure interests and have tourism on their top priorities (Statts and Pierfelice, 2003). Being able to travel can seem almost the 'essence of retirement' (Weiss, 2005, p. 135) as there are fewer limitations on the timing of travel and the duration of stay. Brewer, et al. (1995) found other reasons for this phenomenon such as higher level of wealth, higher discretionary income, lower consumer debt and their tendency to travel greater distances and for longer lengths of time.

Kerstetter (1993) suggested that the reasons for senior travel are not mutually exclusive as these tend to combine travel for rest and relaxation as a part of a trip to visit family or friends. Research also suggests that the travel industry can successfully combine travel and family by promoting family reunions and multi-generational travel (Shoemaker, 1989).

Many studies have focused on older adults' tourism behaviour and preferences and some have compared older with younger travellers. Some similarities and differences were found: Javalgi, R. G., Thomas, E. G. and Rao, S. R. (1992) found significant differences regarding the pleasure of trips taken, the use of package trips and travel agents and in some other travel-related characteristics; You and O'Leary (2000) found that travellers' behaviour changed over time in terms of travel propensity, destination activity participation and travel philosophy, and that both the age and generation cohort had an affect.

Other research on seniors supports these conclusions, suggesting that seniors travel to visit new places and experience new things (Badinelli, Davis & Gustin, 1991; and Shoemaker, 1989). Despite the fact that these behaviours are still valid nowadays, researchers are still evaluating and analysing the continuous evolution of behavioural patterns in this specific segment of travellers.

SEGMENTING THE SENIOR MARKET

In general terms, across a series of studies researchers failed to agree on who constitutes the senior segment. Some authors developed studies and researches to examine the existing similarities and differences between travellers who were aged fewer than 50 and the ones aged over 50 (Horneman, et al., 2002; Javalgi, 1992).

As the use of chronological age and economic variables to distinguish and detect differences in travel behaviour can no longer be considered at an operational level on this subject. As individuals get older, chronological age become less reliable as predictor variable of behaviour, mainly because aging is a development process that may be influenced by infinite factors such as Historical, political and social events during the times, as well as technological advances, educational changes and lifestyle changes in society that clearly influence collective attitudes and preferences of age cohorts.

Several studies were made focused exclusively on examining older travellers tourism behaviour and preferences such as Shoemaker (1989, 2000), Lieux *et al. (1994),* and Pennigton-Gray and Lane (2001). These studies aimed to identify differentiated sub-segments within the senior market and three central approaches have been dominant: **socio-demographic characteristics**, such as age, gender, health, retirement and family status (e.g., Blazey, 1992; Lago and Poffley, 1993; Hossain *et al.,* 2003; Callan and Bowman, 2006); **behavioural segmentation**, based on tourists' destination activities (You and O'Leary, 2000; Littrell, M.A., Paige, R.C., Song, K., 2004); and **psychographics measures** such as values and attitudes (e.g. Mathur *et al.,* 1998; Mok and DeFranco, 1999), travel preferences (Lehto *et al.,* 2001; Hsu and Lee, 2002) and travel motivations (e.g. Cleaver Sellick, 2004; Jang and Wu, 2006). The later was also described as 'benefits segmentation' (Ahmad, 2003) witch focus on desirable consequences that result from tourism.

THE SILENT GENERATION AND THE BABY-BOOMERS

As Silent Generation members and Baby Boomers will represent a large majority of world tourism, it becomes important to look at their differences regarding tourism experiences, vacation activities and travel motivations. The importance of distinguishing between these two main segments of senior tourists becomes evident as changes in travel behaviour and preferences will lead Boomers to engage in more active leisure activities, thus contributing to a new generation of mature travellers.

Xinran Y. Lehto, SooCheong (Shawn) Jang, Francis T. Achana and Joseph T. O'Leary, (2006) emphasized their research on these generations – the older generation of current senior citizens, who were born between 1925 and 1945, whose history includes the Great Depression and the II World War, that Strauss and Howe (1991) named the "Silent Generation". Secondly, the Baby-Boomers, born between 1946 and 1964. According to Robertson (2003) these are more adverse to the stereotypical image of the "senior traveller".

According to Kalish (1975), socio-historical based age cohorts, rather than age based cohorts appear to be a more useful basis when approaching generational submarkets, whose historical and social experiences unite them as a group that may share some common values, beliefs and/or preferences, distinguishing them from other generational segments.

At the same time, Pennington and Kerstetter (2001) state that understanding the differences regarding generational experiences may be far more helpful in order to understand the difference in needs and preferences of seniors than assuming that age differences will provide explanations for all generational differences *per si*. Take an example: The previously referred as the Silent Generation that have lived during the Great Depression and the Second World War, are much more risk-averse and cautious, and are less available to “adventurous-kind” of tourism and new experiences then the Baby-Boomers that may be the Silent Generation’s Children, whose travel motivations tend to be much more driven by leisure trips for rest and relaxation, frequently with friends and family.

Regardless of the segmentation methods, all studies came to the conclusion that the “older adults’ segment is highly heterogeneous and that there is significant variability among subgroups within the older age segments.

In order to be successful in this market, it is essential that travel-related companies understand the expectations and demands of the senior segments, as attributes for this group are a very important dimension of how boomers make their travel decisions.

Behavioural segmentation is clearly the most effective way of approaching this market, despite its complexity and difficulty to implement, mainly due to the need of in-depth studies, higher costs and lower measurability levels. It helps to develop a strong portfolio of P&S efficiently aimed to distinguished behavioural patterns of senior tourists and so to increase they’re overall experience towards Portugal or any other destination.

1.6 Marketing for seniors

“Boomers are the greatest generation in the history of Marketing. In five years, they will represent 50% of the US adult population and will control 70% of disposable income. Surprisingly, less than 5% of advertising dollars target them.”

Introducing Boomers, Marketing’s Most Valuable Generation - *BoomAgers*, 2012

For the past few years, studies have been conducted focusing on how to marketing to senior segments, as marketers from different industries are increasingly aware of its importance. This interest arises as this specific group of consumers is increasingly growing both in terms of its size and purchasing power, as it will be further developed in the report. However, there's still a major lack of knowledge and theoretical background on this subject.

The increasingly importance given to this segment of the population is seen not only in the travel industry, but also across all other industries. In general, this phenomena is supported by the fact that people are living longer and a healthier life nowadays, alongside with health care developments and achievements and the increasing of the average life expectancy. Rosenberg (2000), reminds it: "The 50-plus market is much healthier today, and as baby boomers come into this age, they want a much more active travel experience, like a float trip down the Colorado River."

The T&T industry should also consider the overall wellness of this market. This mature market consists of 22% of those +50 that exercise three times per week, +75% in a decade (Kelly, 2000). Even do most are healthy, the industry would be wise to consider those who also have special needs, and travel companies that understand those needs and provide programs and plans for them will become winners on the senior market (Rosenberg, 2000).

There are considerable differences or misapprehensions about the real conditions in which those considered to be seniors find themselves at that stage of their lives, when compared to the stereotyped image of senior customers (Dychtwald and Flower, 1989), as they are often seen as dependent, weak, lonely and physically or mentally limited (Dychtwald and Gable, 1990; Clary, 1991; Grande Esteban, 1993). The same authors, in their study on the "Portrait of a changing consumer", managed to highlight nine different myths or stereotypes about the elderly such as the fact that they constitute a homogeneous group; They see themselves as old and they are reluctant to try new products or services.

In fact, a new generation of older individuals that is composed by satisfied, self-sufficient individuals in full potential of their capabilities has emerged (Cooper and Marshall, 1984; Martin et al., 1998). A segment that frequently refer to "old age" as a stage of life still distant in the future, stressing the importance of approaching this customers taking into account their physical vs. psychological age (Vilchez, 1994). Indeed, Baby-Boomers (those born between 1946 and 1964) pay little importance to their chronological age: more than half say that they feel younger than they actually are. Schiffman and Sherman refer to the "incoming seniors" generation as the "new-age elderly" person.

According to Whitford (1998) when marketing to seniors, the rule no. 1 is to *shed the stereotypes:* it's always unwise to face individuals within a group as all having the same ideas and values. According to John Chandler. V.P. of Marketing for Holiday Inn, "With the population of people retiring early who have reasonably good disposable income and are in good health, we need to reach out even more to those people, who do have an inclination to travel". Koss (1996) stated, "(…) in your marketing, you don't want to stereotype this group of travellers". This is certainly one very important aspect highlighted in the most important studies related to the subject *marketing to seniors*.

This segment of the population doesn't want to be seen as sedentary or being portrayed in rocking chairs (Rosenberg, 2000), and as unfavourable role portrayals of models can produce negative images of the products featured in advertisements (Smith, Moschis & Moore, 1984). Depicting older persons in a favourable fashion can be an effective tactic for penetrating this segment and maintaining market share (Greco, 1989; Milliman & Erffmeyer, 1989). Given this notion, it should be questioned the usefulness of seniors in advertisement campaigns.

Regarding the traditional marketing-mix P's, according to Marvel (1999) pricing is the most commonly used marketing tool to attract senior customers. This relates to the fact that these segments of the population often use their discretionary income to afford these types of pleasurable activities, as opposed to business expenses. This is also related to a higher elasticity of demand for this group of travellers as compared to the younger leisure travellers that are still raising children and paying-off a mortgage.

The numerous facts, researches referred in Literature Review and examples given, show that there will be significant changes in the configuration of relevant tourism products and services provided to and demanded by the mature traveller market in a near future.

In this context, as world population ages and enters in retirement age, the new generation of newly retirees will surely defy the existing mind-set of marketing to this segments of tourists, highlighting the need for developing countries to be constantly aware of the increasingly influx of sizeable Tourist segments such as Baby-Boomers and their real needs and own characteristics in order to develop a real competitive advantage in today's crowded and competitive worldwide tourism market.

2 Problem External Context

2.1 Mediate Analysis – PEST methodology

2.1.1 Political Environment

Portugal has been facing for the past years the greatest economic and financial crisis since the country joined the Euro. After the rejection of the proposal for the 2011 Budget and the consequent government resignation, the country turned to Europe and FMI requiring an assistance programme that obliged the government to implement serious public expenditures cuts, new taxes on consumption, as well as other fiscal contention measures that made the economy shrink due to the diminish of the purchasing power of the Portuguese population and consequently led to the rising of popular contestation.

The Portuguese Tourism Industry, as well as all other sector of the Portuguese Economy suffered with the financial crisis. In fact, the restaurant sector was one of the most harmed economic sectors as the VAT was increased from the reduced 13% tax to the regular VAT tax, which was also increased from 21% to 23%. Alongside with Greece and Finland, Portugal is now the 5th country with the highest VAT in the restaurant sector. Other tourism sectors such as Golf were subject to VAT's increasing what may certainly be counterproductive in the long-term by harming Portugal Competitiveness of the Tourism sector as a whole. Other proposals on increasing the VAT level on specific activity sectors are being discussed such as a culture tax and an "Algarve Tourist tax".

Moreover, with numerous other policies to be undertaken within a short timeframe, the development of the tourism industry has slipped down the list of the government's priorities.

2.1.2 Economical Environment

World Economic Environment

Recent macro-economic indicators from the IMF point out that the global economy is slowly moving out of the low levels of growth of most recent times, namely last year's low growth rates, when global GPD growth slowed down, due to both the Euro Zone crisis and the late effects of the US sub-prime crisis. According to the European Economic Forecast Report, growth in advances economies is expected to remain moderate, while in emerging economies a strong but moderate growth is expected to continue (from 5.5% in 2012 to 5% in 2013), as well as high inflation rates. Moreover, a more balanced growth versus a recent investment intensive model and driven largely by structural transformations is expected.

In 2012, the EU and the Euro zone economy have contracted by 0,3% and 0,6% respectively. By 2013 annual GDP in the euro area is expected to contract by 0,25%, whereas the European Commission (EC) expects a return to moderate growth with external demand as the main driver of the forecasted stabilisation in the Euro Area. By 2014 domestic demand is expected to take over as the critical driver for the economical recovery.

At the same time, unemployment is expected to be 12% in the Euro Area whereas inflation is projected to decrease to 2% in the EU and 1.8% in the euro area in 2013. Across most of the EU Member states, low productivity and low expected profits are causing low investment levels, while lower levels of disposable income associated with depressed labour markets, inflation persistence and tax increase continue to cause lower consumption levels.

EU's largest economies such as Germany are expected to hold the economic downturn, re-accelerating global trade and strengthening domestic demand. French and Italian forecasts are less positive, but still predict the start of economic recovery. Spain and the UK, two of the most important sources of tourism for Portugal, the EC forecasts the Spanish GPD to bottom out by the end of the year as economic adjustment proceeds and in the UK consumption is expected to increase gradually as well as investment levels.

Portuguese Economic Environment

In 2012, the Portuguese GPD contracted by 3.2% after a 1.6% contraction in 2011. This decrease in GDP can be explained by the decrease of net external and internal demand as well as private consumption: In 2012 the internal demand decreased 6.8% after a -5,8% in 2011, as the level of investment in 2012 decreased 13.7% in volume, with a negative contribution of 2,4% to the GDP variation (INE 2013). In the same period the external balance of goods and services had a positive evolution from -4.4% in 2011 to -0.5% in 2012.

For 2013, *Banco de Portugal* expects a 1.9% contraction in economic activity. As a consequence of the continuous economic adjustment process, the implementation of new fiscal measures is likely to impact domestic demand and private consumption levels, expected to decrease in cumulative terms by 17% between 2009 and 2013 according to *Banco de Portugal Outlook for the Portuguese Economy*.

2.1.3 Socio-Cultural Environment

For the past decade, the ageing of World population has been evident: lower birth rates and an increasing life expectancy are transforming the demographic structure of the EU, with major impacts in all economy sectors. One of the most direct changes relates to the working population, as it tends do decrease in result of an increasing number of retirees – most of them post-war baby boomers.

In 2010, according to the convergence scenario of EUROPOP2010 (Eurostat 2009), people over 65 years old accounted for 17.4% of the total EU population, whereas persons considered to be of working age (15 to 64 years old) represented 67% of the population. The median age of EU population is predicted to rise from 41.2 in 2011 to 47.6 years by 2060 and as the portion of working population decreases, those aged above 65 years will represent 29,5% by 2060 (see figure 3 in appendix). The total age dependency ratio (calculated as the ratio of dependent people both young and old, compared with the population aged between 15 to 64 years old) is projected to rise from 49,6% in 2011 to 77,9% by 2060, whereas Germany is the European country with the highest portion of older people (20,6%).

Todays Europe demographic structure is represented mostly as a result of the baby-boomers, in a time after the WWII and characterized by high fertility rates in several European Countries as well as in the United States. These baby-boomers increasingly represent an important portion of the working age population as the first individual's born within this period are now getting closer to retirement age.

The trend in demographic structure in Portugal tends to be similar to EU-27's population. From 2001 to 2011, according to INE, there was a 9% growth in the population aged between 30 to 69 years old and a 26% growth of those aged over 69 – this segment now represents 14% of the Portuguese population. Regarding the family structure, the average number of members in 2,6 in contrast with 2.8% in 2001.

According *Census 2011*, Lisbon is the region with the highest population density (2.042M habitants – 55,7% aged between 25 and 64 years old), representing 19,34% of the total population. Regarding the wage levels, the Country's capital has the highest average earning with 1509€ per month comparing to 1034€ as the National Average.

In terms of educational levels 15% of the population is graduated. Lisbon gathers 21,4% on those, followed by the North Region, Centre and Algarve. The same entity points out that Algarve is the region with the highest unemployment rate (15,7% in 2011).

2.1.4 Technological Environment

In the past few years, technological advances have been within the major trends in tourism, both regarding mobile devices - that allow customers to book online and in a much shorter period and to gather information about destinations in a unlimited way – and travel agents that are now able to reach worldwide audiences as never before.

According to Word Internet Stats (2012), Europe is now the third largest region regarding Internet penetration, with nearly 519 Million Users (63,2% of the Population), followed by Oceania/Australia (67,6%) and North America with 78,6%. Asia is the fifth region with highest penetration level (27,5%), with 1,076 Billion users (Figure 4 in app.).

By January 2013, 56% of the Portuguese population had access to Internet, comparing to an average 42% in Europe and Central Asia (World Bank, January 2013).

Research predicts that by 2014, over 3 Billion of the world's adult population will be able to make transactions via mobile or internet technology with a 90% mobile penetration rate and 6.5 Billion mobile connections worldwide.

With the increasing penetration of Smartphone devices it is expected that mobile tourism apps will continue to see a significant development within the tourism industry, namely in terms of mobile access to travel information and mobile booking, a subject that will be developed further in the report. According to ICU (International Communications Union), by the end of 2013 the global penetration of mobile devices will reach 96%, as the number of smartphones sold will reach the 1Billion mark, a number that may be explained by the expected decrease in prices of such devices, mainly in emerging markets such as China and India (Delloite, 2013).

When relating to Portugal, and according to Marktest (2013), the Smartphone penetration rate rose 7% in 2012 with a uniform growth along the year, as the biggest concentration of users remains in the metropolitan areas of Lisbon (23,2%) and Porto (11,9%). From an aged-based perspective, 50.1% of Smartphone users are aged between 15 and 34 years old while those aged above 55 accounted for 10% of the total number of users (figure 5 in appendix). More important, those aged over 45 years or older account for 30% of all smartphone users in Portugal by 2012.

2.2 Immediate Analysis

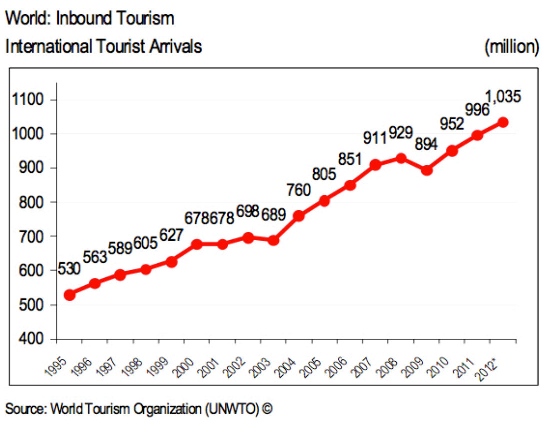
2.2.1 Tourism Sector

Over the last decades, tourism sector has experienced continuous growth and an increasing diversification regarding the main touristic areas has been seen, making tourism one of the fastest growing economic sectors in the world. Today's tourism and its dynamics are considered to be one of the main drivers for social and economic development, both in the "Modern Economies" as well as in the Emerging Countries that are increasingly supporting the world tourism growth.

Nowadays, the business volume of tourists is equal or even higher than oil exports, food product or automobiles. For developing countries, tourism is now one of the main sources of income. In this chapter it will be presented recent data on World Tourism. Main Economic variables and KPI's will be used as pattern in order to be able to transmit and retain a clear overview of the tourism sector.

World Tourism

According to the World Tourism Organization (UNWTO), the number of international tourist arrivals (overnight visitors) reached 1Billion in 2012 (Figure 6 below), a 4% growth when comparing to 2011 and more 39 million tourists. Emerging Economies are ahead of the advanced Economies with a growth of 4.1% and 3.6%, respectively. As expected, Asia and the Pacific witnessed the highest growth of all regions with a 7% growth regarding the number of visitors and Europe represented 51% of total international arrivals (+17M), followed by Asia and the pacific regions (23%) and Americas (16%), as Figure 7.



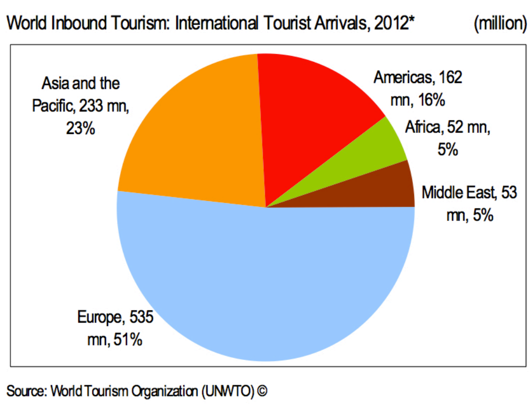


Figure 6 – International Tourists Arrivals, 2012. Source: WNWTO 2013

Figure 7 - Inbound Tourism International Tourist Arrivals, 2012. Source: UNWTO 2013

In 2012, T&T's direct contribution to world's GDP and employment was 2.1 trillion US Dollars (+3.2% – a higher growth level than the world economy as a whole) representing 9% of world's GDP and 5% of total global jobs (101 Million). According to WTTC (2012), it is expected that the total contribution of T&T to the world economy expand by 3.2% in 2013 and supports nearly 266 million jobs, both in direct and indirect/associated industries.

Regarding tourism receipts, the growth trend remains similar to the one seen in the number of arrivals. From a Universe of 119 destinations, 99 countries (83%) witnessed a growth in earnings by the first half of 2012, of which 41 in double digits (34%), while only 20 destinations (17%) registed a decline in tourism receipts, such as Spain, Switzerland and Greece. On the other hand, the growth of expenditure abroad rose and as for Europe, Germany (+3%) and the UK (+5%) returned to positive evolutions after two flat years. At this point, it is extremely relevant to highlight that these are the countries that represent 38% of Portuguese overnight stays in 2012, as it will be reinforced further on the report.

From a wider perspective, UNWTO expects that, at the projected pace of growth, international tourist arrivals worldwide are to surpass 1.4 Billion by 2020 and the number is expected to reach 1.8B by 2030. Asian Tourism is the one predicted to have the strongest growth as UNTWO expects a 5 to 6% increase by 2013, followed by Africa, Europe and America, both with 3% to 4% growth forecasts as presented in table 2 in appendix.

This forecast is in-line with UNWTO's long-term Outlook Tourism Towards 2030, which projects an average growth of 3.8% per year from 2010 to 2020. In a different report by UNWTO - Tourism 2020 Vision – Europe is pointed out to be the Top-receiving region by 2020 with nearly 717 Million Tourists followed by East Asia, Pacific and America.

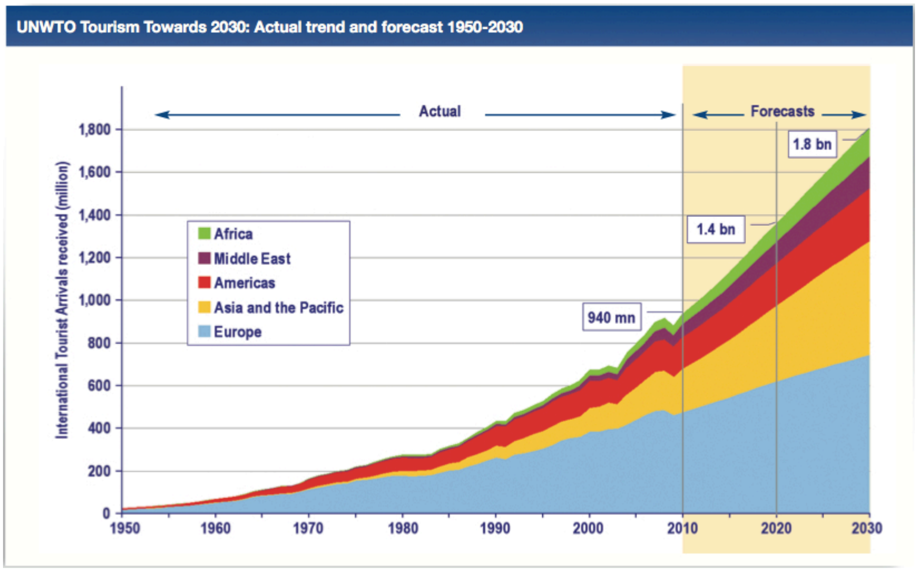


Figure 8 - UNWTO Tourism Towards 2030. Source: UNWTO 2012

As a result of WTTC outlook, there will be a shift in global tourism over the next decade, as China will lead in the total contribution of Travel & Tourism to GDP, overtaking the USA, supported by the size of its domestic market and by the expected investments in the T&T sector. China will also become the largest outbound Travel & Tourism market in 2013 regarding spending levels, reaching an extra 125 Million travellers that are expected to generate an additional US$100 Billion in overseas spending by 2021 (WTCC 2013).

Regarding the most important tourism generating markets, UNWTO expects both the Asian and the Pacific Regions to have a 5.0% growth a year. By 2030, Europe will generate a forecasted 832M international arrivals, followed by Asia and the Pacific with 581M, the Americas with 264M, Africa with 90M and the Middle East with 81M tourists expected.

By 2020, Goldman Sachs (2010) expects that the BRICs will represent 35% of the Global Aviation market and 50% by 2050, making these countries the primary growth drivers for the global tourism industry and all associated industries.

European Tourism

According to UNWTO, tourism growth is forecasted to reach 2% to 3% in Europe this year, even do for the first months, international arrivals and nights to Europe showed low levels of growth. By the end of 2012, Europe saw a 3.8% increase in tourism, after an above expectation 6% growth in 2011 and 504 Million Arrivals.

Within Europe, Southern/Mediterranean Europe accounted for a share of 18,4% of the total tourists Arrivals (90.2 Million Tourists, +0.1% vs. 2011), followed by Western Europe (16% share; 165.8M Arrivals; 5.6% growth), Central/Eastern Europe (11% share; 113.7M Arrivals; 8.2% growth) and Northern Europe (6.3% Share; 65.1 Million A.; 2.1% growth).

Long-haul markets will continue to have a critical importance in the performance of European tourism, and even do they represent only 20% of the total inbound travel, travellers from outside Europe are expected to drive the Tourism growth in 2013. Key indicators suggest a strong growth in travel from the USA as consumer-spending levels remain strong and the housing market seems to be recovering. Among Chinese tourism, it is expected to continue to increase in most European destinations. The performance of the main sources of European tourism will be further developed in the report.

Regarding air transport indicators, the tourism demand continues to show a positive evolution from long-haul markets, whereas occupancy levels in European hotels have been higher than last year, with a homogeneous growth among all European Regions.

According to UNWTO, the performance of European tourism for the remaining months of 2013 will largely depend in the economic performance of European markets. As cross-border demand rises in importance due to the fact that Europeans now tend to search for less expensive travels and cost-saving opportunities, Portugal may be one of the beneficiaries of this cost-saving trend with direct low-cost flights and relatively low prices.

Portuguese Tourism

T&T industry has a great importance on Portuguese economy. In 2012 it has contributed to a total of 26.9B€ to Portuguese GPD, representing 16,3% of the total GDP (expected to rise by 0.2% in 2013 and 1.5%/year till 2023), and 860.500 direct and indirect jobs, representing 18,5% of Portugal's total employed population. In 2012, visitor exports generated 11.3 Billion € (17.8% of total exports). T&T Investment in 2012 was 3.5 Billion Euros representing 13.2% of total investment and is expected to increase by 3.3% in 2013 and 2% per year over the next ten years to 4.4B€ (WTCC 2013, Portuguese Key Facts).

In order to better understand how Portuguese tourism evolved for the last few years and what is the status at this point, it becomes crucial to look at the last two decades – 1990 to 2000 and 2000 to 2010 - as these were two significantly different decades for the industry.

The decade from 1990-2000 was the golden age for World Tourism with a 55% growth rate in international arrivals, +239M Tourists (WTO, July 2012). Europe was responsible for half of world's growth in tourism (47%) with an annual av. growth of 4% and Southern Europe for about one third of the witnessed growth in European Tourism. In this period, Spain, Greece and Turkey saw growth rates of 36%, 46% and 100% and Croatia (later then going through an internal crisis) was the only destination with a negative evolution. Between 1990 and 2000, Portugal went from 8M to 12M Tourists, a 50% increase with an average growth of 4,2%.

From 2000 to 2010, the world tourism witnessed a 40% increase on the number of tourists, representing +266 Million Tourists. In Europe, the growth rate reached 23% (+90M Tourists). World Tourist grew by 116% from 2000 to 2010 whereas European tourism grew 80% and 213 Million Tourists when comparing to the previous decade. This growth in

Tourist reached almost every country, including our most direct competitors such as Turkey (+181%), Croatia (77%), Greece (15%) and Spain (14%).

However, Portugal was the only country in the Southern Europe that didn't benefit with the growth in European Tourism as it received less 1M tourists in the same period of time, meaning that the +33% on the number of tourists in Europe went directly to our main competitors. Following this positive decade for the World and European Tourism, 2011 reinforced this growth trend: If considered the year of 2011, from 2000 to 2011 the World's Tourism growth reached 46% (+6%) whereas the European growth reached 31% (+8%).

According to INE on the opposite trend to the previous years, 2012 was a positive year for Portuguese Tourism as the number of foreign arrivals in Portugal reached 7.412.2 Million (+4%) despite the economic context and the need to implement aggressive price strategies that led hotels to decrease revenues over 2%. As it may be seen in Figure 9, Portugal actually had the second most significant increase in tourism arrivals in 2012 within our main competitors, a performance only lower than Croatia.

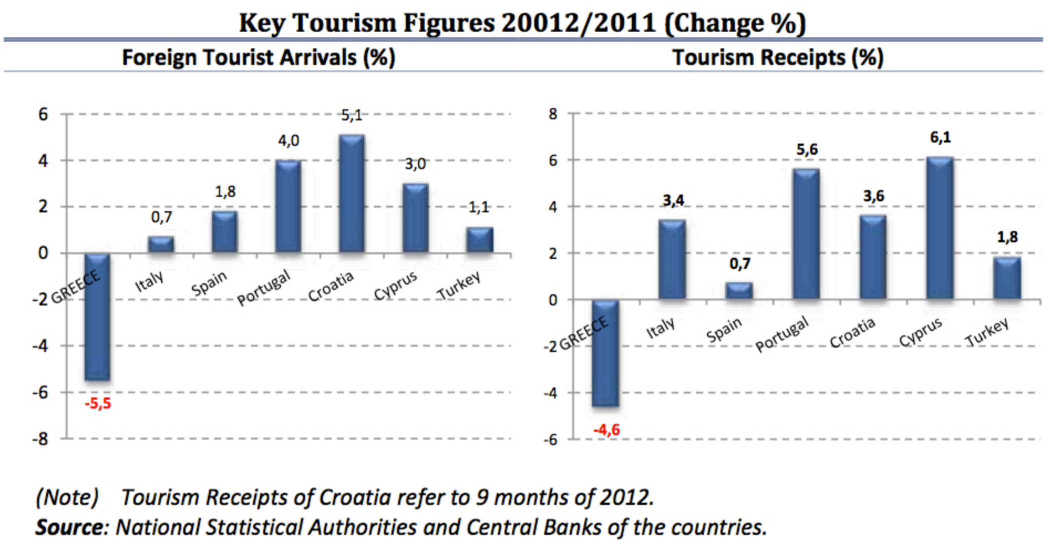


Figure 9 – Key tourism Figures 2012/2011 (change %). Source: National Statistical Authorities and Central Banks of the countries.

At the same time, Portuguese Airliner TAP reached the historic 10 Million mark in one year (2012) mainly due to the opening of new routes to the USA and South America.

Within the Hotel industry revenues reached 1.86 Billion euros in 2012 as the number of guests received reached 13.9M, -0.8% than in 2011. The average length of the stay increased 0,8% as the number of nights spent reached 39.8M nights.

Regarding the number of overnight stays, the number by non-residents increased by 5% in 2012, whereas those of residents fell by 7,2%. By contrast, according to INE, foreign tourism in Portugal appears to have benefited from the political instability in northern Africa since 2011 (substitution effect) as the number of nights in 2012 was the highest ever.

Despite the increase in overnight stays, revenue indicators were not as positive: total spending fell 1,5% to 1,9B€, as the average revenue per room decreased by 7,4% to 27€. The occupation rate stood stable at 39,3% slightly lower than in 2011.

Regarding the performance by country of origin, there was a significant variation: In 2012, the most significant increases regarding non-resident visitors came from France (+15%), Ireland (+14,1%) and Brazil (+12,7%). When it comes to the UK and Germany – the two most important markets for Portugal - UK tourists accounted for 24% of the total overnight stays in 2012 by non-residents and German tourists 14% (+2,3% and +9,6% respectively). Spain, the third most important market, accounted for 11% of the overnight stays, a 10,5% decrease as a result of somehow similar economic conditions as Portugal.

2.2.2 A new strategic framework for European Tourism

European tourism faces major challenges. Firstly, has referred before, the demand for tourism services, as well as most of other sectors in the European economy are suffering from the economic and financial crisis since 2008. The main resulting changes refer to behavioural facts – **Europeans continued to travel but the average length of stay and respective spending was reduced** – eastern and northern Europe witnessed a fall of up to 8% in international tourists arrivals, whereas in general international arrivals fell by nearly 6% in 2009 (WTO World Tourism Barometer, Volume 8, January 2010).

Not only the economical and financial crisis had a deep impact in overall European Travel performance, but also natural events had a relevant impact, such as the eruption of the Eyjafjoll volcano in Iceland during April and May 2010, an event that led to the cancelation of over 2 million international tourists arrivals and an estimated direct cost to tour operators of approximately 1 billion Euros. According to EU Commission report "Europe, the world's No 1 tourist destination", European tourism faces several challenges and needs to address them with an integrated strategy and cohesive action:

- **Increasing competition:** as the emerging and developing countries become increasingly representative in global tourism, Europe needs to be able to deliver high-end quality tourism, focusing on its competitive advantages such as its great diversity and cultural history (300 of the 800 UNESCO World Heritage sites are within the EU);
- **Changes in demographic trends and tourism behaviour:** These changes will force Countries to implement well-designed strategies and infrastructures to maintain its competitive advantages and to adapt to new segments of travellers, such as seniors.
- **Information and Communication Technologies (ICT)**: New technology tools increasingly used by consumers may a significantly impact on the relationship between them and the tourism industry. There's the need to develop efficient tools, both for travel agents as well as for consumers in order to potentiate the relationship between evolved stakeholders, as well as to increase the overall travel satisfaction and experience.

In the light on these presented challenges and opportunities, the EC members have been developing an European Tourism Policy to stimulate the sector's competitiveness in a sustainable way, encouraging tourism related agents to potentiate growth and create conditions for making the European Tourism more attractive to international tourists.

This Tourism related policy for Europe was first establish with the Lisbon Treaty alongside with Europe 2020 economic strategy and other European initiatives such as "An Innovation Union", "A digital era for Europe", "An Agenda for new skills and jobs", and others. To achieve the results previously mentioned, actions to promote tourism may be grouped under the following four priorities:

1. Stimulate competitiveness in the European tourism sector;
2. Promote the development of sustainable, responsible and high-quality tourism;
3. Consolidate the image of Europe as a set of sustainable and high-quality destinations;
4. Maximize the potential of EU financial policies and instruments for developing tourism.

These four priorities established in the EU Commission Report "Europe, the world's no 1 tourist destination" (2010) serve the main purpose of improving Europe's competitiveness while playing a crucial role in strengthening the sector in a dynamic and sustainable way and must support every Country's strategy regarding Tourism policies.

To conclude, the sector of Tourism has an unlimited potential for the development of the European economies, namely in terms of entrepreneurial initiatives, as the great majority of tourism businesses are small and medium sized enterprises, a reality that is particularly evident in Portugal throughout all the activity sectors.

2.2.3 PENT – A new strategic Framework for Portuguese Tourism

"The National Strategic Plan for Tourism (PENT) is a government initiative, developed under the aegis of the Ministry of the Economy and Innovation, that will serve as the basis for implementation of a series of initiatives aimed at fostering sustained growth of national tourism over the coming years, and guiding the activities of Portugal National Tourism Authority, as the key public body for the sector" (PENT 2007).

As it was previously referred, tourism has a strategic and crucial importance for the Portuguese Economy due to its ability to generate wealth and jobs, and it is one of the few sectors where Portugal has clear competitive advantages in the global tourism market.

The creation of PENT - National Strategic Plan for Tourism – in 2007 was driven by the need to achieve a set of goals including a better segmentation of value proposals and increasing the quality offer; improving transport access; developing Residential Tourism and Health Tourism; creating a stronger image for increasingly demanding customers and facilitating licensing procedures in the tourism industry.

PENT's vision for national tourism is supported in three major guidelines:

- To be One of the fastest-growing destinations in Europe, driven by a value proposal based on the country's distinctive and innovative characteristics;
- The Development of tourism based on enhancement and competitiveness of the available offer, powered by environmental and urban-planning excellence, training of human resources and both business and public bodies dynamics/modernization;
- The Growing importance in the economy, as one of the key drivers of social, economic and environmental development at regional and national level.

The value proposition for Portugal it's based on four of the country's differentiating characteristics within the available resources that have the potential to distinguish us as a unique destination: Climate and Light; History, Culture and Tradition; Hospitality and Concentrated Diversity as in Figure 10 in appendix. Moreover, the qualifying elements were also considered in order to achieve an improved perception of Portugal within tourists' range of options: modern authenticity, safety and the excellent price quality ratio.

Based on the analysis previously presented and further developed on the report, there were established 10 strategic tourism products, where the respective intervention aims to achieve the development of structured, distinctive and innovative offers, in line with Portugal's value proposition, and direct the natural vocation and distinctive resources of each region to their respective target markets: Sun and Beach; Cultural and Landscape Touring; City Break; Meetings and Congresses; Nature Tourism; Nautical Tourism; Health and Wellness; Golf; Residential Tourism and Integrated Resorts; Gastronomy and Wines.

These strategic tourism products have been selected based on Portugal's resources, distinctive factors and growth potential (Table 3 and figure 12 in appendix). It highlights the need for S&B Tourism, Touring and City-Break to generate short and medium term revenues whereas particular attention should be given on re-enhancing the Algarve Region.

Moreover, the plan establishes as priority, in addition to the Azores, the development of 6 new tourism poles - Douro, Serra da Estrela, Oeste, Alqueva, Litoral Alentejano and Porto Santo - given their specific and distinctive resources which will help Portuguese Tourism to diversify the existing offer.

From an external perspective, PENT established 21 outbound markets as strategic targets and differentiated them in terms of their growth potential and Portuguese competitive positioning into three groups presented below witch have different development strategies according to the respective cluster (see figure 12, 13 and 14 in appendix):

1. **Strategic markets** - Portugal, the UK, Spain, Germany and France;
2. **Markets to develop** - Scandinavian countries, Italy, the USA, Japan, Brazil, the Netherlands, Ireland and Belgium.
3. **Diversification markets** - Austria, Switzerland, Russia, Canada, Poland, Czech Republic, Hungary and China.

Regarding the seasonality (Figure 15 and further explanation in appendix), PENT also distinguishes Countries into two groups in terms of growth objectives for Portugal and clearly establishes those countries that are priorities in order to reduce tourism seasonality.

In terms of transportation, the aim is to strengthened air access targeted to the world's most important cities: "priority should be placed on reducing gaps in direct connections, between Portugal's main airports and the outbound markets, in order to reduce seasonality."

When it comes to PENT's implementation, the strategy is structured around 5 action guidelines: Territory, Destinations and Products; Brands and Markets ; Qualifying Resources; Distribution and Sales; Innovation and Knowledge

Further information on the PENT report, focusing on it's most important conclusions should be revised in appendix, including important topics such as a deepened on key strategic markets; a seasonality analysis, market structural changes and evolution on the distribution model (Figure 16 in appendix) and main trends of the tourist's cycle (Fig. 17)

2.2.4 Seniors and the European Tourism

As approached previously on "A New Strategic Framework for European Tourism", this new political framework refers to the challenges resulting for the ageing of the world's population as a priority subject in European Tourism development strategy, as the sector needs to quickly adapt to this phenomena to remain competitive in worldwide market.

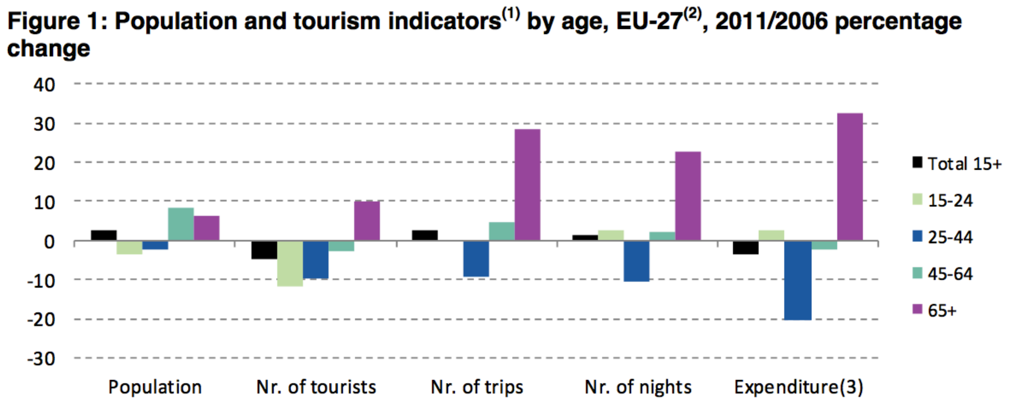


Figure 18 - Population and Tourism indicators by age, EU-27, 2011/2006 % change. Source: Eurostat 2012

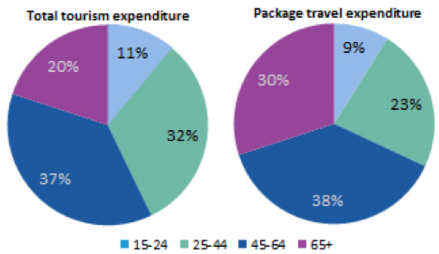
According to figure 18 above (indicators related to trips of at least four nights), from 2006 to 2011, the importance of the over 65 years old group is evident to the sector's survival, in a period where the number of tourists fell in all group segments except for the +65 with a 10% increase, a figure that was particularly evident for outbound trips, with a 15% increase. At the same time, of those who made at least one four nights trip, the 65+ group accounted for 17% and made more such trips on average and longer.

In 2011, the +65 group made 29% more trips and 23% more overnight stays that by 2006. At the same time, their tourism expenditure grew by 33% and accounted for 20% of all tourism spending of Europeans, comparing with a mere 15% in 2006 (Figure 19 in app.).

The tourists aged over 65 spent on average 1.344€ on long trips in 2011, 11% more than the average general population (1.203€) as shown in Figure 21 in appendix

In figure 20/21 in appendix, it is possible to analyse the distribution of tourism expenditure of each age group per type of trip (Long vs. Short Trip - long trips are considered to be the ones over 4 nights). The main conclusion that can be undertook is that outbound short trips are clearly the ones that feature less in the older tourists household budget for tourism – 3% of their expenditure. On the other hand, 47% was the record high share of spending in long outbound tourism by the +65 segment, proving that this segment not only has the disposable income available, but also they tend to spend it mostly on long trips. It also becomes important to highlight the fact that by analysing figure 20 in appendix, the segment aged 45-64 is the one with the highest average expenditure and the one that in the medium-long term will support worldwide tourism growth alongside with senior tourists.

Regarding travel-packages expenditures by age segments, there are significant differences, as the +65 segment represents 30% of the total package travel expenditures, a share that decreases by 10% when related to total tourism expenditures (Figure 22).



(1) EU-27 aggregate estimated for the purpose of this publication. Based on 16 Member States for which expenditure data are available, representing 82.8 % of the EU-27 population aged 15 years and over. Not including BE, BG, CZ, DK, EE, EL, CY, LT, AT, RO and FI.

Figure 22 - Total tourism expenditure and package travel expenditure by age group, EU-27, 2011. Source: Eurostat 2012

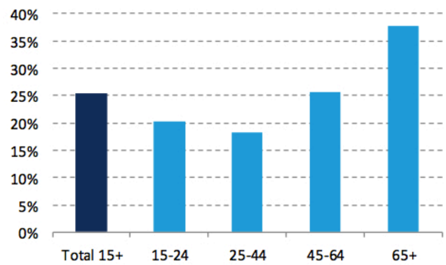


Figure 23 - Package travel expenditure as a % of tourism expenditure for long holiday trips (4 nights and over) of EU-27 residents, 2011. Source: Eurostat 2012

From the information highlighted, there are some conclusions that must taken:

1. From 2006 to 2011, the +65 segment was responsible of growth rates of above 20% regarding the number of trips, number of nights spend abroad and the total expenditure.
2. Despite having a less representative weight in the number of tourists (17%), the +65 segment accounted for 22% of the nights spent and for 20% of total expenditures, showing that this segment rather does less trips, but they are willing to spend more each time they travel, contrariwise to younger segments of tourists;
3. The +65 segment has the second highest share of expenditure in long outbound trips (47% vs. 50% of 25-64 years segment) whereas domestic trips are responsible for 37% of they total expenditures (the biggest share of all the segments).

4. 30% of total travel expenditures were related with travel packages with higher predominance in long holiday (40% of the segment's total expenditure).
5. Despite the fact that the +65 segment is increasingly representing a larger share when it comes to the number of tourists, frequency of travelling and overnight stays, the segment aged between 45 and 65 years old represents the largest part of expenditure.

European Senior Tourism Programme

EST or European Senior Tourism is a programme that gives European citizens above 55 years old from Bulgaria, Slovakia, Lithuania, Poland, Czech Republic and Romania the possibility to spend their holidays in Spain during the off-peak tourist season. To make the programme accessible to a wider target, the costs are partially financed by local governmental entities. The main goal is to decrease the seasonality of tourism in Spain, thus reinvigorating the economic activity in these periods, as well as to promote active ageing.

The idea supporting this project is the creation of a group travel system targeted to medium and low tourism season partially financed by destinations and exclusively for EU citizens above 55 years old. In fact, it was based on Spanish Social Programme IMSERSO.

In Portugal, INATEL has implemented a similar programme in association with Turismo de Portugal targeted to citizens above 60 years old, focused on the off-peak season and with similar guidelines. Despite representing an important role for the well being of seniors the number of Portuguese participants is still very limited, with a 1,96% penetration rate in 2001 and 2,09% in 2005 (Social Tourism Programmes Report 2012). An important fact is that there's an augmented economic impact led by extra packages expenses made during the trips, such as souvenirs and related products, generating an increase in transactions thus increasing production. By analysing table 4 in appendix, it is possible to understand the impact of the Senior Tourism Programme, by type of products consumed.

In Portugal, this programme has seen low developments. However Inatel has different travel packages available on it's website, such as packages for 15 days, 1 or 3 months stays in selected hotels for citizens above 55 and financed according to one's wage levels.

Both in Portugal and Spain, these programmes are still poorly developed, are very limited regarding enrolling conditions and they don't appeal to older segments of tourists.

2.2.5 Portugal as a European Destination – Portuguese tourism Segments

Since the 60's, Portuguese Tourism has focused on the "so-called" three "S" – Sun, Sea and Sand. The increasing competitiveness in the European market with similar offers, such as Spain, Greece, Croatia and Turkey led Portugal to invest in supply diversification, developing new high-quality sub-segments of tourism, reducing the high dependency from the "Sea, Sun and Sand", while segmenting and helping to develop other areas of the national territory as well. In fact, one of the most important guidelines of PENT – Portuguese Strategic Plan for Tourism that was already presented previously on the report, is the development of other types and regions for tourism in order to diminish the significant seasonality that impacts the employment levels in areas such as Algarve.

The Portuguese Touristic area is divided in 7 different tourism regions: Porto and Norte, Centro, Lisbon Region, Alentejo, Algarve, Azores and Madeira, each one of this regions with specific touristic offers and with specific development strategies.

In this chapter, as according to PENT, will also be further developed some of the 10 products considered to be strategic to the development of Portuguese Tourism according to it's importance to the main target of this project – senior tourists. Further explanation will also be given on competitiveness and differentiating factors considered in PENT in appendix, as well as in-depth analysis on each of the presented touristic products.

Touristic Segments Analysis
Sun & Beach Up-Scale
• Most representative tourism segment, expected to represent 80M travels in Europe by 2015 • Up-scale tourism with 11% growth/year until 2015 vs. regular S&B market with 1.5% forecasted growth. • High potential to diversification through Sun & Beach Upscale segment and Experiences such as Wellness activities • High Concentration on traditional generating markets – UK, Holland and Germany, focused on longer holiday periods • Segmented in S&B Upscale Exotic; S&B Upscale Sports and S&B Upscale Health & Wellness
Golf Tourism
• Highly valuable market with demand focused on the low season and with great potential growth in Portugal • Segmented in "Golf, Sun & fun", "Golf & Exotic" and "Golf & Prestige". • Golf & Prestige segment as the most profitable segment, with greatest growing potential and representing 22% of the market • Opportunity to sell complementary products – gastronomy and/or health experiences • High potential to develop real estate tourism as well as golf related facilities • Required international events to increase notoriety and credibility

Health Tourism

- Market segmented in "Medical Tourism" (20% of the market), "General Wellbeing" (60%) and "Specific Wellbeing" (20%)
- By 2015, it is expected that this segment of tourism may generate nearly 6.6M travels in Europe, usually from 7-to-10 days.
- Germany, Belgium, Austria, Switzerland, the UK, Scandinavia and Spain representing 81% of the European market.
- Supported by the international reputation of luxury spas and health facilities, being a well-developed market in Asia.
- Tourism segment mainly focused on +40 aged tourists, from countries traditionally with high cost of living
- Main competing markets are Spain, France

Touristic Circuits

- By 2004, the market represented 44 Million travels in Europe and has an expected growth of 5%-7% per year.
- Includes Religious tourism, a segment with a great growing potential from long-haul markets such as Brazilians
- Italy, France, Germany and the UK as the main generating markets (62,9% of the European Market)
- Secondary demand of 80M travels, with higher demand concentration on the holiday periods
- Long-length travels: 3 days to 2 weeks for continentals, and 3-5 weeks for long haul destinations

City Break

- Market evaluated at 34 Million travels per year in Europe (14% of the market) with an expected 12%-15% growth
- UK, Germany and Spain the main generating markets in Europe
- An important secondary demand volume, estimated at 85M trips per year, with a wide spending range
- Market segmented in City Breaks standard; City Breaks Upscale and Themed City Breaks
- High Potential to develop secondary demanded products such as Gastronomy and Wines and Luxury Shopping

Gastronomy and Wine

- This segment is considered more as a Complementary product that enhances primary demanded experiences
- In Europe, it generates 600k international travels per year, with expected 7% to 12% growth rates per year (PENT, 2006)
- High spending levels in up scale segments – focused on learning and knowledge trips
- Attract senior tourists – from 35 to 60 – suitable for experience improvement
- Segmented in Discovering travels; knowledge deepening and learning travels

Residential Tourism

- Primary product, often associated with Integrated Resorts that may offer a wide variety of experiences and activities
- Results on a wide combination of motivational factors, such as weather, safety, gastronomy, leisure facilities and culture.
- Significant growing segment with an expected 8% growth per year
- Main generating markets are Britain, France and Germany, whereas Spain is the most important destination.
- Considerable importance of this segment to "reanimate" the construction industry in Portugal (potential sales of 10k to 15k properties per year.

A deeper analysis on the profile of incoming tourists per touristic product (based on PENT) is available in appendix, on Table 5.

PENT presents in its most recent update in 2012, an overview on the main strategic guidelines regarding the most important products for national tourism:

- **S&B Tourism**: The priority is improvement of related and complementary products in Ups-scale segment while sustaining mass tourism, enhancing Portugal's world reputation as a S&B destination and thus improving the country's value proposition;
- **Touristic Circuits:** Reinforce the development of related experiences that enhance the diversity of the cultural, religious and natural heritage, developing thematic circuits, improving the available information and improving efficiency in terms of sales and promotion of product related services;
- **City Break**: Improve the available offer mainly of Porto and Lisbon by increasing the number of events and cultural initiatives and facilities and themed itineraries that are able to increasingly attract tourists and improve their overall experience and satisfaction. Increase air connections and information availability are strategic priorities was well.
- **Golf Tourism:** In spite of being a reduced dimension market the priority is to instigate the country's promotion as a world-class Golf destination, due to its high profitability levels, high average spending, the fact that it focus on low season and as it improves the country's reputation. The promotion of this product must be targeted to a international client with high purchasing power.
- **Residential Tourism**: the current economic situation in Portugal led to the inability of the internal market to absorb the available offer in residential tourism, and it is in this context that urges the need to promote the available offer internationally and improve the information access to foreign citizens. It's critical to make it easier for foreign tourists to buy houses in Portugal, providing information as well about the Portuguese tax system and order related information for potential foreign residents.
- **Health Tourism**: PENT points out the need to make Portugal an International reference, offering a qualified and diversified offer with high competitiveness levels, mainly regarding medical tourism. This segment of tourism may be a strong differentiating segment within Portuguese Tourism offer, complemented with other related services such as thermal spas and Wellbeing, as well as numerous other touristic services.
- **Gastronomy and Wine Tourism**: The focus must be on improving the touristic experience, due to the high quality, available offer and increasingly international reputation of the national ingredients and wines, offering a unique and distinctive experience while complementing the existing portfolio of tourism products.

Key Sectors in the Portuguese Tourism Industry

Aviation

"Strengthened air access to the main outbound cities/regions in each market will have a major impact on the short-term growth of tourism flows. Priority should be placed on reducing gaps in direct connections, between Portugal's main airports and the outbound markets, in order to reduce seasonality."

In 2007 National Strategic Plan for Portuguese Tourism PENT

The importance of developing infrastructures to potentiate airline operations in Portugal and to support the expected tourism growth for the following years is undeniable. In fact, Lisbon Airport's infrastructure was recently improved in order to increase its capacity to 4.320 passengers/hour, 1.130 more passengers than the actual capacity.

Portugal has 5 international airports located in Lisbon, Porto, Faro, Azores and Beja. In 2012, considering the 5 airports, there was a total traffic of 28.2 Million Passengers (+1.9% vs. 2011). The Lisbon Airport is the most important national airport, with a 53% share of total passenger traffic (15.3M in 2012), followed by Porto International Airport with 6 Million passengers in 2012. In terms of origin markets, France, Germany, Switzerland and Holland had the most positive evolution with +714 thousand passengers overall.

Cruise

The cruise industry is increasingly developed in Portugal as the T&T industry and politicians are increasingly aware of it's great potential, namely in Lisbon where by the end of 2014, a new Cruise Terminal will begin to take shape: it will be able to receive 1.8M passengers and 900 cruise stop-overs per year.

In the first semester of 2013 cruise activity in Lisbon increased by 2% and APL expects the passenger traffic to double to 1M passengers by 2023. In 2012 there was a total of 24k passengers who embarked and 21k who have disembarked in Lisbon; nearly 478k in transit and a total of 522k passengers who have been in Lisbon due to cruise tourism.

The location of the country allow us to position as a stop-over for cruise circuits, while promoting land excursions thus increasing the value of this tourists. According to PENT, the priority market for Cruises is Europe followed by North America, having Spain as the most direct competitor. Moreover, there was established as a priority the implementation of the "Cruise Portugal" project with the purpose of attracting World-Class cruises across all year.

Hospitality

In July 2011, 2.019 establishments with 289k beds were operating in Portugal, +0.4% and +3.4% respectively when comparing to 2010 (INE 2012). According to the latest data available, the Algarve Region gathers 35% of the total number of beds (101k), followed by the Region of Lisbon (18.9%), Center Region (14%) and North (13.8%).

While the available supply of tourism establishments kept stable, the hotel category registed the most significant increase with 102 new units (+13.2%), reinforcing its importance with a 43.2% share of the available tourism establishments. These variations were homogeneous across the different quality levels units, with a 35.1% of one and two star units, and 14.1% regarding top quality units classified with 5 stars. There was also an increase in the number of apart-hotel units (+5.1%) and touristic villas (5.3%/2 new units).

There was also a slightly increase in the available supply of beds, namely in Alentejo (+8.2%), secondly in the Center Region (+4,7%), followed by the North region (+4,6%), Algarve (+3,5%) and Lisbon (+2.2%). From 2002, the increase in the available capacity is evident across all regions (see table 5 in appendix) with an overall increase of 21%.

2.2.6 Main trends in World Tourism Industry

For the past decade, the T&T Industry suffered significant changes and challenges: with the rise of Internet and mobile communications, consumers are now much more informed and able to search, buy and customize their trips everywhere they are, whereas user-generated content and social media helped reshaping tourism landscape, and how products are marketed. The power of consumers voice is now unlimited and companies and destinations are no longer sole controllers on the marketing material related.

Regarding travel habits, the last years saw shorter, but more frequent leisure trips, phenomena that is directly linked to the increasingly accessible travel prices, as consumers begun to substitute the annual travel for several short breaks along the year. Fast-Growing emerging markets, such as the BRICs – Brazil, India, China and Russia – have also shaped the World Tourism Industry, leading marketers to refocus their attention on this new markets, adapting their products and services according to these markets specifications. For the next decade, trends are inevitable linked to those referred previously.

Medical tourism - A fast-growing $40-60B niche market: Arrivals by purpose of visit aren't expect to vary significantly for the next decades, however an increasing number of European are travelling for medical purposes. These are attracted to this specific segment of tourism mainly due to an important mix of personal, financial and legal reasons.

Medical tourism must be seen as the “healing treatment” segment of the overall health tourism market, the same way fitness and wellness holidays must be seen as the “prevention” segment, Wachowiak of IUBH explained. Despite there’s few information and reliable facts about these market, recent estimates valued world medical tourism market between $40 to $60B at present, and with annual growth rates of about 20% a year.

By 2011 health and medical travel accounted for a total of 9.4 million trips (IPK 2013) and 2.4% of all European outbound tourism. Moreover, for the past five years, health and medical tourism by Europeans have increased by 38% and 24% respectively, according to IPK research. A representative survey by the IUBH this year also found that 52% of German adults could see themselves travelling abroad for medical purposes, including dental treatment and surgery driven essentially by lower costs abroad or for treatments that are not available in their country. However, non-medical necessary treatments such as cosmetic surgeries are also an important trend that cannot be ignored in this valuable tourism segment, driven essentially by lower costs as well as better recovering conditions.

Nowadays, Hungary, Germany and the Czech Republic are seen as the European leading destinations for medical tourism, whereas Benelux, France and Austria are some of the most important medical tourism generating markets in Europe. Wachowiak also pointed out the fact that medical treatment for Arabs may become the most lucrative niche markets, as they tend to be accompanied by several persons.

“By 2030, VFR (Visiting Friends & Relatives), Health, Religion and other purposes will represent 31% of all international arrivals, leisure, recreation and holidays 54%, and business and professional 15%”, according to a UNWTO’s report.

Online and Mobile will continue to dominate: The technological sector will continue to innovate as Companies and Destinations will want to provide their customers new and more complete experiences. The implications on the travel industry are clear: less lead-time for bookings, last-minute decisions and special and tailored travel options specifically customized. According to the ETC, online travel sales average growth will be 8,5%/year till 2016, reaching a total of 523 Billion dollars and representing 46.2% of total travel sales (eMarketer, November 2012). Moreover, since 2009 the number of leisure travellers using their mobile devices searching for travel information has increased by over 450% (Google and Ipsos MediaCT, The 2012 Traveller Study). The same study suggested that by 2012 38% of Leisure travel searched for travel information using a mobile device.

At the same time, a similar trend is emerging: The power of Smart TVs. As this kind of electronic devices take off and will become increasingly sophisticated in the future, new TV set models will allow companies to create full interactions between viewers, broadcasters, advertisers and app developers, as well as among the viewers. Some travel and tourism agents already created their own apps such as Serbia Tourism, enabling users to watch pictures and videos about travel destinations and provided services. From video watching to online booking, everything will be possible in a short-term period with Smart TVs.

Shorter trips but higher spending: International trips are expected to maintain a short-term significant growth, whereas overnight stays expect a less positive evolution reflecting the trend of shorter but more frequent trips, the World Travel Monitor research concluded. On the opposite side, global travel spending is expected to keep growing healthily (+7% to 875B€ in 2011, resulting in a 3% increase in spending per trip and a 5% rise in average spending per night, as a result of shorter average trips. Asians tourists, South Americans and North Americans are expected to continue as top-spenders per trip, namely due to higher flight costs, while European spending is lower on average.

By 2011 there was a 10% rise in short trips of 1-3 nights and a 2% drop in longer trips, resulting in -3% in the average length of trip. However, according to the European Travel Monitor, long-haul destinations were still popular for Europeans tourists in 2011, with a 4% growth in overseas destinations. Europeans travelled more essentially to the Americas (+2%) and above all to Asia Pacific, with the number of trips to the region rising by 8%.

Travellers want more individual and meaningful holiday experiences: Specialists agree that consumers will demand more individual and authentic travel experiences in future while relying more than ever on technology to plan and enjoy their trips. They will still focus on their restricted financial situation, holiday prices and value for money deals while the image and stability of destinations will also have a strong impact.

People will rely more on personal information and recommendations available on commercial and social websites and in the medium term, consumers will seek new and more authentic experiences, seeking outstanding holiday destinations and experiences with increasing interaction levels with local communities. Real experiences in authentic places will become more important in the travel and tourism industry in future. Technology will play an important role in the “new” international tourist, especially how they use and search the available information and buy travel related products and services.

Social media and bloggers become major influences on travel behavior: Social media are increasingly playing a key role to help consumers plan and enjoy travel as they switch to online and mobile technology. At the same time, travel bloggers are gradually winning influence power, not only regarding leisure travels but also in the travel business as well. Consumers are using technology more intensively than ever to transmit their own experiences sharing pictures and videos and seeking opinions and reviews of destinations, hotels, attractions and countless other tourism related activities.

According to a Google survey made in 2011 on social media impact on travel decisions, about 40% of travellers said social network comments may have an impact their travel decisions while 50% actually took travel decisions based on other people’s reviews and experiences. Travellers are becoming socially connected before, after and even during their trips. T&T companies and organizations must evaluate the opportunity provided by these new interaction channels and integrate it into their sales and marketing activities.

According to Debbie Hindle (2013), managing director of London-based agency Four BGB, “Social media is a massive social commerce opportunity”. She also declared the growing potential to create ‘”social customer service”, as it helps companies to be able to respond much faster to customer requests and therefore avoid potential PR crises.

These “21st century travel writers” such as Keith Jenkins, one of the world’s most famous travel blogger, are online personalities who are often specialists or experts in niche topics. The travel industry could work with bloggers in order to generate effective and truthful publicity and benefit from very detailed multimedia content. Bloggers like Keith Jenkins generate trust by interacting with their readers via social media, making recommendations based on their personal experiences, providing real opinions, facts and pictures, even do sometimes the real independence of bloggers is questioned.

Online bloggers and other global influencers will continue to take advantage of global audiences and companies and tourism related agents must develop strategies taking into account their power and knowledge, and how it can beneficiate them and at the same time destroy their reputation and international image.

2.2.7 Competitors

The goal of tourism economy in simple terms is the maximization of two main values: receipts and employment. The first is given by the "Arrivals X p/capita expenditure", whereas the second considers direct and indirect employment. A longer tourism period means an increase of the product value, which affects the creation of new job positions.

In the context of tourism and when evaluating tourism performance and its impact on each economy, and in order to compare similar indicators, the most important KPI's are the number of international arrivals and international receipts. Other KPI's may also be useful when, such as the average length of stay, spending per trip or per night

The European tourism in organized in four main regions of attraction: Central/Eastern Europe, Northern Europe, Southern Europe and Western Europe (see appendix)

SPAIN
• World's 4th most visited country and 2nd largest earner (receipts) in 2011; • Sun & Beach tourism is the most income generating tourism segment; • Main Portuguese competitor – similar climate and geographic proximity; • Strong historical, cultural and religious (*Santiago the Compostela* as the third holiest place in the world) similarities; • Two world famous cities – Madrid and Barcelona; • Large territory and exotic islands such as Ibiza, providing diverse holiday possibilities but harder to travel around; • Depend mostly on the same markets of origin as Portugal (UK, Germany and FR – 61,8% of overall demand in 2011); • Strong development of Senior Programmes such as the Europe Senior Tourism.

CROATIA
• Depend mostly on Germany and in surrounding countries such as Slovenia, Austria, Netherlands, Slovakia, etc. • Tourism activities focused on Zagreb, Istria, Kvarner and Dubrovnick, with an excellent price/quality ratio; • Strong and recent/up-to-date marketing plan for tourism concerning mobile technologies and strong investments on the development of touristic products; • Financial incentives for the Tourism industry (decrease to 10% VAT); • S&B as primary source of income due to exotic and unexplored locations, such as the Croatian Islands (e.g. Hvar); • Strong Reputation on Health and Wellness Tourism (e.g. mud baths) with strong investments expected; • International reputation in Nautical tourism and related activities (10% of total tourist income in 2012), being the first European destination on this segment of tourism, as well as a reference destination when in comes to Cruise Ships (746k passengers in 2012); • Strong cultural heritage (20% of tourists are motivated by culture) with great diversity of cultural sites (e.g. Castles); • Strong investments forecasted on Golf Tourism, from high-end facilities, to resorts and a Golf Academy.
TURKEY
• Turkey is the World's 6^{th} most visited place; • Tourism activities focused on Istanbul and alongside the Mediterranean Coast with world famous beach resorts frequented mostly by Russians and Arabs; • Depend on traditional markets such as Germany, the UK, Netherlands, France, Italy, plus Russia, Arabia and Japan; • World reputation as a "Health & Spa destination". In 2010 nearly 10M tourists visited the country for medical purposes and a 6%-12% growth py is expected. Moreover medical tourists stay for 4-5 days and spend approximately 2.500US$; • High reputation in terms of natural treatments – Turkey is Europe's most richest country regarding thermal resources; • Tourists spend an average of 4.5 times more on Turkish medical tourism than on holidays.
GREECE
• European Cultural Reference Destination with Tourism activities focused on 4 main areas: Central Greece, Crete, Dodecanese and Macedonia (66% of the country's total supply - hotel beds); • High dependency on T&T (15,2% of GDP in 2009, representing 18,5% of direct and indirect jobs); • Decreasing competitiveness in tourism due to social instability and increasing taxation, leading to a crisis in the sector (-15% in total number of arrivals in 2012 and -5% in receipts) including a decrease in the available supply; • Similar touristic offer focused on S&B, with travel packages representing 26% of the total number of incoming tourists; • Germany, the UK and France as the main generating markets, plus Russia, with a 9,4% share of spending in the country; • Contrariwise to traditional generating markets, a double digit growth from Eastern Europe countries is expected; • Tourism strategy focused on accessing niche markets, while cooperating with tour operators that promote specialized packages, aimed to promote Greece as a Experiential travel destination; • Forecasted investments on tourism segments such as Health Tourism, Golf, Entertainment and Adventure tourism, while focusing on emerging countries of Brazil, China and Russia, as well as Australia as a strategic long-haul target market.

From the previous analysis on main competitors we can conclude that in general terms Portugal has a strong competitive advantage, namely over Greece, Croatia and Turkey.

As previously referred on the evolution of the Portuguese Tourism, the bad performance on the last decade that directed the additional number of tourists directly to our main competitors contributed largely to the results on table 6, both in terms of International Arrivals and International Receipts. However Portugal is the country with a more positive Receipts to Arrivals ratio, meaning that the industry is able to retain a larger part of tourists spending, what also shows that an increasing in the absolute number of tourists may represent a 1.5 times increase in the number of receipts. In fact, the development of complementary products and experiences are key to maintain and potentiate this trend.

Despite this fact, Portugal's 20th place on the 2013 T&T Competitiveness Index is mostly a result of a well development level on tourism infrastructures and transportations.

	Portugal	Spain	Greece	Croatia	Turkey
Population (Millions)	11,2	48,8	12	4,6	74,2
2012 GDP (M€, Eurostat)	165	1049,525	193,749	43,904	612,413
2013 Travel and tourism competitiveness index	20	4	32	35	46
International Tourists Arrivals (Millions) 2011	7.412.2	56.694.3	16.427.2	9.926,7	34.038
International T. Receipts (M€, 2011)	11.338.6	59.892.3	14.622.6	9.364	23.020
Receipts/Arrivals Ratio	1,53	1,06	0,89	0,94	0,07
T&T total contribution to GDP (Million €, 2011)	26,86	164,46	32,16	11,63	64,99
Contribution to total GDP 2011	16,3%	15,7%	16,6%	26,5%	10,6%
T&T total contribution to GDP (2023 forecasts WTTC)	31B€	175.6B€	41B€	19.032B€	91.215B€
T&T total employment contribution (Thousands) 2011	864	2248	741	331	2004
Contribution to total employment 2011	17,90%	12,70%	18,70%	29,30%	8,20%

Table 6 - Competitiveness Indicators on Portugal and Main competitors. Source: WTO 2012

[1]The Travel & Tourism Competitiveness Report 2013 – The World Economic Forum

2.2.8 Key Long-Haul Incoming Touristic Markets in Europe

In this chapter there will be analysed, regarding the main incoming markets for European Regions, the share of outbound travellers that travel to Europe, as well as the relative importance of each European Region and expected growth rate through 2016, according to the ETC Report on October 2012.

The selection criteria was established based on some of the BRIC countries as those are the countries where the outbound tourism is expected to witness higher growth rates and where the market is less explored, thus with greater potential (see picture 39 below).

The only exception was India due to the low volume of outbound tourism, and the USA were included due to the fact that this is the most important outbound market for Europe, and so a deeper understanding is required. European countries will be presented as 4 main regions: Northern Europe (NE), Western Europe (WE), Southern/Mediterranean Europe (SME) and Central/Eastern Europe (CEE) (see appendix for more detailed information).

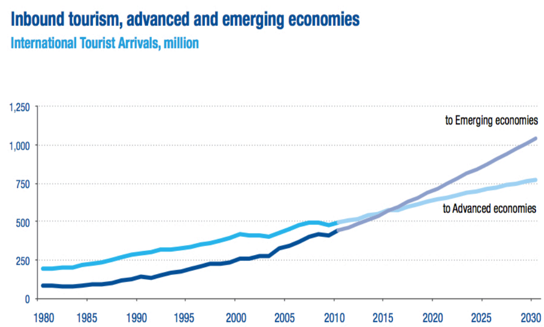


Figure 39 – Inbound tourism, advanced and emerging economies. Source: UNWTO 2012

From the countries under analysis, the outbound tourism reached 98,14M travels in 2011, of which Europe received 52,8M (53,8% share). According to the same data, China is the country where Europe has a lowest share of outbound tourism, due to the low development of the industry and to the fact that 65% of Chinese tourism was made inside borders or within northeast Asia. Moreover, Brazilian tourism is an unquestionable attractive market and despite the 54% share, the growing potential is significant as only 5.3M tourists travelled from Brazil to long-haul destinations: according to the ETC Report (2011), by 2016 Europe will receive a total 10,4M Brazilian Tourists, a 258% growth vs. 2011.

From the table below it is possible to undertake conclusions about the most promising countries and what regions may benefit the most of the positive forecasts made by ETC:

- A total of 109 Million new tourists are expected in Europe by 2016 from the selected countries (USA, Brazil, China and Russia), totalizing 162 Million arrivals.
- The European region that will benefit the most from this increase in relative terms will be WE with +41,2M international arrivals followed by CEE (36 M new tourists and 33% share of increase), Northern Europe and at last Southern Europe;

- Southern Europe will receive mostly Russian Tourists by 2016 (12,4 Million) whereas the largest growth in absolute terms will be of USA tourists (+6,3 M tourists to 11,7M);
- The country of origin that will produce a more significant impact in European Tourism will be China with a 654% growth, representing more 31 Million new tourists; the USA will be responsible for 54 Million new tourists in Europe by 2016, a 264% growth;
- Tourists from the USA will mostly prefer the Western Europe with a 34% share of increase, followed by Central/Eastern Europe, Northern Europe (24%) and SE (12%).
- Brazilian and Chinese Tourists will follow a similar trend, whereas Russian Touristic demand will go mostly to Central/Eastern Europe and Southern Europe.
- By 2016, the largest share of Long haul incoming tourism (from the countries under analysis) will travel to Western and Central/Eastern Europe (each with a 34% share of market) followed by Southern Europe and Northern Europe.

This analysis on incoming markets should also be developed regarding travel behaviours, as travellers tend to have different preferences, priorities and values impact on travel behaviours. As Dr. Bruno Ribeiro from Douro Azul highlighted, Russian and Chinese are "rookie" travellers, being less experienced and so demanding more active and participative experiences. Whereas Russians also seek for more moments of fun and are primarily attracted by the climate, Chinese tend to be less flexible in terms of service and seek for more familiarly options, often linked with their own culture namely when it comes to gastronomy. For them, culture and history are the main motivations to visit Portugal.

When it comes to Brazilian tourists, Dr. Bruno Ribeiro stated: "Brazilian tourists have a higher availability and interest in conducting tours that will enable them to explore more places and have more experience. Also because of this, they tend to show greater time availability for tourism. The historic and cultural bounds between the two countries and the search for family roots are the main reasons that bring tourists from Brazil to Portugal."

At last and regarding the American tourists, "these are quite more demanding regarding the compliance with the pre-established programmes, having less flexibility for last-minute changes. At the same time, they have a bigger concern regarding safety issues when comparing to the regular European Traveller and are primarily motivated by Historical and Architectural Culture of our country."

2.2.9 Consumers

The Mature and the Baby Boom generation have been fuelling the world's travel industry for the last decades, both in the number of travellers and regarding the frequency of travelling. The historic growth in worldwide travel that followed these generations of travellers has generated significant economic, spatial and cultural changes that are much expected to continue by the hands of incoming generations such as Generation Y.

Generational Segments	Age			
	2010	2015	2020	2030
Mature	>65	>70	>75	>85
Baby Boomer	45-64	50-69	55-74	65-84
Generation X	30-44	35-49	40-54	50-64
Generation Y	15-29	20-34	25-39	35-49

In order to better understand the demand patterns of the different generational cohorts, it becomes critical to analyse "what they've been through" during their life's, such as the most remarkable sociological and technological changes. In this chapter, a further analysis on these aspects will be developed, focusing on the Mature, Baby Boom and Generation X segments, establishing those as the priority targets for the strategic plan under development.

Mature generation

The Mature travellers are part of the Silent Generation, those born between 1930 and 1945. This generation was defined by events such as the Great Depression and WWII and they tend to be more rational, saving, moral and ethic individuals that value social tranquility and family union. Regarding their lifestyle and attitudes, they tend to rely on tried and proven theories, distrusting change and many are still in excellent health and active (Fishman 2004), while looking to engage with the culture and destination they are visiting

As Isabel Martins, head of the Portuguese Travel Agency PTeam referred, the senior's travel behaviours depend mainly on the travel motivation providing examples: in cultural and religious travels, the consumers tends to be more demanding before and throughout the travel, not only when it comes to the available services but also regarding support during the travel; in Religious tourism, the most important factors are possibility to improve the "faith experience", giving the opportunity to take part on religious events throughout the travel experience, whereas safety and support are critical as well.

When marketing to this segment of travellers, it is important to communicate active lifestyles and break with stereotypical images of older consumers usually known as seniors. It is crucial not to face them as weak and dependent individuals and focusing on wining they trust, as they will easily bond with someone they trust. Marketers should communicate traditional values such as discipline, hard work, commitment, responsibility and eventually financial conservatism, despite being less price sensitive. Patriotic values are also appealing to this generation of individuals. They require comfort in accommodation and cuisine, and they show no reluctance in experiencing new and different destinations.

Despite the fact that a considerable part of these individuals feel no need to adapt to the information era as a group, the younger members of this generation are one of the fastest growing groups of Internet users (Williams, G., 2005).

In terms of communication, tourism related agencies should use formal written and direct language with this generation individuals, using formal greetings. Information should be easily understandable and non-confrontational. These individuals like to be shown appreciation, such as “We respect your experience” or “We value your perseverance” and terms such as “Us” or “We” can help building bonds and a better sense of trust (Ford 2006).

To reach this generation, traditional media should be used such as Radio, Television, billboards and magazines, but also direct mail. However, face-to-face conversation is extremely valued, in social events for example, tribute events, using professional advisors, telephone and even *Skype* to clarify any doubts customers might have (Rosenburg 2008).

Regarding website design for Silent Generation Members, a report on Web Usability for Senior Citizens (Nielsen 2012) highlighted key aspects to take into account when targeting this increasingly technology savvy group of consumers: make text size larger, present information clearly and in a easy way to scan, use static navigational avoiding moving menus and make search results visible on the page without the need to scroll down.

Baby Boomers

The baby boom generation is considered to be the generation of individuals born after the WWII, from 1946 to 1964, a period market by a worldwide increase in birth rates.

Baby boomers (BB) are now between 48-67. Some are in their final peak earning years whereas other have already retired. As they move through their life stages of family building to empty nesters, the growth in T&T has persisted and is expected to continue as they enter in their golden years with higher disposable income levels and more available time and psychological availability. Here are the most important aspects to be aware of:

1. **Boomers consider travel a necessity.** This will cause the T&T industry to growth and BB will tend to do it more easily, independently of their life stage or the economy.

2. **Boomers have traveled more and sooner than their predecessors.** As experienced travelers, boomers demand more exotic destinations or more in-depth travel experiences. According to Courtney Day, senior vice of the Senior Network, a research and marketing company, “BB are always interested in bettering themselves, physically and intellectually”.

3. **Boomers believe in their “eternal youth”.** "Boomers will always try to act much younger than their chronological age." This psychological feeling of youth deeply affects their travel choice patterns, as they don't identify themselves with people older than they are: mixing the two generations in one group won't work; these identify better to younger images, and the word “maturity” should be replaced with experience and education.

4. **Boomers want to have fun.** Companionship, stimulation and cultural/social experience can make travel more appealing for BB, while encouraging them to bring friends may increase the “Fun” factor. This also stresses the importance of making purchasing-processes quick, user-friendly and convenient, for example through mobile tools.

5. **Boomers demand immediate gratification.** When comparing to their parents, BB grew up in times with more immediate gratification. As a result they refuse to wait to go on a trip and they don’t book with the anticipation they predecessors used to; they have less patient for long and uninterrupted trips (they value more frequent stops or entertainment systems such as Internet access). In fact, boomers invented the question: "Are we there yet?"

6. **Boomers are not passive.** They want to take control on the creation process and design they’re own travel experience. The challenge for travel marketers is to provide plenty of options, as they also seek more interactivity. It’s like they want to "Sightdoing” and not “Sightseeing” according to John Stachnik, president of Mayflower Tours.

7. **Boomers think they are special.** BB are demanding consumers, and "Whether they go budget or luxury, they want the best", according to Day. They like things that make them feel of special and unique and products designed to fit their individual needs: that’s why customization, or the illusion of it, is important. For them, it’s important to develop a flexible offer to daily movements, allowing more independence as well as promotional materials that emphasize benefits to individuals. Moreover, tour operators must enhance their expertise on make things available to them: “Guides must become personal trainers and demonstrate the skill and knowledge boomers will respect and pay for (Godman).”

8. **Boomers are time deprived.** When they are away from a stressful life, BB tend to go either to spas when they can simply relax or to choose extreme, physically or mentally challenging holidays. These generation members seek for timesaving devices that offer convenience and interactivity, while enjoying the freedom of not involving too much of other people, for example when gathering information, as they tend to do it by their own.

10. **Boomers like to associate with people like themselves.** BB don't consider themselves as seniors and according to Day, in purchasing-process, they frequently ask themselves, sometimes in a unconsciousness way "Who is going to be on this trip? Will it be people like me?". The way tour operators may respond to this is by not mixing age groups in the same tour and by using younger images and language in their marketing materials, while stressing the flexibility and participative nature of the travel experience.

11. **Boomers are not homogenous.** Boomers can't be considered as a homogeneous group, as it comprises a 19-year range of individuals in different life-stages: From childish to older boomers, empty nesters and others raising their grandchildren. This affects from spending habits, to the available time to travel and their will to travel alone of with others.

On it's article "The 13 truths about boomers travelers", Kim Ross highlighted:

"There is also a dichotomy between older and younger boomers. For those born between 1946 and 1955, Viet Nam was the defining event of their lives. For those who came later, it was Watergate. When older boomers finished college, jobs were plentiful and interest rates low. Younger boomers faced recession and 21% interest. The older group, the first to benefit from women's movement, tends to be more career-oriented. The younger ones experienced the down side of women's lib - the higher divorce rate. They also felt they never got as much attention as their older siblings, so they are more family-oriented. "

In fact, all these factors also impact travel behavior within the boomer generation.

When targeting to these generation, the Portuguese Cruise Company DouroAzul invited two American celebrities – Andie MacDowell and Sharon Stone - to inaugurate two brand new cruises. When interviewing Bruno Ribeiro, Marketing & Communication Manager of DouroAzul, he explained the choice of the company: "The idea of inviting these international personalities emerged from a careful analysis on our communication strategy and the potential benefits we could collect with this association. Given these assumptions we thought it would make sense to perform a ceremony with internationally renowned invitees and that would be able to project internationally not only the DouroAzul brand, but also, and essentially, Porto and Douro as tourist destinations of excellence. The choice of the celebrities in question was made based on its worldwide notoriety. They are actresses who have a great acceptance among our target audience and whose reputation is not confined to the USA. Incidentally, we had media around the world involved somehow with our event or that, in the post-event sought to know a little more DouroAzul and the Douro region."

Generation X

Generation X is usually defined as those individuals born after the WWII baby boom - from the early 60's to the early 80's. Within the travel industry context, the Baby Boomers have been the most dominant customer for a long time; a trend that is now is changing as Gen X is representing a larger growth in lodging demand and taking more atypical.

According to Will Maguire (2007), individuals from the Gen X stay more in hotels than BB proportionally and tend to spend more per trip. These are entertainment consumers and plan to do more enjoyable things while striving to find an ideal life balance between working and pleasure. They value informality, convenience, fun, and they're looking for travel opportunities both as a couple as well as a family, so they value family packages that may include special activities for their kids to enjoy by their own, while *X-ers* enjoy.

According to Virginia Tourism Corporation (2009), *X-ers* don't need to relax as they want to explore the world, but they often take at least one annual trip as a family. VTC also stresses the importance to reach young families as they start building their vacation traditions, by the age of 45: the key is to deliver the "memory-building" experiences, creating memorable experiences and convincing them that their money was well spent. Messages such as "Don't miss life's most important moments" tend to work well. For them, it's about little things: offer them books and magazines for they're kids, free kids clubs, bags in their rooms with snacks and juices and offer discounted second rooms and/or free meals for kids as well as family rates on activities and you will get their attention.

On online media companies must encourage feedback, offer incentives for early bookings as well as more family's targeted information about the destination, assuring their safety. Redirecting communication efforts to national holidays and more important scholar holidays is a must, always taking into account differences from each target market such as England where summer holidays are usually not as long as in Portugal but September offers young British kids a week of holidays that tend to be enjoyed abroad in family.

3 Strategy development

3.1 SWOT Analysis

Internal Analysis	
Strengths	Weaknesses
1 Lisbon and Porto airports as the two key air connections with Europe; Lisbon is the most important European air hub to South America, namely Brazil	1 High Seasonality in Tourism, concentrating the tourism activity and thus decreasing overall satisfaction levels
2 Well-developed transport and accommodation infrastructures	2 Lack of online media development as a priority communication channel and adapted to the older generational cohorts
3 Unlimited range of available touristic experiences, from up-scale to low-cost; from city to rural tourism; from luxury shopping to nature travelling; from spa facilities to real estate and golfing; all within a short time an distance range.	3 Lack of notoriety on Portugal's touristic offer if not only "S&B"
	4 Lack of differentiation regarding Mediterranean competitors
4 Well developed or in-development high-end cruise tourism infrastructures, namely in Lisbon that potentiates the value of the City as the Mediterranean's most important cruise Port through the most famous and credible cruise ships	5 Inexistence of any CRM strategy or association with other countries travel operators or tourism key intervenient
	6 Low development of interactive communication tools and social media, both to attract tourists as well as to improve the experience once in Portugal
5 Existence of World-class hotel chains in Portugal with strong tradition	7 Financial and economical struggle by tourism related agents and low investment levels in the industry, both public and private
6 High notoriety on most traditional markets and BB	
7 Safety, climate and cultural diversity as important characteristics of Portugal and suitable for tourism segments such as Health tourism	8 Lack of communication and development of infrastructures that potentiates Portugal's skills in other niche segments such as Health Tourism

Table 10: SWOT Analysis, Internal Perspective

External Analysis			
	Opportunities		Threats
1	World population ageing, namely BB as a valuable LT touristic segment	1	High dependency on a European market where demand tends to decrease, mainly on traditional markets such as Germany, the UK, France and Spain
2	EU zone as a facilitator when developing associations/partnerships with key touristic intervenient from tourism generating markets	2	Low levels of public and private investments and available money to potentiate the market growth
3	Increasing demand for upscale touristic experiences, from S&B to Golf and Health tourism that may reduce seasonality, specially from emerging Countries such as China, Brazil and Russia	3	Financial and economical crises that leads to more rational choices and thinking regarding tourism expenses
4	Differentiated tourism segments such as Religious tourism, City Breaks and Gastronomy and Wines with higher than 6% growth rates expected	4	Economic context that lead tourism to down on governments priority
5	Low development of senior tourism initiatives in Europe – opportunity to be pioneer and first-mover – highly profitable segment	5	Emerging touristic areas, namely Asia with increasingly easy access (costs vs. transportation) and wide cultural and touristic experiences offers
6	Increasing number of world-class publications and awards on Portugal as a top tourism destination (Lonely Planet, Condé Nast Travel), leading to an increasing notoriety, credibility and interest in differentiated experiences	6	EU's Enlargement on Croatia with a similar touristic offer as other Mediterranean countries and increasing competition and offer sophistication
7	Shorter but more frequent travels – opportunity for last minute deals	7	Forecasts expect Southern Europe to be the European region with the least positive evolution in the short-term
8	Market disintermediation – trend to direct sales and travel customization		
9	Increasing influence power of travel bloggers and other online individuals that may improve a country's image and promote related products		
10	Increasing access to Internet and mobile devices at a global level		
11	Emerging countries' investors with significant amounts of available capital		

Table 11: SWOT Analysis, External Perspective

3.2 Strategic Guidelines

From the analyses developed previously on the SWOT Matrix, it is now possible to outline the main strategic guidelines for the strategy under development:

- **Develop a CRM strategy** that allow us to better known our customers needs and interests, creating real fidelity rewards (e.g. 2nd time visit offers) and other valuable deals for them, based on the wide range of touristic products Portugal has to offer within a short-distance – it is important to stay with the customers as they get old.
- **Develop more profitable touristic segments** based on Up-Scale tourism while applying cross-selling methods to potentiate earnings through complementary experiences.
- **Invest on a senior tourism programme** that includes not only the development of suitable accommodation and travel-packages and responds to specific requirements of this age-group, but also in terms of communication, from online content adaptations to the arrangement of strategic partnerships throughout Europe
- **Target the Brazilian market** as a top priority in order to reduce the dependency on traditional markets, establishing this as a strategic market regarding, increasing notoriety in a short-term period, and promote it as the "The No. 1 'entry' in Europe"
- **Establish strategic partnerships** with each tourism segment leading companies as credible and key influencers on the decision-making process such as the existent world-class hotel chains, encouraging them to invest and to believe in the Portuguese market potential, with both financial benefits and in terms of touristic product development
- **Take advantage of online, social and mobile platforms** at all stages, from information search to the travel experience, it is crucial to be with the customer during the whole experience and turn it more emotional, interactive, valuable and a long-lasting memory.
- **Establish as a priority segment those aged above 50 years old**, adapting the touristic offer depending on the respective generational cohort, and establish partnerships with world-class Portuguese up-scale accommodations that better suit they're needs and are able to better develop complementary experiences, thus increasing profitability, while promoting safety, security and climate as differentiating factors towards competitors

3.2.1 Key Strategic aspects

- Evolve all of stakeholders: They create the experience, while transmitting Portugal as a living brand and may gather true and direct information about tourists real needs;
- Take full advantage of online media: decreases investments, it is global, it is often the first contact-point with potential tourists, they have unlimited options and they have to transmit a "smell of the real experience"
- Adapt the offer to older segments of tourism: from accommodation to communication, be with them all along the experience, value them and show 24h support – it may constitute a CSF to show that you're always with them, even as they get old.

3.2.2 Strategic Keywords:

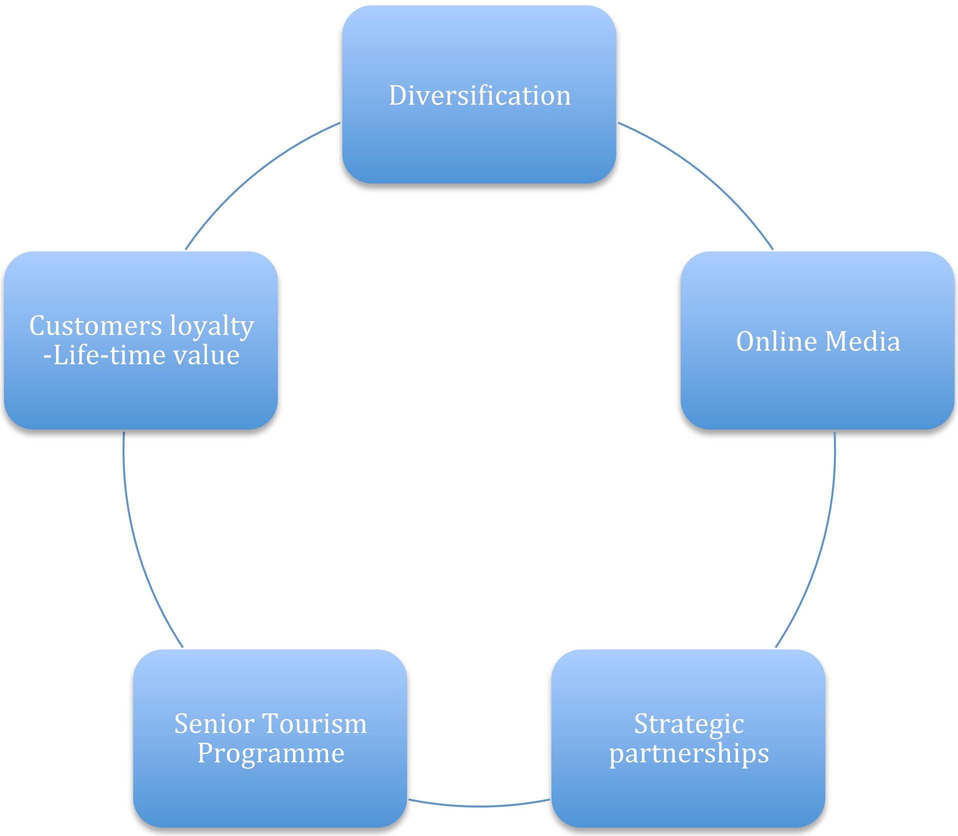


Figure 40: Strategic Keywords

3.3 Vision

"To turn Portugal into the number one choice for Mature, Baby-Boomers and Generation X European Tourists through creating a long-lasting memorable experience throughout all stages."

3.4 Mission

Portugal must be able to deliver a complete, unique and outstanding tourism experience assuring that special needs are fulfilled whatever and whenever needed, thus assuring a long-term relationship with customers.

By understanding customers specific needs, Portugal must deliver truly valuable options and uninterrupted support for tourists and maintain it from the minute they dream on the travel till the minute they're back on they're country, while assuring there will be a second visit to Portugal and an equally outstanding travel experience.

3.5 Main Goals

- To implement a sustainable long-term tourism strategy, developing the most suitable Portuguese touristic products adapted to the next generation's specific needs, making Portugal the no.1 senior tourism destination in Europe throughout the next 15 years.
- Be able to attract and retain Baby-Boomers and turn them into frequent customers in medium-term while developing a powerful database of incoming tourists
- Develop an health exchange programme with major generating markets as well as develop highly specific segments of tourism
- Increase notoriety through communication targeted major influence players in the European Market, from media players to Governmental, Medical and niche entities.

3.6 Segmentation, Targeting and Positioning

Customers must be segmented according to their respective generational cohort (revised in table below), as it was shown to be the most suitable segmentation criteria not only in tourism but also across many different industries, including FMCG.

Generational Segments	Age 2010	2015	2020	2030
Mature	>65	>70	>75	>85
Baby Boomer	45-64	**50-69**	**55-74**	**65-84**
Generation X	30-44	35-49	**40-54**	**50-64**
Generation Y	15-29	20-34	25-39	35-49
Millenials	<15	<20	<25	<35

The strategy will be developed taking this into account, they're shared values, previous experiences and how these will evolve and impact travel behaviours. In the short-term (5 years) the priority will be given to mature travellers, the oldest generation of tourists, whereas in the medium-long term priority will be given to BB and *X-ers*. What is important to highlight that it is urgent to develop and implement a short-term strategy to effectively convert mature travellers into consumers in a near future, whereas regarding the other generational cohorts a deeper understanding and planning is needed in other to reach higher effectiveness rates.

In terms of key target markets, the strategy follows the major guidelines of PENT, however with slight differences as a deeper analysis of key target markets was needed, namely in terms of socio-demographic indicators.

3.6.1 Market Attractiveness – Establishing target markets

From the PENT analysis on the attractiveness of foreign markets, further analysis was developed considering 4 main variables composed by sub-variables here explained:

12 **Ability to generate foreign tourism:** Portugal's Market Share on the total outbound tourism from the selected markets of origin; each market potential in terms of its ability to generate tourism and expected tourism growth.

13 **Probability of travelling to Portugal or Potential interest:** Given by the Cultural Affinity towards Portugal and by the average flight cost from each selected countries;

14 **Touristic value of outbound travellers:** Average spending on outbound tourism;

15 **Market Attractiveness:** Average age on selected markets and number of population per generational cohort.

Further information on the criteria, assumptions and sources is available in appendix.

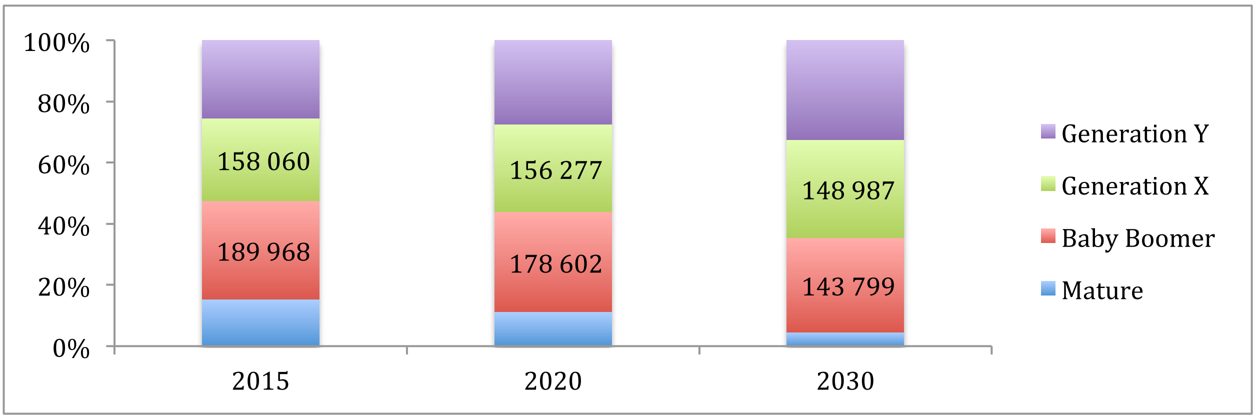
From the analysis developed, three different types of countries emerged according to the scores attained. The results are shown in the following table:

Class.	Country	Top Scored Items				Class.	Country	Top Scored Items			
		1	2	3	4			1	2	3	4
A	Spain		X	X		B	Italy		X	X	
	France		X	X			India	X			X
	UK		X	X		C	Denmark		X	X	
	Germany		X	X			Finland	X	X		
	Russia	X			X		Norway	X		X	
	Brazil	X		X			Netherlands		X	X	
	China	X			X		Sweden	X		X	
	USA			X	X		Switzerland		X	X	
	Japan			X	X						

Table 19 – Results of market attractiveness Analysis, per selected country of origin

- **Strategic Markets** – These may be divided into two groups:
  A. Key Strategic Markets - These are valuable markets, with high travelling probability and where Portugal has already a strong brand reputation and credibility. These are also increasingly attractive markets regarding population age structure. In this context, major promotion efforts must be made through strategic partnerships in order to increase group travelling with major players for example in the health sector that potentiates the country's ability to generate mass tourism and higher return rates.
  B. Long-haul strategic markets – Despite having lower affinity levels towards Portugal, these are mostly highly populated countries, such as China, Russia, Brazil and the USA with an above average spending. These are difficult markets to reach however, efforts must be made in order to increase notoriety to achieve absolute growth in the medium-term, while promoting specific and niche target experiences.
- **Secondary Markets** – Despite being two different markets with extremely different consumers and dynamics (as may be seen on top scored items). Whereas Italy lacks on it's ability to generate tourism (low growth levels), India has a considerable gap regarding cultural affinity as well as lower spending levels.
- **Diversification Markets** – These are mainly markets from Northern Europe with less population (less potential to generate mass tourism). For this reason, it does not justify the investment on mass advertising or mass sales tools. However these countries have higher spending levels and should be a priority in developing highly targeted solutions regarding Up-scale tourism, as well as to attract groups of travellers that may be potentiated for example by establishing local partnerships.

3.6.2 Targeting – quantification



EUROPEAN MARKET	2015		2020		2030	
Generational Segments (Millions)	Age	Total (Millions)	Age	Total (Millions)	Age	Total (Millions)
Mature	>70	89 790	>75	61 022	>85	21 496
Baby Boomer	50-69	189 968	55-74	178 602	65-84	143 799
Generation X	35-49	158 060	40-54	156 277	50-64	148 987
Generation Y	20-34	149 897	25-39	150 324	35-49	151 211
Millenials	5-19	115 020	10-24	116 836	20-34	120 821
Generation Z	<5	40 071	<10	79 627	<20	154 176
Total		742 806		742 688		740 490

Table 20: Resume on Target quantification per generational cohort, in Europe.

According to Van Horn (2002) 70% of the European are financial and physically able to travel, and they tend to do it with an average of 0.5 companions for each potential traveller. If all these elements are combined we're able to accurately valuate the European Travel Market by Generational Segments, by 2015, 2020 and 2030.

Valuation of the Travel market per generation cohort

Year	Generational Size (Millions)	Potential Travel Market (Millions)	Multiplier effect of F&F	Total potential travel market (Millions)	Average Spending (per person, per travel, Eurostat 2012)	Market Value
2015	279 758	195 831	97 915	293 746	620 €	€ 182 122,6
2020	239 624	167 737	83 868	251 605		€ 155 995,2
2030	314 282	219 997	109 999	329 996		€ 204 597,6

Table 21: Valuation of the Travel Market per generational cohort, in Europe

The presented data shows that by 2020, the European Travel Market will represent 155 Billion Euros and 204 Billion Euros by 2030, values that reinforce the importance of developing a sustainable and efficient strategy to attract and retain tourists from these generational cohorts. If by 2030 Portugal is able to retain a 10% share of the potential market, it will represent 20 Billion Euros, 100% more than last year's total T&T receipts.

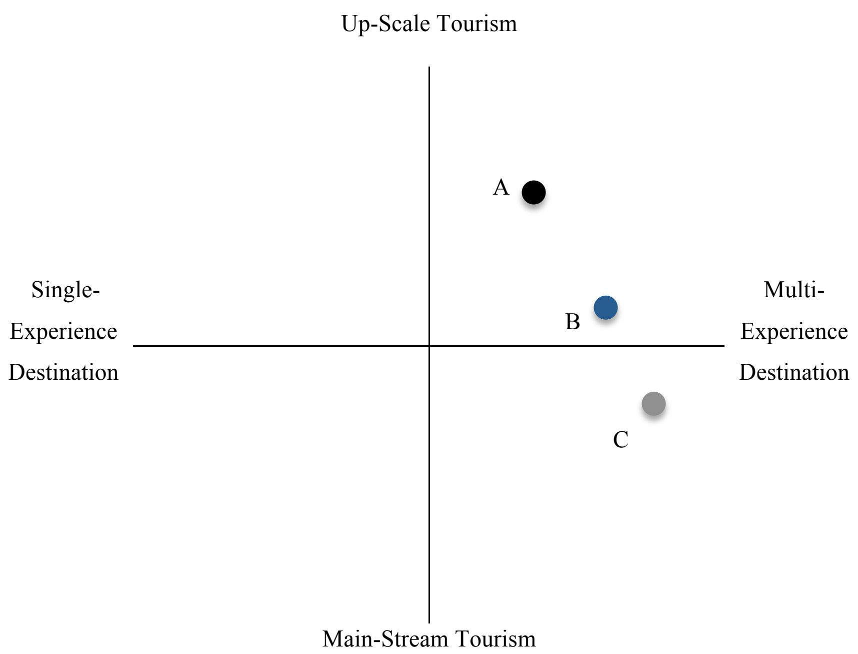
3.6.3 Positioning

Regarding the positioning of the country, taking into account the current mature travellers and the future “senior travellers”, Portugal must position itself as an **Up-Scale Multi Experience destination.**

The Up-Scale segment still lacks of development and notoriety in foreign markets. However, due to its high profitability as well as it’s potential to improve other high profitable segments such as health tourism, should be considered a development priority.

Moreover, the “future senior travellers” – the current BB and X-ers –must identify Portugal as a Multi-Experience Destination but not so much as an Up-Scale one. By the time they have more disposable income and increasing time availability – in a 5 to 10 year period -, one’s must be aware of the availability of a more customized Up-Scale tourism.

On emerging markets such as Brazil, China and Russia, to be able to attract mass tourism Portugal must first increase its notoriety. In this context, Up-Scale tourism should be a short-medium term development priority in order to attract more profitable and “increasingly senior” tourists, through specialized travel agents, positioning Portugal as an Up-Scale tourism destination, still seeing as exclusive and suitable for high-end travelling.



A: Exclusive high-end destination

Senior high-end travellers from emerging and traditional markets: Exclusive tailored travelling.

<u>High Revenue/High spending per visitor</u>

B: Up-Scale destination

Diversification: Senior tourists from traditional and/or nearby markets: Up-Scale but affordable destination.

<u>Higher volume/frequency – lower spending</u>

C: Aspirational destination

Invest on the lifetime value of Gen. X and younger BB: provide family memorable experiences today to provide high-end “couple” or group travels in a 5-10 year period.

<u>High Potential/increasing spending levels</u>

Figure 41: Positioning matrix

3.7 Touristic Products – Strategic development

3.7.1 Cross-selling analysis matrix

In the Matrix presented below it is possible to analyse the potential value of one of the selected touristic products to the other available offer. Being A the combination with a higher potential value, B medium value and C low value, it becomes clear how can each one contribute to an increase of tourists value for T&T agents and for the development of emerging products. In practical terms this matrix can be used as a reference to travel packages designing, always taking into account each customer value and preferences.

Note: To read "potential Value of Y (variable) to X (variable) or X variable value can be potentiated by Y variable."

	S&B	Health Tourism	Golf Tourism	Gastronomy and Wine	Touring & City Break	Residential Tourism
S&B		A	A	A	B	A
Health Tourism	C		B	C	C	A
Golf Tourism	B	B		A	B	A
Gastronomy and Wine	A	C	B		A	B
Touristic Circuits	B	C	C	A		C
Residential Tourism	B	B	A	A	C	

Table 22: Cross-selling analysis matrix, per touristic product.

A deeper analysis on the presented table shows that whereas S&B can be an important product in order to potentiate/develop other touristic products such as Health, golf and Gastronomy tourism, the "Residential Tourism Experience" is in fact potentiated by a whole set of complementary products that will improve the overall experience.

In practical terms, what the table shows is that products such as S&B may be communicated and sold as primary products, as the primary attraction or primary motivation. Others, such as Gastronomy and Wine and Residential Tourism can be potentiated if communicated and developed as a product composed by a large sub-set of different experiences that as a whole compose an integrated and complete experience.

3.7.2 Developing Offer according to generational cohorts

The presented figure intends to highlight the most suitable approach for each generational cohort based on a previous behavioural analysis. It shows how generational values may impact the development of the sales approach and travel designing and how the communication strategy must be developed according to each one's characteristics.

Digital Media

	Values	Travel and Sales Tools	Communication
Gen X	Safety Entertainment Sense of "Uniqueness" Informality	Family Travel Packages 2^{nd} Room discounts Provide entertainment for kids Incentives for early booking	Valuable/Memory building experiences Extensive information Encourage feedback Family-bounding moments
BB	Optimism Exclusiveness Flexibility and freedom of movements Fun and companionship Personal stimulation	Incentives for group travelling (friends) Time-saving devices – mobile tools - convenience Custom designed experiences DIY processes In-depth/Participative experiences Last-minute opportunities	Exclusive Experiences Social/Cultural engagement Interactive media Young images and language/TOV Expert endorsements (e.g. Golf players) that transmit credibility Operators must show expertise
Mature	Traditional values Self-enrichment Safety Comfort, tranquility Family Union Ethic, honor, loyalty	Professional advise Support throughout the decision-making process All-inclusive travel packages Incentives for off-peak and long-lasting travelling	User-friendly online media Formal and direct language/TOV Non-confrontational and easily understandable information Active lifestyles and non - stereotypical images Graphic elements

Traditional Media

Figure 42: Analysis on Values, Sales tools and Communication per Generational Cohort

3.7.3 Establishing strategic partnerships

	S&B	Health tourism	Golf Tourism	Gastronomy & Wines	Touring & City Break	Residential Tourism	Specific Goals
Volume Generators	World-class tour operators, including “senior” focused ones. International hotel chains: communicate to their customers, creating experiences in Portugal and develop Up-Scale units and High-specialized Upscale Travel agencies Reference Blogs and/or TV shows in strategic markets	World-class tour operators Health care and wellness entities from Key strategic Markets. Create European health programmes that may already include an “exchange programme” regarding health treatments with governments from main generating markets *Healthy'n Portugal* Project Reference Blogs and/or TV shows in strategic markets	World-class tour operators International golf courses, promoting Portugal as a reference destination with exclusive advantages in key markets such as the UK and Ireland. Endorsement partnerships with international players on key markets of origin. Golf premium brands, creating opportunities for its clients. Real estate agents that may enhance the development of golf tourism facilities Major international hotel chains	World-class tour operators Reference Blogs and/or TV shows in strategic markets Local reference entities on niche tourism segments. International chefs to promote Portuguese gastronomic diversity. Specialized magazines that promote learning travels	World Travel tour operators Famous photographers from key origin markets to promote Portugal Specialized magazines that promote themed touring. Reference Blogs and/or TV shows in strategic markets	Up-Scale Golf Courses that are able to reach niche segments and potential real estate investors. International high-end real estate agencies, namely on Northern Europe; Internationally famous architects. Local residential agencies;	**Up-Stream Players** Generate notoriety and interest using local figures with high credibility and notoriety. Raise awareness on the Destination and communicate its potential and ability to provide complete touristic experiences. Decrease travel obstacles improving the information provided and by qualifying T&T agents. Incentivize high-influence agents to promote Portugal as a world-class destination. Decrease seasonality by offering incentives to off-peak travelling and product development.
Experience Providers	International “Inspirational” Blogs and Social media pages. Tourism entities, mainly hotels such as *Pestana Group* or *Pousadas de Portugal* to develop experiences and integrated deals to international tourists (e.g. 2 nights voucher on the next trip to Portugal) Mobile companies	Local health care and wellness entities. Encourage private doctors/specialists from selected markets to establish medical offices in Portugal, influencing health treatments. Attract FDI from worldwide famous hotels to develop Algarve as a Wellbeing Destination (60% of the market)	Local entities such as Golf Courses to develop initiatives targeted to the improvement of Up-Scale golf tourism (e.g. international events). Mobile companies	Hotels, restaurants, event and entertainment industries. “It all comes down to this moment” Local governmental entities to promote and develop local touristic circuits and experiences. Organizations of local entities that are able to communicate, develop travel packages and differentiated experiences	Regional tourism entities Travel agents and operators Hotels, restaurants, event and entertainment industries. Mobile Companies	Famous Portuguese architects.“Siza Vieira” and “Eduardo Souto Moura” Local entities and museums related to architecture, as well as residential facilities and resorts, providing incentives to R&D.	**Down-Stream Players** Pull communication using specific channels; Improve qualifications on local organizations and travel entities to improve the overall experience provided; Provide more customized experiences and targeted communication. Increase feedback from T&T entities; Improve overall experience

Figure 43: Strategic Partnerships per Generational Cohort

3.8 Communication Strategy

3.8.1 Communication Message

The Communication Message bust be based on the value proposition established on PENT and according to Portugal's differentiating factors and qualifying elements. From those, the following figure illustrates what must be the aspects for on which communication message should be based on, taking into account the priority touristic products and the type of purchase.

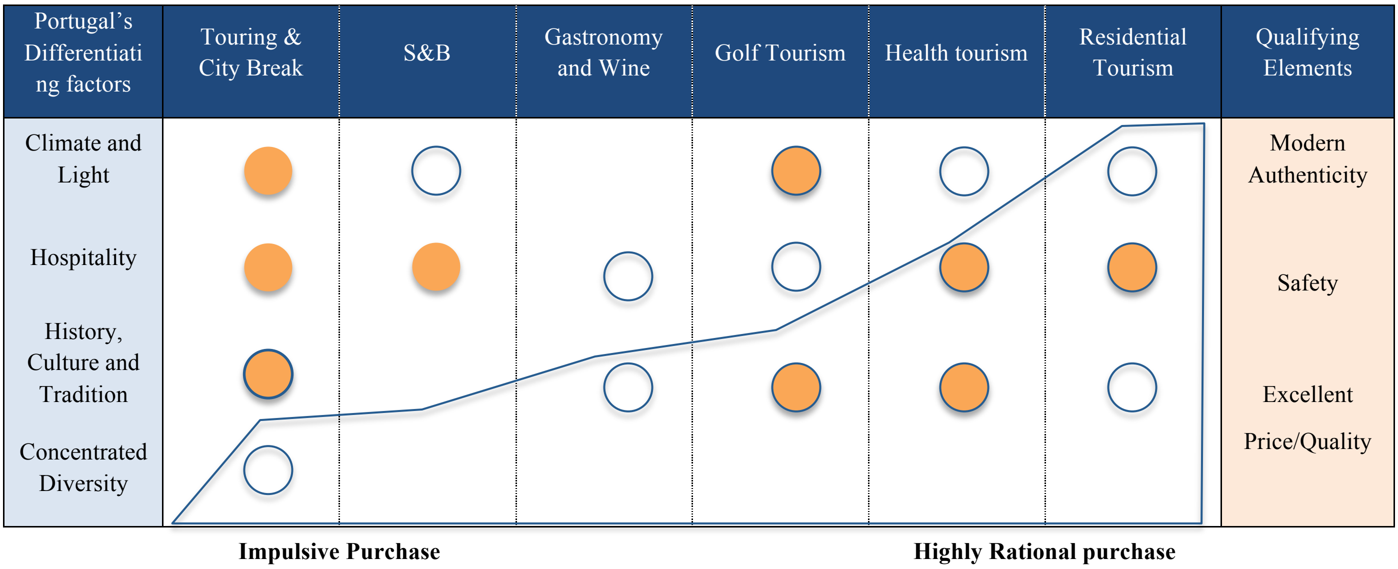


Figure 44: Analysis on Portugal Differentiating factors, Qualifying elements and Decision-making per touristic product

By analyzing the presented analysis, the main conclusions underlined are that as the purchase goes from impulsive to rational, the need to communicate and emphasize aspects such as "Safety" and "Excellent Price/quality ratio" is increasingly higher, as a support to promote decision-making. On the other hand, impulsive purchased products are supported mainly by emotional and differentiating factors, as these drive and potentiate traveller's decisions, emphasizing intrinsic needs such as "Sun", "Agreeable Climate" or "Friendliness".

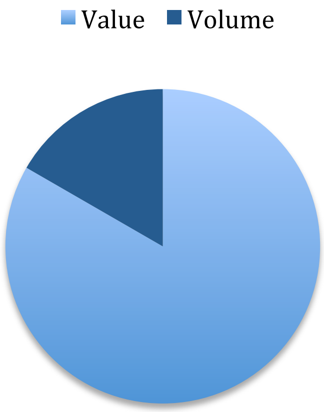
It is also possible to conclude Primary touristic products (more impulsive as well) are supported by PENT's established Differentiated Factors, whereas Secondary Products are more supported by more rational and measurable arguments of safety and price.

3.8.2 Communication Goals & Message

		Traditional Strategic Markets	Diversification Markets	Long-haul strategic Markets
	Communication Goals	**Promote Upscale Touristic** segments and complementary products: **Diversify and increase profitability**	**Promote group travelling**, focusing on travel packs: Medium and Up-Scale segments	**Increase notoriety** of the brand "Portugal" and focus on pull communication channels/tools
Digital Media	Central Message	**"Portugal, creating memorable experiences"**		
↓	Gen X	MEMORY BUILDING EXPERIENCES		"EUROPE'S BEST KEPT SECRET"
↓	BB	FAMILY BOUNDING EXPERIENCES	UNIQUE MOMENTS FAMILY & FRIENDS	
Traditional Media	Mature	HIGH-END COMFORT AND RELAXATION	LUXURY TRAVELLING	A WHOLE COUNTRY TO EXPERIENCE

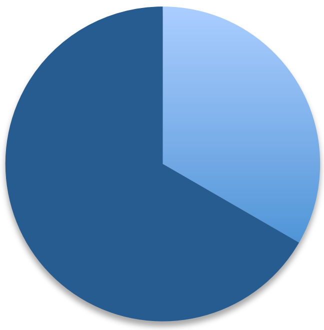
Figure 45: Communication Goals

3.8.3 Communication Targets



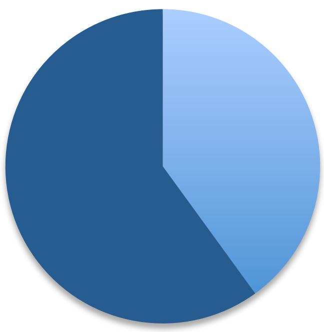
"The Million Dollar Tourist"

Internationally experienced traveller, aims for differentiated and unique experiences, such as Boutique hotels or World-class gastronomic activities. Travel with groups of friends or as a couple. Likes to plan the travel by himself, often with the help of a personalized assistant, and is highly influenced by it's peer's. Does not stick with a travel plan and it's highly opened to take consuming decisions without anticipation. It's the most profitable group.



"The average tourist"

Responsible for the largest part of tourism, spend the largest majority of the travel budget on the destination. Often stays at 4 stars hotels or apart-hotels, likes to have typical dinners on the destination and stays for 4 to 7 days. Travels with a pre-defined budget, loves mainstream touring and attractions and doesn't easily pay for extra activities. However, Is keen to buy small souvenirs. It's the most frequent tourist.



"The Pocket Tourist"

Plans the journey with anticipation and is financially dependent, travels 2 times per year, is financially limited and tends to do short-distance travels. Follows the mainstream locations and tours, stays at lower class hotels or rented apartments and does not frequently attend restaurants or other additional events. Only affords small indulgencies during the travel.

3.8.4 Communication Analysis throughout the travel experience

In order to assure the effectiveness of communication efforts and a higher return and conversion rates, it becomes crucial to maintain a coherent and structured communication with tourists throughout the whole tourism experience, as shown in the table below.

Stage	Description	Key Communication Channels
1st: Communication/ Inspiration	Built mainly through communication and all it's suitable channels, it is the idea constructed on the minds of the customers, depending on previous experiences, primary motivations and main interests. If understood what drives the different generational cohorts and the purpose of travelling, it is possible to develop a more suitable, targeted and thus efficient communication message.	Offline: Mass advertising, specialized magazines (e.g. Golf, Upscale S&B; Tour operators and travel agencies. Online: Blogs, travel websites, social media. Advertising on online websites.
2nd: Destination Choice & Planning/Info gathering	Planning goes from the moment inspiration/communication generates a certain act of searching for related topics. From idea generation to daily travel decisions, information availability is critical at this stage, essentially conveying one main communication platform in order to maintain the desired positioning and image on the destination.	Offline: Contact via Travel Agencies and tour operators with deeper knowledge on the customer and so able to communicate targeted products. Online (websites, blogs, interactive applications).
3th: Booking	Booking may happen within months before traveling or during the travelling experience. Information availability is key but most of all it must be organized by patterns of travellers or Touristic Products/experiences. It's at this stage where the cross-selling potential is higher, based on reviews and consumers behavioural patterns to increase the value of tourism and average spending.	Offline: Travel agencies, tour operators. Online: Interactive media (e.g. apps); Blogs; Travel agencies and booking websites (booking.com);
4th: Travel Experience	This must be the most active and intensive communication stage. Throughout the experience travellers continue to make decisions about daily activities such as tours, dinning places or attractions. Interactive platforms have a infinite potential to support these travellers and target customized solutions to daily options. Moreover, customers use interactive and social media to evaluate their overall experience and mainly to share it in real-time with and incredible wide audience, from their friends and family to blogs, what at the end is no more than free advertising for Portugal. The key is to leverage the positive experiences of tourists, connecting with consumers at every touch point and any given moment.	Offline: National T&T entities. From restaurants to hotels and entertainment activities, support must be given to improve critical "touch-points" such as information or transports. Offline communication must support online activities; CRM activities; sales deals. Online: Social Media, interactive media; geo-location communication;
5th: Evaluation	The evaluation is hardly measurable and if positive it turns into high return rates, and this stage depends on the overall travel experience. However, the "final" impression on the destination is critical. Intervention in terms of communication is limited and is this sense the focus must be on providing a positive last-experience with aspects that in a more subtle way improve the experience and increase the satisfaction.	Offline: (e.g. Communication in the airport as the last touch point with tourists.) Online: Direct Mailing
6th: Return/recommend	It may be questionable what does tourists come back to a destination. However, they may be repeating the destination with a similar purpose of travelling (S&B) or to experience a whole new experience. This increases the need of designing and communicating perfectly suitable travel solutions based on previous knowledge on each customer behavioural patterns. Incentives may be offered to "potentiate the wish", through direct mailing and providing incentives for former-visitors to bring friends or family, reminding the experience or showcasing what's new since then. The next step/visit must always be focused on increasing the value of the previous customer.	Offline: Travel Agencies and tour operators with deeper knowledge on the customer and so able to communicate targeted products. Online: Direct Mailing, social media advertising and targeted communication.

Figure 46: Communication Analysis per travel-experience stage

3.9 Operationalization of the strategy – Timeline and prioritization

Generation X	Planning	Implementation	Top Priority Implementation
Baby Boomers	Implementation	Top Priority Implementation	High Priority
Mature Travellers	Top Priority Implementation	Low Priority	Low Priority
	2015	2020	2030

Figure 47: Operationalization of the strategy, timeline and prioritization

1. **Planning:** At this stage, the developed strategy must be locally adapted, from tourism infrastructures, to regional tourism offices and local T&T entities. Every evolved stakeholder must be aware of the plan and be qualified to better interact with the different types of travellers. Implementation must be taken at a regional level, branded communication materials must be supported by *Turismo de Portugal*, and specialized support must be given prior to the implementation.
2. **Implementation:** This stage must be the major focus of the presented recommendations: Strategic partnerships must be developed in at an initial phase as well as communication efforts, according to the different touristic products and target markets. Given the difficulty of accurately demand peaks according to each generational cohort, actions must be implemented with significant anticipation, taking as reference the years of 2015 (Mature Travellers), 2020 (Baby-Boomers) and 2030 (Generation X).

A control on the on-going operations must be made in order to control, evaluate and quickly readapt the existing strategy if needed. The following KPI's must be considered as the most relevant: Var. in Arrivals; Var. in FDI; Var. in Receipts; Var. Rev. per room; Occupation rates; seasonal analysis; social media KPI's such as content sharing, engagement index and/or number of interaction; var. in website visits; number of online referrals; number of news generated; among others.

4 Recommendations and Marketing Activities

PENT's implementation strategy is structured in 5 action guidelines: Territory, Destinations and Products; Brands and Markets; Qualifying Resources; Distribution and Sales; Innovation and Knowledge

The presented marketing activities are segmented in five main areas of marketing and communication tools, as presented in the following table, each with specific goals.

Public Relations	Evolve internal and external prescriptors and influencers Reinforce positioning Promote “Portugal” and touristic products Create a wide network of brand advocates
Sponsorship and Events	Brand Activation Create contact/interaction moments Increase notoriety
Digital Communication	Promote Engagement Inform and Interact Potentiate media content virality and WOM Provide specialized and continuous support Promote the available tourism offer
Customer Relationship Management	Promote Engagement Increase return-rates Potentiate profitable segments Increase customers value Increase knowledge on tourists behavior patterns
Promotions and Sales Tools	Increase return-rates Decrease tourism seasonality Promote and potentiate complementary experiences Increase customers value

Figure 48: Main Goals per Communication tool

4.1 Customer Relationship Management

Senior tourism exchange programme: An European touristic programme that allows groups of citizens over 65 years old to travel to selected countries, focused on low season travelling and longer stays of 1 weeks to 2 months, within 3 pre-established quality packages: basic, regular and premium. Moreover, health care must be assured by establishing partnerships with strategic markets health entities, as well as related activities.

Frequent "memory-builder" CRM Programme: The CRM programme would support communication throughout other platforms, mainly online. Data would be collected both from the website and through the application and would allow Turismo de Portugal to target customized communication, travel packages, deals and cross-selling solutions to customers according to specific interests, previous experiences, places visited and travel frequency. The main benefit that one should take out of this solution is the ability to keep up with customers throughout their life-stage thus improving their potential value and register how behavioural patterns tend to vary and adapt the whole available products to each specific target.

24/7 touristic personal advisors – These "personal travel coaches" would be critical in order to improve the overall touristic experience. This would consist on a open-line call center available 24h/day witch tourists could call to clear up any doubts they may have, to receive suggestions regarding nearby restaurants or other experiences or any other information. Based on the interactive application proposed and taking advantage of location services, this service would allow travellers to be given customized suggestions according to their needs on real time and support cross-selling activities as well as help to build a record on tourists preferences and travel patterns.

4.2 Events, Sponsorship and Brand Activation

Events: Major events are one of the most important marketing tools to promote a destination, such as Euro 2004 in Portugal or the Olympic games in Greece. There are worldwide events targeted specifically to seniors, such the Senior Olympics in the EUA and the World Senior Games, that would have a major impact on the notoriety of the destination, foreign investments and development regarding facilities and structures. Other events related to other segments of tourism, such as Golf Championships and other events should be held in Portugal, increasing the countries notoriety, generating news and showcasing the touristic experiences that Portugal may offer.

Develop the brand Portugal in Brazil and in Latin America as "The Starting-point for an European Journey": The goal is not only to increase the number of incoming tourists from South America (namely Brazil) as well as to increase the length of stay of those tourists in Portugal for a "stop-over" while visiting Europe. Communication Initiatives should be develop in order to communicate Portugal as "the perfect Start-point for European travelling" or a more emotional communication focused on the cultural and historical connection between the two countries. Travel agents should be targeted (as well as other entities) that have a higher influence power, as well as online advertising that could be targeted specifically for those searching for Brazil-Europe travels, underscoring the well-developed Portuguese air access to European countries and it's primary touristic products that generate "memorable experiences".

The Photography Odyssey: With the main purpose of generating news, notoriety and to provide potential tourists with different perspectives on what Portugal has to offer, world-class photographers with high notoriety on it's market of origin would be invited to spend a week in Portugal. One top photographer on travel should be selected from each one of 20 different destinations and they would be suggested to explore different regions of Portugal according to their preferences and/or backgrounds. This experience would not only improve the image of Portugal on the selected destinations, but it would also allow to create a wide variety of other media contents such as a *webseries* based on each photographer experience that could be transmitted worldwide, photographs to share via social media, diaries of selected photographers, just to mention some examples.

4.3 Online and Digital Communication

Travel bloggers and themed TV shows: As this marketing and communication tools are still very poorly developed, it is mandatory to create a competitive advantage and taking the most out of this "hot" trend that is travel blogging and themed TV shows while developing new technologies such as Smart TV applications.

One of the examples is to create for the first time a brand new Travel TV show named "**A week with Varum Sharma**": Varum Sharma is one of the top travel presenters in the world focused on luxury travelling and this different format on his TV show would generate higher audiences and news, while allowing to showcase in a series of 4 to 5 episodes the large variety of experiences that may be developed in our country from north to south within a week, as "Concentrated diversity" is one of Portugal's differentiating factors.

Another example is to take advantage of **Smart TVs technology**. This technology may have a wide spectrum of potential communication activities, such as to develop a application that as some that were already referred, would allow potential tourists to search for flights, accommodation, but more important, would provide information on the country (segmented by primary motivations, geographic regions or other criteria), media contents such as International TV shows on Portugal, events, cultural agenda or specific deals according to the country. Despite the fact that the development of an application may require a considerable initial investment, it has a incredible potential as a communication tool, allowing to be integrated in all other activities such as the CRM programme, the interactive application (that could be immediately), the website and others.

Development of a World-Class Website: The brand new website should be significantly more emotional in-line with some of the Portuguese advertisements ton-of-voice, with warm images and user-friendly. Potential customers must have the chance to organize their search by purpose of travelling, main interests or other criteria, and be suggested with a suitable touristic offer while promoting other complementary products with less notoriety and/or more profitable. The new high-end website would allow us to take more benefits from it, including common-used sections such as "As mentioned in…", where there was the chance to promote the international and credible references on Portugal thus potentiating it's virality potential with rich contents and media. All this features would create a new online experience and would increase the will for potential customers to sign-up with respective contact information. Moreover, other plugins must be implements, such as weather and Facebook plugins, as well as a link for customers to download an application such as the one that will be proposed. In this context the Australian Tourism website should be considered as a benchmark, as it is one of the best travel websites in the world that includes features such as planning tools, tourism experts and "top experiences", as well as the website myswitzerland.com, considered in 2012 the World's Leading Travel Destination Website by World Travel Awards.

Smartphone/tablet Application: Develop a smartphone application with the main purpose on supporting the travel experience and to build a database on tourist's profiles. From geo location services and special deals, to peer recommendations, behavioural-based suggestions among other features, the application would also support all CRM activities. This application would be available for download ever since the incoming flight (on airplanes it would be difficult to implement but critical to rapidly reach a high volume of users) where passengers have more available time and a limited range of activities that may be developed. As an example, potential customers could design their intended travel plan on Portugal's tourism website and then, under a personal access, they would immediately have their same plan on a smartphone or tablet with the very same preferences and profile they firstly created. Throughout the travel experience, special deals or suggestions could be targeted depending or they're location, communication on cultural events, direct connections to social media (taking advantage of the augmented communication effect that this might have), immediate access to a "personal coach" and an online community where tourists could share their experiences, thus contributing nearly "by themselves" to improve the overall experience in Portugal, just to mention some application examples.

Tourists email database: This may be the most important communication channel within the presented strategy. From Direct Mailing to interactive applications, it will allow Turismo de Portugal (and/or other T&T entity) to understand and interpret tourists behaviours, from travel preferences to route tracking via GPS, geofencing activities and more important. Moreover it has the potential to maintain contact with "former" visitors, even to produce "follow-up messages" such as the one presented below and develop targeted travel solutions, improving potential customers value and return rates.

"Dear Mr. XX,

We hope you have enjoyed your holidays in Portugal and experience the very best we have to offer you. In case you come-back next year, we have a 40€ voucher for you to spend next time we may see you in Portugal, in any "Pousada de Portugal" you may choose.

Please feel free to contact us if you feel like having another lifetime experience in Portugal. I will be personally available to assist you at any time"

Best Regards,

Nuno Pereira

Portugal, creating memorable experiences"

4.4 Public Relations

"Portugal is your next workplace": In highly specific segments of tourist, namely Health Tourism the reputation and credibility of international companies or individuals may be the best marketing and communication tool available. When it comes to medical care, internationally reputed doctors frequently have a loyal customer base that is financially able to travel around the world in search for exclusive treatments and to wherever they're trusted doctors have their medical centers. This actually is a frequent phenomenon in the industry of private medical care, where doctors are incentivized to invest in the world's most attractive cities offering not only their expertise, but also their quality stamp. Moreover, this attracts not only direct investment in the regions, but also has a considerable augment value of related activities targeted for a Up-Scale segment of tourists, such as luxury accommodation and wellness facilities.

At a national level, Lisbon may be the primary example of this phenomenon. This is particularly evident in the Up-Scale High end segments, and following the intended development of high-end facilities in Southern Portugal, with treatment centers and wellness facilities, it becomes attractive both for the development of the segment in Portugal, as well as to those reputed doctors to attract them to establish their medical care centers in Portugal, or branded facilities. To implement the presented marketing initiative, it could be wise to invite some of the world's top medical agents for a PR event in Algarve, followed by a customized contact and the proposal for establishing partnerships that would leverage the country's reputation as a premium medical care region.

4.5 Sales and Promotions

In this context of sales tools and promotions, some examples were already presented along the report. However, here are some examples on how to leverage these tools and increase the potential value of customers:

9 Create special unique deals through the website to increase last minute reservations, implementing cross-selling methods to promote complementary touristic activities thus increasing tourists value.

10 Develop targeted deals based on previous knowledge on tourists and encourage them to return, for example with vouchers in national tourism services providers such as “Pousadas de Portugal”, “Pestana hotels” or entertainment activities;

11 Develop group deals to increase tourist volume, providing special deals such as “free-rooms” for Generation X children’s or invite second-time Generation X travellers to return with friends by offering discounts in selected accommodation providers or specific experiences.

12 Develop sales deals targeted to cruise tourists focused on improving their value. For example, to those tourists that intend to go on a cruise that starts it’s journey in Portugal, a deal offering a discount on a night spent in selected hotels or other experiences could be emailed as they booked the cruise travel, while showcasing all that the city has to offer, even for shorter holiday periods.

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6 APPENDIX

6 APPENDIX

Problem External Context

Pest Analysis, Socio-Cultural Environment

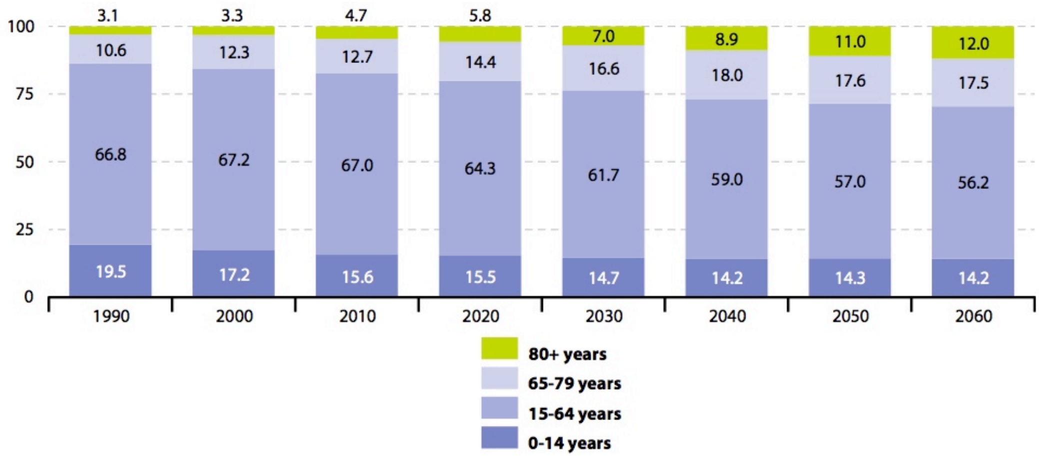

Figure 3 – Population structure by major age groups, EU-27, 1990-2060 (% of total population). Source: Eurostat 2012

Pest Analysis, Technological Environment

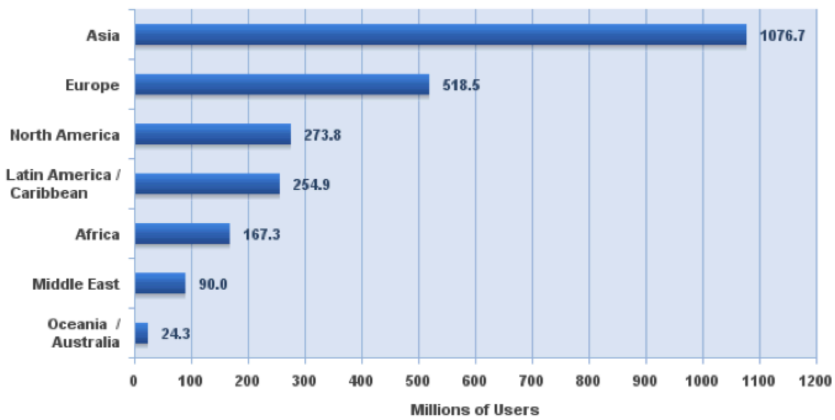

Figure 4 – Internet Users in the World by geographic regions – 2012 Q2. Source: Internet World Stats, December 2012

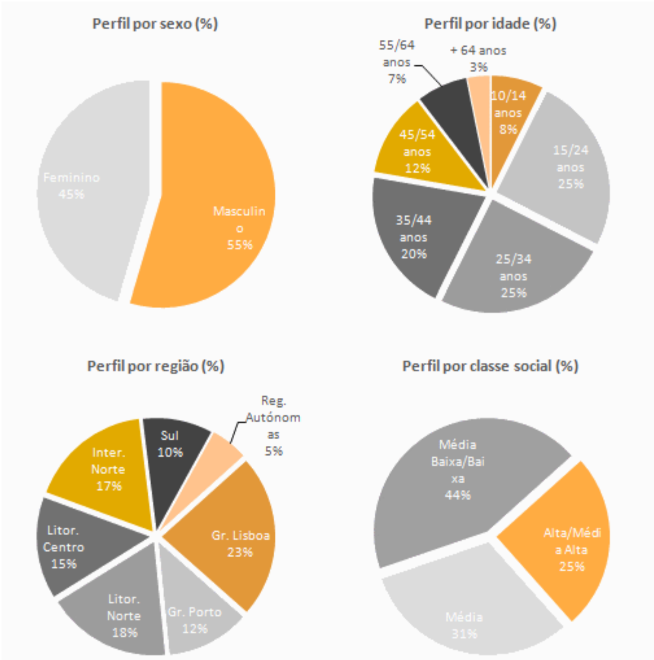

Figure 5 – Smartphone Users Profile in Portugal, 2012. Source: Marktest 2012

Immediate Analysis

Expected Change in International Arrivals for 2013

World	**+3% to+4%**
Europe	+2% to+3%
Asia and Pacific	+5% to+6%
America	+3% to+4%
Africa	+4% to+6%
Middle East	+0% to +5%

***Source**: UNWTO, Tourism Barometer Vol.11, January 2013.*

Table 2 - Var. in International Arrivals, 2013. Source: UNWTO, Tourism Barometer Vol. 11, January 2013

PENT, a New strategic Framework for Portuguese Tourism

Figure 10 - Portugal's Differentiating elements. Source: PENT 2006

DEVELOPMENT STRATEGY FOR TOURISTIC PRODUCTS

Regarding the development strategy of these products they were classified depending on the target market and the potential growth in 4 categories:

(P) Consolidated product: Organized offer, primary demanded and subject to external promotion;
(D) Product under development: Offer under deeper structuration, primary demanded and subject to external promotion;
(C) Complementary Product: Values and enriches the available offer and responds to a secondary travel motivation;
(E) Emerging Products: Requires further development for a mid-term implementation.

Table 3 – Classification on tourist products for Portugal tourism. Source: PENT 2004

C	C spa/talass. Dt. médico	P	D náutica de recreio D *surfing*	D obs. aves	**Algarve**	P	D		C	P
C	C spa/talass.	D	D náutica de recreio D *surfing*	C passeios Dt. equestre D obs. aves	**Lisboa (região)**	D			P inclui *Touring* religioso P peregrina-ções	C
C	Et. médico				**Lisboa (cidade)**		P	P	*Short breaks*	
C	C spa/talass.	E	D náutica de recreio E *surfing*	P passeios	**Madeira**	C			P	D
Gastron. e vinhos	**Turismo saúde**	**Turismo residencial**	**Turismo náutico**	**Turismo natureza**		**Golfe**	**Turismo negócios**	***City breaks***	***Touring***	**Sol e mar**
C	P termas C spa/talass.		E náutica de recreio E *surfing*	D passeios Dt. equestre	**Norte (região)**	C			P inclui *Touring* religioso	
C	Et.médico				**Porto (cidade)**		D	D	*Short breaks*	
C	P termas Et. médico C spa/talass.		E *surfing*	D passeios	**Centro**				P	C
C		E	D *surfing*	Dt. equestre D obs. aves	**Alentejo**				P	C
C			D náutica de recreio E *surfing*	P passeios D obs. aves	**Açores**				D	

Fonte: Análise Turismo de Portugal

E P emergente **C** P complementar **D** P em desenvolvimento **P** P consolidado

Figure 11 - Touristic Products Development. Source: Turismo de Portugal 2004

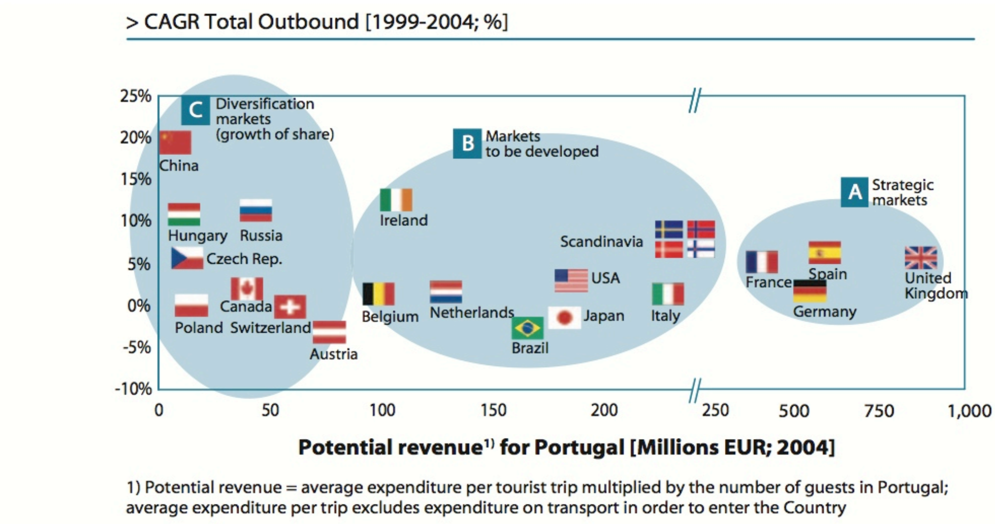

Figure 12 - Targeting International Markets. Source: PENT 2004

1. **Strategic markets** - Portugal, the UK, Spain, Germany and France. These countries should be subject to a major promotional focus, guaranteeing a significant absolute growth in their contribution to tourism and stimulating a relative growth in the low season higher than in the high season, while potentiating products that are less seasonal as “S&B”. These markets represent potential revenue over 400M euros and are responsible for a large share of tourism revenues in Portugal. Moreover, as they are located at a short/medium distance, it is expected to easily achieve significant revenue increases in the short term.
2. **Markets to develop** - Scandinavian countries, Italy, the USA, Japan, Brazil, the Netherlands, Ireland and Belgium. A significant absolute growth is intended in those markets that focus their demand on the low season (Scandinavia, the USA, Japan and Brazil) while promoting the Destination Portugal as a whole. Regarding Italy, the Netherlands, Ireland and Belgium specific initiatives should be undertaken in order to reduce seasonality, focusing on other products such as golf. In these markets where Portugal has a relevant market share and high degree of notoriety the main focus is the promotion of the Destination Portugal brand and the regions and/or products that make the largest contribution to tourism. These markets represent revenue potential between 100 and 250 million euros.

3. **Diversification markets** - Austria, Switzerland, Russia, Canada, Poland, Czech Republic, Hungary and China - where the goal is to increase market share, strengthening the notoriety of the Destination Portugal and guaranteeing a critical dimension of initiatives towards target segments/markets. This group of markets still represent reduced revenue below 100 million Euros, according to the latest update on PENT.

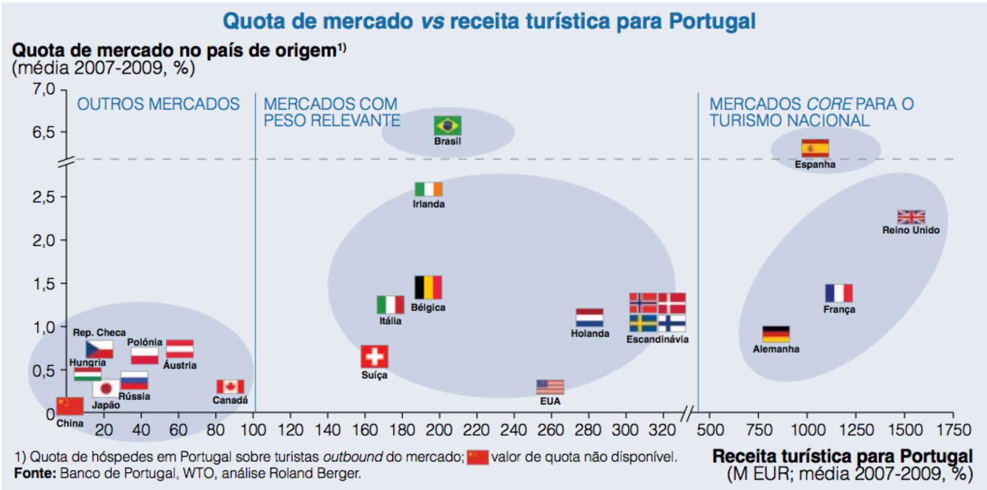

Figure 13 - Market Share vs. touristic receipts for Portugal. Source: PENT 2006

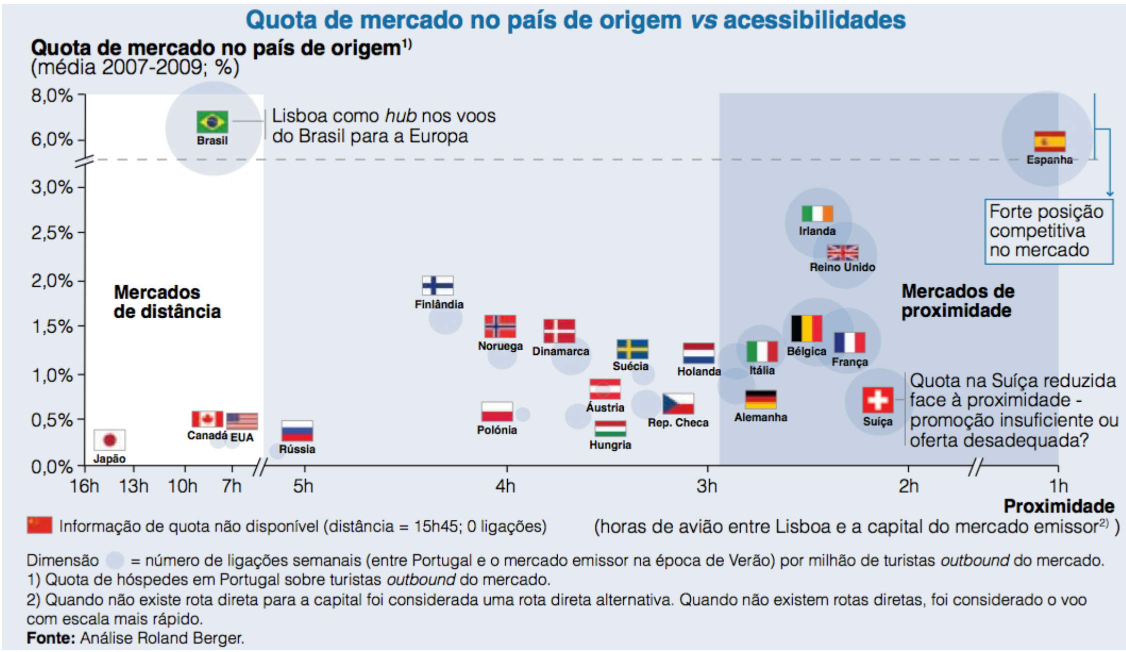

Figure 14 - Market share in origin country vs. accessibilities. Source: PENT 2006

When analyzing the comparison between the market share and the proximity of Portugal to the different markets in Figure 15 above it is possible to conclude that Portugal has a larger market share in those countries where the proximity is greater (Spain, France, UK, Ireland) due to the easiness of travel (cost/flight time), a fact that is increasingly important as travelers tend to travel more frequently and for shorter periods of time.

Seasonality Analysis

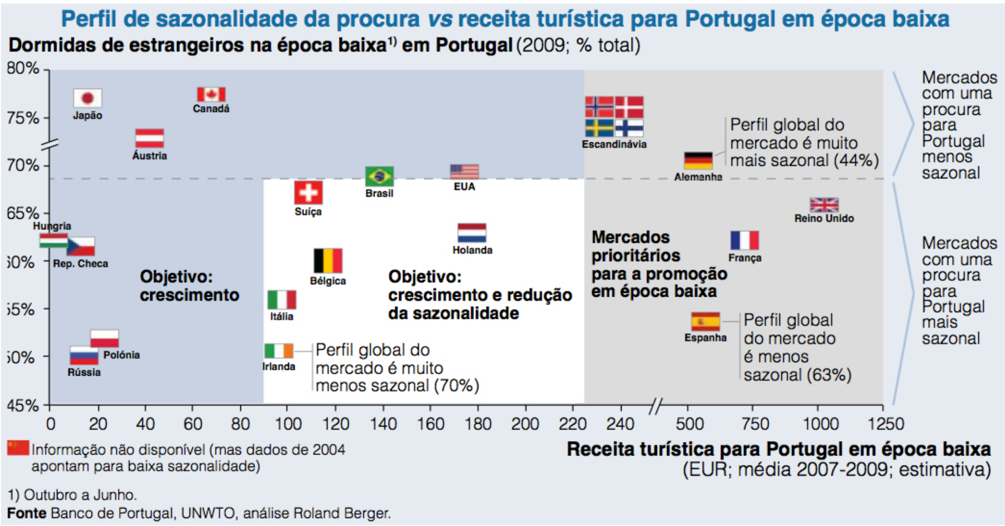

Figure 15 - Seasonal Demand profile vs. touristic receipts in Portugal in off-peak season. Source: PENT 2006

Growth and reduction of seasonality - in countries where Portugal has a higher notoriety and high seasonal demand such as the UK, Spain, Germany, France, Italy, the Netherlands, Ireland and Belgium, the main goal is to achieve a considerable strong growth with a reduction in seasonality, promoting complementary products.

Growth - In countries where Portugal already has some notoriety and demand is concentrated in the low season, alongside with countries where notoriety is reduced, such as Scandinavian countries, Japan, United States of America, Brazil, Austria, Switzerland, Russia, Canada, Poland, Czech Republic, China and Hungary, the goal is to achieve absolute growth, increased market share and strengthen notoriety.

Market Structural Trends

On the initial PENT Report there were also explored the most important trends in terms of market structural changes, such as the growing disintermediation and an increasing segmentation of touristic experiences. Regarding those that I considered to be the most important ones and that are still applicable in this context, the evolution of the distribution model appears to be the key market trend (figure 16).

The initial model of intermediation relied on a pull strategy in which the consumer purchased a tourism product from a travel agency/operator who was an important intermediary in the service, whereas nowadays there is a "co-existence" of pull and push strategies (Figure 16), with an increasing trend towards direct sales, where consumers have the possibility to purchase directly from airlines, hotels and other services providers, customising their travel experience and driven by their specific travel motivations.

Regarding international destination competition, countries and cities are increasingly sophisticating their offer, competing throughout the tourist cycle (figure 18 presented below) in order to attract and build loyalty amongst tourists. From the improvement of urban space, the need to attract and develop new airline routes for target markets, the efforts to host internationally famous events and the need to respond to specific travellers and their multiple needs, the international complexity of tourism is increasing in several dimensions.

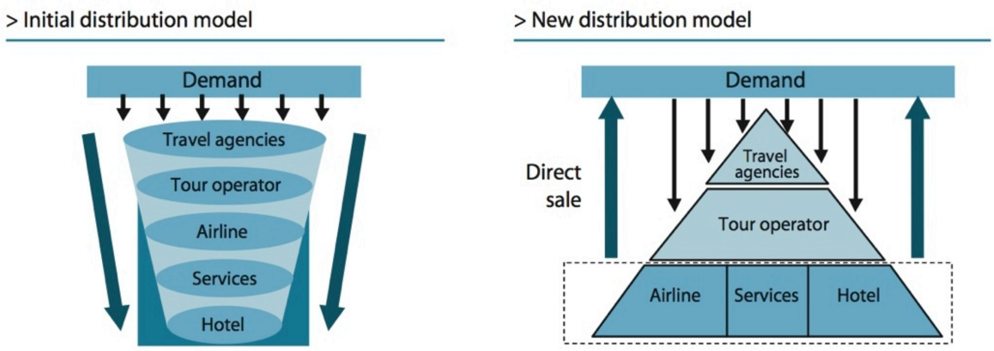

Figure 16 - Evolution of the distribution model. Source: PENT 2004

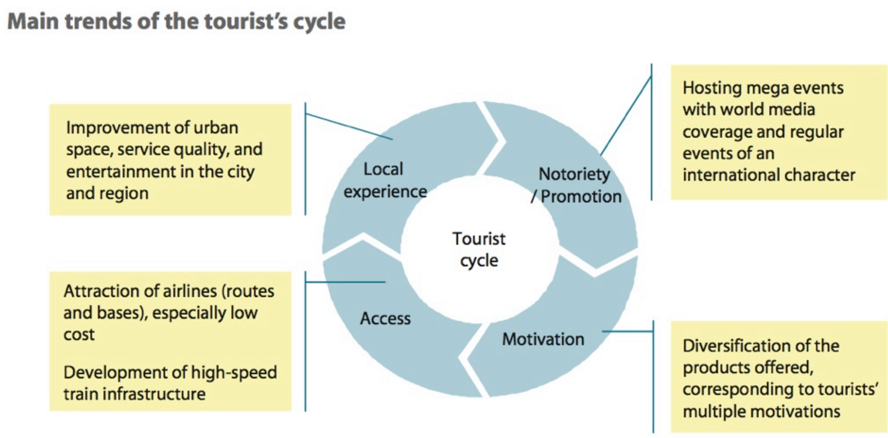

Figure 17 - Main trends of the tourist's cycle. Source: PENT 2004

At last, actions have been taken towards the quality of service, the environment, urban space and territorial planning, in order to improve the local experience.

The Strategic Plan for National Tourism presents the main strategic guidelines for National Tourism for the period between 2006 and 2015, and it as been subject to updates in order to achieve a better response to the current changes in global context and in the world's touristic sector. This major National Plan, despite the fact that it slightly approaches the importance of senior tourism, it will be an important support of the thesis strategic recommendations, as it constitutes the most important set of guidelines towards a concerted development of national tourism.

<u>Seniors and the European Tourism</u>

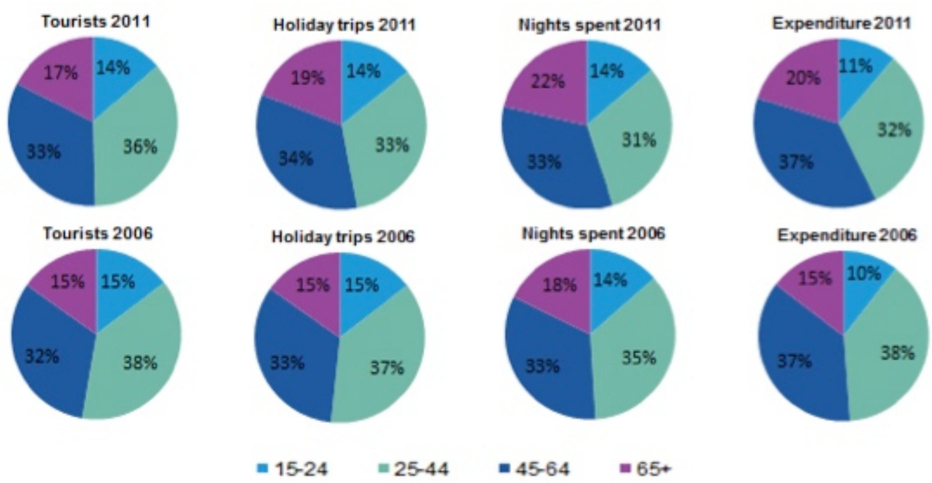

Figure 19 - Tourism Indicators by age groups, EU-27. Source: Eurostat 2012

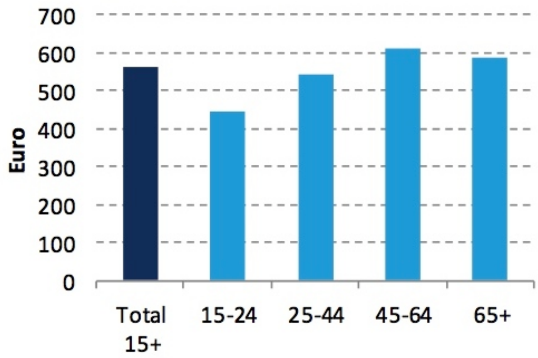

Figure 20 - Average expenditure per long trip (4+ nights) per age groups, EU-27, 2011. Source: Eurostat 2012

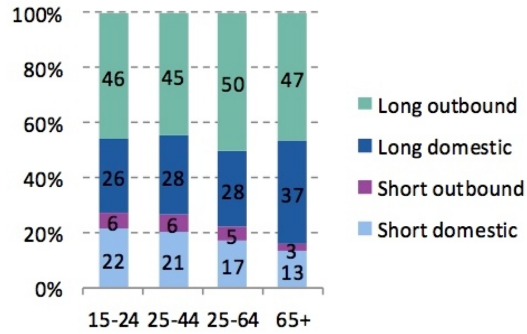

Figure 21 - Tourism expenditure of EU-27 residents aged 15 and over by age group, by length of holiday and by destination. Source: Eurostat 2012

European Senior Tourism Programme

Table 1 – Total revenues originated in the Portuguese economy in 2005 in consequence of the Senior Tourism Programme, by kind of products consumed

Type of goods and services	Implementation of the Programme		Senior Expenses extra Programme		Total revenues generated	
	(€)	%	(€)	%	(€)	%
Shopping			1.770.254	54,4	1.770.254	10,7
Accommodation and food and drinks	7.990.848	60,3	1.124.260	34,5	9.115.108	55,3
Transportation	4.346.094	32,8	62.331	1,9	4.408.425	26,7
Cultural, re-creative and sportive animation	288.312	2,2	297.283	9,1	585.595	3,5
Services provided to companies- advertising	176.345	1,3			176.345	1,1
Financial services	35.645	0,3			35.645	0,2
Public administration	406.500	3,1			406.500	2,5
Total	13.243.744	100,0	3.254.128	100,0	16.497.872	100,0

Table 4 - Total revenues originated in the Portuguese economy in 2005 in consequence of the Senior Tourism Programme, by kind of products consumed. Source: Turismo de Portugal

Portugal as a European Destination Reference - Characterization of the Portuguese tourism Segments

Beach-front

The European Sun and Beach (S&B) market is mature. In 2004, it represented 69 million trips and by 2015, it is estimated that it will represent 80 million trips. Regarding the most important generating markets, 41% of European consumers of the Sun and Beach product come from Germany (27%) or the United Kingdom (14%), whereas daily expenses go between €80 in the regular segment up to €600 in the upscale segment varying according to factors such as the travel duration, type of activities developed and others. It is expected that this product growth will be based primarily on upscale segment annual growth of 11% up until 2015, in contrast to annual growth of 1.5% in the regular segment in the same period.

According to the latest data available on this subject from Turismo de Portugal Report (2006), Sun & Beach Upscale Tourism may be segmented into three sub-sets:

- **Sun & Beach Upscale Exotic**: High quality beaches and resorts with specific activities associated with the specifications of the destination;
- **Sun & Beach Upscale Sports:** Sports related experiences;
- **Sun & Beach Upscale Health & Wellness**: Experiences related with fitness and Wellbeing or medical treatments such as plastic surgeries or anti-stress treatments.

This type of tourism has as the main motivation relaxation, sun bathing and less intensive activities such as fishing, beach sports, wellness activities and others. The basic motivation is directly associated with quality beaches and appealing weather.

According to the same entity, by 2006, the primary demand for international travels with this primary motivation reached 5 Million travels of 1 or more nights, representing nearly 2% of the total travels by Europeans and 7% of the global volume of travels. The European Upscale market for S&B is expected to grow from 10% to 12% per year, reaching 13M travels by 2016.

Despite the fact that Portugal has a long and extensive coastline, S&B tourism is concentrated in 4 main areas that were considered as priorities to its development, according to PENT (2007): Algarve, Alentejo, Madeira and Lisbon.

5 main factors of competitiveness were also selected, taking into account the main European competitors for Beach & Sun tourism market:

1. High number of high-quality beaches, classified with the "Blue" Flag (the highest Portuguese quality certification);
2. The beauty of the Portuguese beaches;
3. The high number of sun hours all year long;
4. The World recognition of the region of Algarve as a sun & Sea destination;
5. The Portuguese hospitality and high security levels.

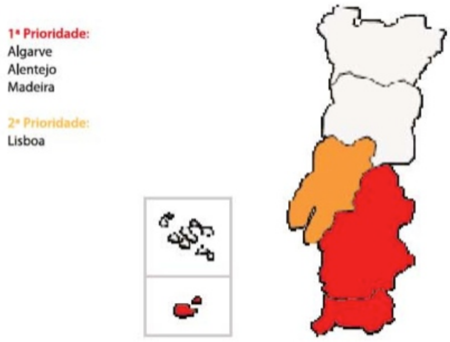

Figure 21 - Main areas for S&B Tourism development. Source: PENT 2007

The profile of the European Upscale Beach & Sun tourist, according to WTO, WTTC and surveys developed within experts and tourism operators and in-depth studies such as "The Luxury Travel Market" (Mintel – Nov 2005) may be assumed as tourists from 35 to 64 years old with high purchasing power and high cultural knowledge; the main sources of information are travel agencies, specialized magazines and friends recommendations; usually buys travel packages that include high-end luxury hotels with spa facilities and business plane tickets from high-specialized travel agencies. They tend to buy with 3 to 6 months in advance and search for 5 star resorts or individual villas with customized service and "all inclusive" packages. They're transportation is usually made firstly by plane and then they tend to rent luxury cars or shuttle services when travelling within a group of friends and they usually have this type of travel once a year. These travels are usually 10 day duration and include destinations such as Creta, Tahití or Côte d'Àzur. Regarding the type of sports pretended, there's golfing, fishing, nautical sports and other activities suggested by the hotels.

As a strategic priority within this segment of upscale tourism, the development of complementary products such as golf and spa & wellness high quality facilities must be taken into account, namely due to the high potential of this segment of tourism to low tourism seasonality, it's high profitability and increasing demand expectations. To conclude, and in terms of the most valuable customers within this segment of tourism, senior costumers and the "baby-boomers" must be considered as development priorities as well, a strategic option that will be further reinforced in this report.

Golf Tourism

According to KPMG's study "The economic value of Golf (2006), the European Golf Industry generated 19.6 Billion Euros in direct revenues by 2006 driven primarily by three industry segments: golf facility operations, real estate and tourism. In 2006, the industry was estimated to have a total economic value of 48.3 Billion Euros in revenue, contributing with about 13.3 Billion Euros to Europe's total GDP and supporting nearly 400.000 jobs.

Of the referred industry segments, Golf Facility Operations and Golf related residential developments generated the larger amount of revenues, both representing nearly 17 Billion Euros on total revenues. In figure bellow it is possible to analyse the contribution to GDP by cluster in the different sub-regions of Europe by 2006.

What becomes important to note in the presented figure below is the 60% contribution to GDP of Golf Real Estate in Western Europe (considered in this study as France, Spain, Italy and Portugal), a phenomena that may be explained by three main aspects: the less developed Golf facilities compared to the UK & Ireland; Weather factors that help providing a complete holiday experience through other complementary products and services; and the reduced the size of internal markets in these countries.

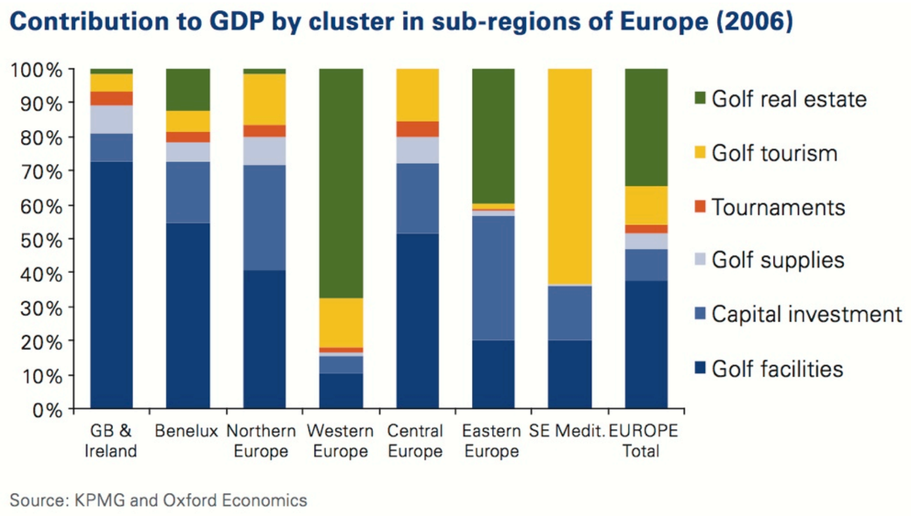

Figure 25 - Contribution to GDP by cluster in sub-regions of Europe (2006). Source: KPMG and Oxford Economics

By analysing Figure 25 it becomes clear which must be the strategic focus in this segment of tourism for the next years: Golf Tourism, Golf Facilities as these are the segments that show a greatest growing potential. Moreover, Tournaments may also be the needed basis for promoting Portugal as a World Class Golf Destination. This would increasing the country's notoriety and consequently will allow us to attract investors while investing in Communication and worldwide credibility.

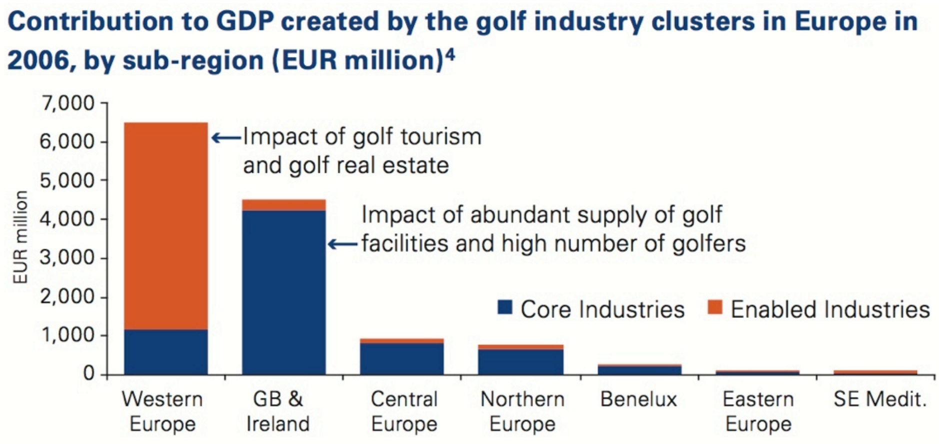

Figure 26: Contribution to GDP created by the Golf Industry Clusters in Europe in 2006, by sub-region (M€). Source: KPMG and Oxford Economics

Figure 27 shows the impact of Golf enabled industries development, a phenomena that is even more evident in Western Europe, representing nearly 6 Billion € vs. 1 Billion € from Golf Core Industries. For further understanding on how deep may the Golf Industry impact a National Economy as a whole, see figure 27.

Golf Economy Clusters[2]		
Core industries	Cluster 1: Golf facility operations	• Green fees and membership fees • Food and beverage revenues • Sponsorship revenues • Lease fees, rental fees • Other revenues
	Cluster 2: Golf course capital investments	• New course developments • Expansion of existing course • Other investments (e.g. clubhouse renovation, irrigation system replacement, etc.)
	Cluster 3: Golf supplies	• Hardware and apparel (clubs, balls, shoes, bags, gloves, clothing etc.)
	Cluster 4: Golf tournaments and endorsements	• international tournaments • Player endorsements • Broadcasting rights
Enabled industries	Cluster 5: Golf tourism	• Spending of golf tourists on travel, accommodation, F&B, entertainment etc
	Cluster 6: Golf real estate	• Golf-related residential developments

Figure 27: Golf Economy clusters. Source: KPMG and Oxford Economics

At an European Level, by 2006 47,7% of the total golf courses were located in Great Britain and Ireland, being the largest golf market in Europe. Moreover, Western Europe has 17,5% of all European Golf Courses, followed by Northern Europe (14,2%) and Central Europe (14,1%).

By April 2012, there were 83 golf courses in Portugal, many of them designed by internationally famous architects that help promote the Portuguese Golf Industry Internationally, in 8 main areas: Costa Verde, Montanhas, Costa de Prata, Costa de Lisboa, Planicies, Algarve, Açores and Madeira. The Algarve is the main Golf Destination in Portugal with 40 golf courses where the main markets are the UK, Germany and Scandinavia, whereas Italy, Spain and Portugal are considered to be a secondary demand level. Lisbon is the second most important Golf region, followed by Porto and the North Region with a total of 32. The most important markets for Portuguese Golf are the UK, Germany and Scandinavia.

Figure 28 - golf Regions in Portugal. Source: Turismo de Portugal 2012

The importance of the Portuguese Golf Industry is now recognized at a national level to be of vital importance for a country that is characterized primarily by Sun and Sea, leading to reinforced market seasonality, with Golf being an excellent product that Portugal has to offer during the entire year – by 2010, the Portuguese Golf Industry was estimated to value 95 Million Euros, with 2.560 direct jobs.

According to PENT (2006), the golf experience may be segmented in:

- **Golf, Sun and Fun** – represents 70% of the golf market and is made essentially in Sun & Beach destinations with a wide offer in golf facilities, 4 to 5 star hotels and complementary activities. The main destinations are Spain, Portugal, France, Italy and the USA, namely Florida;
- **Golf & Exotic** – made essentially in golf facilities located in exotic places where the tourist finds himself in an unusual environment, such as golf travels to Egypt (8% of the market). The main destinations are Scotland, EUA (South Carolina), England and Ireland;

- **Golf & Prestige** – This experience is associated with the practice of Golf in Golf courses exclusive for VIP clients, such as golf travels to Scotland (22% of the market). The main destinations are Morocco, Tunis, Turkey, Dubai, Egypt, South Africa and Greece.

According to IAGTO (International Association of Golf Tour Operators), golf tourists spend per day at least the double when comparing to the general leisure tourist – from hotels and restaurants to retailers, equipment and car rental. According to PENT, the average spending is 260€ per day, that may vary in function of the quality of hotel, the prestige of the golf course and complementary services. For example, Golf & Prestige travel packages may be between 2 to 6 times more expensive than “Golf, Sun & Fun” packages.

Regarding the golf's consumer profile, they tend to be above 40 years old, mostly man with high academic level and medium-high socio-economic level. Travel with groups of 8 to 12 players is also frequent. They firstly inform themselves through specialized magazines, Internet, specialized travel agencies and golf clubs as well as their fellow players. They usually buy all-inclusive travel packages (flights + hotels + transfers + green fees) or customized packages, mostly through specialized travel agencies and/or Internet with 2 to 6 months in advance or last minute reservations. They usually flight by plane and rent a car in the destination and tend to require 4-5 star hotels with integrated golf facilities and focus they golf travels in autumn and spring, whereas Netherland tourist's also travel in Winter. They buy these types of travels 1 to 3 times per year and develop several other activities in the destination.

According to a survey conducted by KPMG on Golf Travel Insights 2012, 45% of golf trips are booked online, usually (54% of the times) booked with 1 to 6 months in advance, while last minute booking accounted for 21% of the results.

For the last few years *Turismo de Portugal* has played a key role when promoting the country as a World-Class Golf destination, and the recently-created website www.visitportugalgolf.com is a clear example of these efforts, a website that is clearly one of the most well-constructed and appealing websites regarding the Portuguese Tourism. According to Fernando Nunes Pedro “Golf is an attraction, a real-estate marketing tool dedicated to promote investment in second homes for people for Northern Europe who would like to live here (in Algarve)”.

Recently, Portugal was recognized as a high-end golf destination as the famous website ranking top100golfcourses.co.uk ranked 9 Portuguese Golf Courses as one of the 100 best golf courses in Europe in 2012 (top100golfcourses.com.uk 2012). Algarve was already recognized several times as a high-end golf destination and these are the kind of initiatives that are needed to develop and potentiate the Golf Market Tourism in our country.

The most popular destinations in 2011 continued to be Spain and Portugal (see figure 29), followed by the UK and Ireland as expected, while emerging destinations such as Thailand, Vietnam and Turkey also reported an increasing interest.

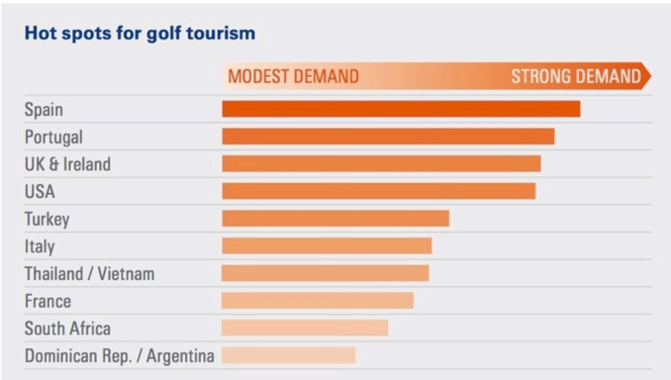

Figure 29 - Hot Spots for Golf Tourism. Source: KPMG Golf Travel Insights survey

The Portuguese Strategic Plan for Golf Tourism, that expects a 10% growth of this tourism sector for the next years reinforces the importance and prioritises the need to promote the Algarve Region as a World-Class Golf destination, as well as to increase the visibility given to the Lisbon Region, given the ability of the industry to improve the overall image of the country. Moreover, it establishes 5 main factors of competitiveness, taking into account the main European competitors in this specific segment:

1. A all season-long sports;
2. Several golf facilities with different courser and difficulty levels;
3. High quality Golf courses designed by international and world-known designers;
4. High quality concentration areas of golf courses;
5. Professional golf courses, including PGA – Professional Golf Association – competition level courses.
6. IAGTO awards for Algarve as the Golf Destination of the year and Lisbon as the Golf Resort of the year in 2006, 2007 and 2009.

Health Tourism

"The most efficient factors about developing this tourism branch are lowering the expenses, improvement in medical technologies, low transportation costs and online marketing."

West Mediterranean Development Agency – BAKA, 2011

The Health Tourism is a growing phenomenon that thrives in many countries worldwide. This specific segment of tourism became more important due to the increasing importance given to health across all demographic segments and due to the demographic, health and economical conditions of those who are considered to be elderly as showed previously on the report. In global terms, Asia is the most important Medical Tourism Region with the largest players: Thailand, Singapore, Philippines, UAE (where a "treatment city" was recently build) and India.

Medical Tourism means to travel to other countries due to high cure and surgery costs in a tourist home country and/or to get more qualified medical operations. Due to the growing World Population, but mostly due to the increasing number of elderly population and an increasing importance given to spa treatments and disease prevention as the life-expectancy increases, medical and health tourism is increasing globally by 7-8% p.y. (PENT 2012) and expected to continue towards 2015.

Health tourism primary motivation is the recovery of the physical and/or psychological Wellbeing of patients/tourists, and is often developed in special treatment facilities. Within this tourism segment, there are three sub-segments that must be highlighted:

- **Medical tourism:** an experience consisting in a specific intervention with the main goal of getting cured from a certain disease, representing 20% of the overall health tourism market;
- **General Wellbeing:** a tourist experience aimed to the search of mental, emotional, physical and spiritual equilibrium, and represented in 2006 60% of the overall health tourism market. This segment of health tourism is expected to have an increasing importance on the short-term as it is pointed out as a short-term trend for world tourism;

- **Specific Wellbeing:** Health tourism characterized by the search of psychological and physical Wellbeing through a specific treatment, and represents 20% of the overall health tourism.

According to several data collected on the course of this project, market trends show that the importance of each of the three sub-segments of tourism previously mentioned have changed: from now on, it will be assumed that Medical tourism currently represents 25% of the overall Health tourism market, General Wellbeing still represents 60%, and specific well-being represents 15% of the market under analysis.

The Health tourism market segment had a 1.2% share of total travels made by European tourists in 2004, representing 3 Million travels, and 50% evolution from 2000. Moreover, as the expected annual growth rate for this segment vary between 7 to 8%, meaning that in 2015 this segment can generate nearly 6.6 Million travels within Europe. The most important generating markets are expected to continuing to be Germany, Belgium, Austria, Switzerland, the UK, Scandinavia and Spain, representing 81% of the European market. Markets such as Spain, France and Italy, despite the low importance within European Health tourism markets, are the ones in which the intention to experience this type of tourism is greater, a fact that stresses the potential of this markets for the following years as generating markets. A critical aspect is also the fact that some country's social security systems already support part of the expenses in this type of treatments.

The average daily spending regarding this segment of tourism is predictably lower that Up-Scale Beach & Sun tourism, with a variation between 100€ and 400€, depending largely on the type of treatment.

The profile of the health tourism consumer tends to vary considerably according to the type of needs and experiences demanded: from 20 to 24 years old youngsters with medium income levels, to 40-50 adults with medium-high income and +50 seniors with medium-high income. They usually gather information on Internet and travel agencies, brochures and magazines, but they also consider important friends and family's recommendations. Wellness packages are frequently purchased (Spa/thalassotherapy) including treatments and hotels, usually 4/5 stars hotels, trough Internet and travel agencies. Regarding the purchasing timings it may vary from 6 months to 1 week and last minute reservations for 3 to 4 days short-breaks. This type of consumers tend to travel by plane and to rent a car in the destination. Finally, those who more frequently buy this type of touristic product are couples, single individuals or groups of women, throughout the whole year, usually for a 7-10 day length travel.

For the past few years Health Tourism has become one of the Portuguese government's main priorities. According to Paulo Macedo, Portugal's Minister of Health, short-term goals aim to create health tourism products, as well as to promote and internationally establish Portugal as a World-Class destination for health tourism.

Similarly to other tourism segments, Health Tourism has the potential to decrease tourism seasonality, as pointed out by Cecília Meireles, Secretary of State for Tourism: "(…) more than 54% of hotel beds are not used on an annual basis and health tourism might be a clever strategic solution to tackle the problem. (…) Only 1.9% of tourists visit the country for its health tourism facilities, which means that there is still plenty of room to grow in this niche segment." In fact 87% of the Health tourism travels last 4 or more nights (European Travel Monitor-2004, IPK/THR).

It was in this context of developing the health care industry, not only from an internal perspective, but also to external markets, that in 2008 it was created the HCP – Health Cluster Portugal –, an association featuring more than 131 associates with an annual volume of business of around 1.25 Billion Euros, assuming it's mission "to turn Portugal into a competitive player in the research, design, development, manufacturing and commercialization of health-related products and services, in selected market and technological niches, targeting the most demanding and relevant international markets, based on the recognition of its excellence, technological level and competences in the field of innovation" (Health Portugal 2012).

In the same context, the government of Portugal developed the *Healthy'n Portugal* project, a project comprising more than 20 entities from the health and tourism sectors, aimed to create a good practices guide as well as an online portal designed to promote health tourism and wellbeing in Portugal.

At a national level Algarve in the most important region regarding Health Tourism, as tourists seek this region namely due to the increasing high standard quality of the treatments provided, to the well articulated network of protected health care, the experience of the region to provide high-quality tourism facilities, and due to weather conditions and security that when combined can be critical to the success of Health Tourism in any region. Moreover, not only the sea water is less polluted and the drinking water has better quality, but also many foreign tourists, namely British Tourists, already have holiday homes in the region as they're used to spend their holidays in Portugal's most wanted region.

Nowadays, the developing offer includes Thalassotherapy, Hydrotherapy and Aesthetic medical tourism, to name to most important ones. At the same time, medical tourism can provide an important support to tourism related activities in order to decrease seasonal tourism, while establishing a strong business network between hospitals and other treatment services providers, hotels and/or residential agencies and finally travel agencies, an idea that will be further explored in the report.

The national strategy for this segment of tourism is based on qualifying and improving the health tourism offer in order to develop this tourism segment focusing of the medical tourism, thermal tourism and spa and thalassotherapy, while encouraging the structuring and promotion of the touristic and medical offering as a whole. The main goal is to target the available offer to tourists whose primary motivation it to attain health care related benefits or wellbeing benefits.

PENT established the main competitiveness factors for this product:

- A High quality national health system classified in 12th on the World's Health System's Index by the World Health Organization;
- International Experienced professionals and with good communication skills regarding the most important generating markets for this segment of tourism;
- The existence of international hospitals in Portugal, accredited by International entities such as the Joint Commission International;
- A high level of thermal resources of high hydrological value, mainly in the North and Center regions;
- World famous Spa-treatment brands such as Angsana Spa, Banyan Tree, ESPA Spa, and Six Senses Spa installed in high-quality hotel facilities in Portugal;
- A long coast with Ocean Atlantic Water's as one of the richest waters used for Thalassotherapy;
- Favourable climate throughout the year as it is a highly important factor regarding disease recovering and physical and psychological wellbeing.

Touristic Circuits

European Touring tourism has been affected by the international economic crises. However, it already shows some signs of recovering, with an expected 4% av. grow for the next few years (PENT update 2012). By 2004, the European demand for touring tourism was represented by 44M trips of at least one night. Nowadays, according to these forecasts of 6% to 7% growth yearly, this market may represent by 74M travels.

The most important European generating markets are France, Italy, Scandinavia, Germany, Russia, the UK and Spain, representing 62% of the European touring market. Alongside with the USA and Brazil, these are strategically important markets to the development of this product in Portugal. Moreover, the Eastern Europe countries are increasingly important in developing the religious tourism segment.

Touring tourism is primarily motivated by the need to exploring a whole set of a region's different attractions, usually by tours or circuits of different lengths and time periods, both by independently and organized means. It is segmented in two groups:

- **Generic Touring**: tours an/or circuits that include a larger diversity and set of experiences, where the tour or the circuit itself represents the core product and represents 90% of the Touring Tourism.
- **Themed touring**: Tours with a specific focus or purpose that constitutes the core experience, such as for example, medieval castles tours, representing 10% of the total touring tourism.

However, touring is heavily characterized as a secondary or complementary product, constituted by other tourism segments has primary motivations.

The large majority of touring travels by European tourists are over 4 nights length (86%) whereas the average daily spending depends, more than in any other touristic product, of a large set of aspects namely the quality of the services involved.

Being Spain, France and Italy the main competitors in this touristic segment, the 2012 PENT update established the following competitiveness factors for Portugal:

- The vast and diverse historical, cultural and religious heritage in a short-distance;
- The number of natural landscapes and places of high environmental and scenic value;

- Fátima as one of the most important religious attractions in the world;
- Popular culture, genuine traditions and friendly locals
- High quality and a large variety of rural hotel establishments;

Regarding Religious tourism, it’s importance was already highlighted as a powerful product to reduce seasonality, both due to all year long Mediterranean Climate and to the fact that Portugal has a strong religious history and one the Europe’s most important sanctuaries, Fátima. This segment of tourism is particularly important to the +65 aged segment, however, it isn’t a well development segment yet as it is included in the Tourist Circuits in General due to its almost insignificant importance when comparing to other segments that represent the gross of The Portuguese incoming tourism, such as S&B.

To conclude, and in terms of the consumer profile, the demand of touring products is primarily motivated by couples without kids, empty nesters and retirees with medium/high socio-economic and academic level. These usually gather information through travel specialized magazines, brochures, Internet, friends and family and buy by travel agencies and Internet. The type of service demanded vary on the travelling distance, as they seek for tours or organized circuits (packages) in long travels and single and isolated services such as hotels in short travelling. The anticipation on the booking also tends to vary substantially, from last minute reservation for low-cost travelling, some months for high cost travelling and 6 month anticipation for scholar holiday’s period. This type of travelling is generally made throughout the whole year with a higher concentration on the traditional holiday periods, by couples, families and reduced groups of friends and usually for 3 days to 2 weeks for continental destinations and 3 to 5 weeks to long-haul destinations.

Gastronomy and Wine Tourism

The Gastronomy and Wine Tourism may be considered, according to PENT, a complementary product to develop within the major tourism segments. According to the same report, by 2004, the European Gastronomy and Wines market rose to 600,000 trips/year, whereas by 2015 the market is expected to grow to more than 1.2 Million trips/year, with a 7% yearly growth.

This tourist product is primarily motivated be the intention of enjoying the typical products and improve the knowledge on the enological and gastronomic heritage of a certain territory and may be sub-divided in three segments:

- **Discovering travels** – In this type of tourism, travelers intend to improve their knowledge on a certain destination offer on wine and gastronomy, representing 80% of the market;
- **Improvement travels** – Themed travels in which the main goal is to deepen the knowledge on a specific type/category of product/s, such as cheese or champagne for example (5% of the market);
- **Learning travels** – Travels with the main purpose of realizing degustation activities and other activities related to specific products, such as cheese (eg. Queijo da Serra"), champagne, among others. Represents 15% of the market.

There are few information about this sub-segment of tourism, but It is known that the French tourists are the most representative type of Gastronomy and Wine consumers with a 16% share, followed by Holland (15%) and English tourists with a 11% share. This type of tourist spends between €150 and €450 per day, whereas higher spending levels are frequently associated to learning and knowledge gathering trips, due to the inclusion of thematic activities - for example courses and workshops – a segment that should be further explored as a complementary activity for older segments of the population.

The typical Consumer has between 35 to 60 years old, mostly men with high social and cultural level that usually informs himself through social clubs of wine and gastronomy, specialized press, Internet and peers recommendations and tend to buy through specialized travel agencies and websites. Couples and small groups usually go to boutique hotels, luxury and/or charm rural hotels and travel for 3 to 7 days once a year, while enthusiastic travellers make usually 3 to 5 gastronomy and wine related trips per year. These frequently like to do tasting activities, visit museums and exhibitions, sightseeing and health and wellness activities.

Nowadays, the national ability to receive this type of tourists, the offer is still less developed mainly due to the lack of qualified staff and unsuitable opening hours. At the same time, the predominance of small-scale companies also makes it difficult to compete at international level. Despite the presented facts, Portugal is increasingly becoming competitive in this market at an European level, benefiting from the positive conditions of the Porto and Douro Region, as well as the Alentejo Region, that provides an opportunity to focus on elderly segments of tourists to help sustaining the growth of the segment, while targeting activities to up-scale tourists.

Recent happenings such as world awards regarding the wine industry, as well as the olive industry have been contributing to the creation of a stronger gastronomical identity in Portugal, as it is in Spain. According to PENT, the priority regions for investments in the Gastronomy and Wines product are Porto e Norte, the Alentejo and Centro regions.

Residential Tourism

Residential tourism is composed by tourists who travel while having access to properties usually located in touristic areas. In fact, a growing portion of those properties is located within Integrated Resorts, two different concepts that are often mixed. The Integrated resort market is constituted by people which main motivation is to enjoy holidays in Integrated Resorts in which a variety of activities and experiences is offered and its under a wider or narrower management.

By 2006, nearly 4 Million European had some type of property with touristic purposes outside their country of living, of which 1.2Million located within an Integrated Resort. The residential market segment has been witnessing a significant growth of around 8% per year. In fact, since the year of 2000, 1Million European citizens have acquired a property outside their country: British buyers represented 60% of those, whereas Germans represented 20%. The main destination for this segment of tourism is Spain. According to PENT (2006), assuming that the market remains stable and Portugal manages to reach a 10% Market share, it may represent annual sales of between 10k to 15k properties.

Profiling the foreign Tourist in Portugal

	S&B Up-Scale	Golf Tourism	Health Tourism	Touristic Circuits	City Break
Traveller Profile	35-64 years old Empty Nesters and Groups of Friends High purchasing power individuals with high cultural knowledge	Mostly men with more than 40 years old High education level Medium-high socio-economic level	20 to 24 years old with medium income level 40 to 50 years old with medium-high income level Seniors fro 50 to 60 years old with medium-high income levels	Couples with no children, empty nesters and retirees with medium/medium-high education level and socio-economical level	Over 25 years old with good education and socio-economic level
Sources of Information	Travel agencies, specialized magazines and friends recommendations	Specialized magazines, Internet, specialized travel agencies and golf clubs as well as fellow players.	Internet travel agencies, brochures and magazines, as well as friends and family's recommendations	Travel magazines, brochures and catalogs, friends and family's recommendations and Internet	Travel agencies, specialized press, tour operators, peers recommendation and Internet
What they buy?	All inclusive Travel packages in high-end luxury hotels or individual villas with customized luxury services	All-inclusive travel packages (Flight + accommodation + transfers + green fees) or customized packages; 4 to 5 star hotels with integrated golf courses	Wellness packages (Spa/thalassotherapy) including treatments and hotels, usually 4/5 stars accommodation	Nearby destinations: accommodation and individual services Long-haul destinations: tours or organized circuits (packages)	Flight + accommodation packages or single services
When they buy?	High Cost travel: 3-6 months in anticipation and last minute booking	1 to 6 months in advance (54%) or last minute reservations (21%)	6 months in advance for 1 week travels Last minute bookings for 3-4 day short breaks	Low-cost travelling: last minute booking High cost travel: 1 or more months in advance Scholar holiday period: 6 months in advance	Low-cost travelling: last minute booking High cost travel: 3 to 6 months in advance
Where they buy?	Specialized Travel Agencies	Specialized travel agencies or Internet	Internet and travel agencies	Internet and travel agencies	Internet and travel agencies
Length of travel	European Destinations: 10 days on average Long-haul: 2 weeks	Information not available	7 to 10 days for International travels	Continental destinations: 3 days to 2 weeks Long-haul destinations: 3 to 5 weeks	2 to 6 day stays
Activities developed	Golf, sea fishing, water sports and other activities proposed by hotels: spa, tennis, etc.	Gastronomy, shopping, night life, cultural visits, competitions and tournaments, nature interaction and resting	Seniors demand more traditional medical treatments or spas, usually for 2 to 3 weeks Hiking, Swimming, relaxing, "Landscape & Nature", Spa and others	Information not available	Gastronomy and city activates; museums, shopping and historical and cultural interest sites.

Table 5 - Profiling the foreign tourist in Portugal. Source: Turismo de Portugal 2004

Key Sectors in the Portuguese Tourism Industry

Available capacity (beds)	2002	2009	2010	2009/2010	2011	2002/2011	2010/2011
Norte	31 308	38 827	38 386	-1%	40156	28%	5%
Centro	20 294	38 605	38 920	1%	40733	101%	5%
Lisboa	54 430	52 041	53 756	3%	54912	1%	2%
Alentejo	7 541	10 591	11 899	12%	12874	71%	8%
Algarve	94 089	95 910	98 980	3%	102462	9%	4%
Açores	5 388	8 806	8 699	-1%	8871	65%	2%
Madeira	26 853	29 024	28 866	-1%	29099	8%	1%
Total	239 903	273 804	279 506	2%	289107	21%	3%

Table 5 - Analysis on Portuguese available beds, per region.

Main trends in World Tourism Industry

"Demographic drivers of change, Targeting the boomers and emerging middle classes" – Adapted from a Delloite Report, "Hospitality 2015, Game Changers or spectators"

The ageing of the Baby Boomer generation (those aged from 45 to 64) and their entering into retirement will shape new ways of travelling and opens new opportunities targeted for an increasingly numerous and time-rich generation with higher disposable income. Moreover, the emerging middle classes of China and India will also create significant changes in world tourism as their travel intentions evolve from domestic to regional and then international.

Market segmentation by generational characteristics has become the smartest approach to business with clear multiple benefits, from innovation in product development, branding, sales strategies and operations. For example, Wyndham Hotel Group designed a strategy to strengthening its brand positioning to attract Generation X – those aged from 30 to 44. The company has introduced Generation X friendly functional design and technology including single serving coffeemakers, Mp3 player clock radios with playlists and educational video game systems in family suites. The 'Be Well' tag line was used to align the brand with wellness, a value highly regarded by these generation's members, and the 'The Fields and Sun' healthy breakfast programme is also targeted to Generation X, assuring that a consistent message is communicated to its target audience.

Boomers to have most impact

Four generations dominate the population structure in most developed countries, as shown in figure 31 below. Between now and 2015, all of these segments will travel more and will provide new significant opportunities for the industry.

As the mature generation of consumers will be looking for better price deals and 'freebies' to limit their spending, generation X is becoming the driving force in family travel and is entering into its peak earning years. Generation Y is proving to be brand loyal when its expectations are exceeded and this generation is driving the adventure travel trend ahead.

Generational segments	Age	
	2010	2015
Mature	>65	>70
Baby Boomer	45 – 64	51 – 69
Generation X	30 – 44	37 – 50
Generation Y	<30	<36

Figure 31 - Generational segment ages. Source: Deloitte Research, 200

These segments will remain important but the boomers are expected to have the greatest impact on the tourism industry worldwide. For example, from 1995 to 2008, the number of inbound visitors to Britain with over 55 increased by 92% compared to 41% growth for tourists fewer than 55 (VisitBritain 2010). The boomer generation includes those born between 1946 and 1964, and the older part of this segment is now entering in the retirement age. They will therefore be a key source market for the global tourism industry for several decades and will have most impact when the latter part of the group retires around 2024.

As the proportion of older people increases they are also living longer (Figure X 32) and with more disposable income than previous retired generations. By 2015 US boomers are expected to own almost 60 per cent of the nation's wealth and account for 40 per cent of spending (Mckinsey Global Institute 2007). This means that boomers will have significant amounts of time and money at their disposal, while for many of them, travel is a high priority and is likely to top their list of desired retirement activities. After seeing their children taking long holidays to far-away destinations and being the primary beneficiaries of the travel democratization, it is now the time for them to enjoy their increasing available time and money.

Figure 32 - Life expectancy and forecasts for selected countries. Source: United Nations Population Database (revised in 2008)

Understanding the boomer mindset

Despite the growth of T&T companies specifically targeted at the boomer generation, the existing opportunities are still numerous. The key to please the boomer generation is to understand and appeal to its ‘forever young’ attitude. Wrong stereotypes make them reluctant and they’re now adopting travel habits previously associated with younger generations such as experiential travel.

According to the report, “Voluntourism”, hobby-based or educational travel such as painting holidays or archaeological digs will appeal to this generation. Boomers are also more experienced and confident travellers than older generations and they will be seeking for outstanding, authentic and adventurous travel experiences. Marketing strategies must address these youthful attitudes but also be aware of the distinct interests and needs of the boomer generation, rather than grouping boomers with marketing campaigns aimed at younger audiences.

Advance of the east

While the rise of boomers in developed economies will be a key driver of international tourism, the growing middle classes in the emerging markets will mainly support the expected growth.

Since 2000 the average annual growth rate of outbound departures from China has been over 20%, and since 2004 it has been 16% for India. Establishing a presence in these markets now will not only allow tourism industry to take advantage of these high growth domestic markets, but it will also help to build brand recognition and loyalty amongst the “international travellers of the future” (UNWTO 2009).

As China is on course to become the largest economy in the world by 2025, overtaking the US, and India moving ahead of Japan into third position (capital Economics 2010), emerging economies will lead the way out of the global recession. As shown in Table 7, high growth rates should continue until at least 2020, whereas in more developed countries such as the US expect much lower rates of growth.

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
China	9.6	8.7	9.9	8.1	8.0	8.3	8.0	7.4	6.9	6.4	5.9	5.6	5.3
India	5.1	6.8	7.7	8.0	8.3	8.0	8.0	7.4	7.0	6.6	6.4	6.1	6.0
Japan	-1.2	-5.2	1.7	1.1	1.2	1.0	0.9	0.8	0.7	0.6	0.6	0.6	0.6
United Kingdom	0.5	-4.9	0.8	1.1	1.3	1.6	1.5	1.5	1.5	1.5	1.5	1.6	1.7
United States	0.4	-2.4	3.3	1.8	2.0	2.2	2.3	2.5	2.7	2.8	2.9	2.9	2.9

Table 7: GDP percentage growth 2008-2020. Source: Economist Intelligence Unit, 20 May 2010

Emerging market populations are also providing important new labor resources. The Chinese labor force is set to reach 831 million in 2016 (US Census Bureau 2010), while the workforce in India, with high-level English skills, will also provide a valuable resource for the global tourism industry for decades to come.

The Chinese traveller – lure of the western brand

As shown in Table 7 and previously mentioned, China is witnessing a remarkable growth in GDP per capita, expected to more than double between 2010 and 2015, fuelling the growth in disposable income and interest in international travelling.

Country	2005	2010	Percentage change 2010 vs. 2005	2015	Percentage change 2015 vs. 2010	2020	Percentage change 2020 vs. 2015
China	1,761	4,280	143.0	9,120	113.3	17,180	88.4
India	765	1,370	79.0	2,620	91.2	4,310	64.5
Japan	35,704	41,140	15.2	49,230	19.7	59,800	21.5
United Kingdom	37,886	35,740	-5.7	45,900	28.4	54,500	18.7
United States	42,736	48,230	12.9	57,070	18.3	76,190	33.5

Table 8: GDP per head in (US$). Source: The Economist Intelligence Unit, 20 May 2010

Despite this growth, per capita GDP still lags well behind the developed economies, making domestic travel a more attractive and affordable choice in the short term, as the outbound market consisted of 47.5 million tourists in 2009 (3.6% vs 2008) and domestic market represented 1.9 billion tourists, 11% more than previous year (CNTA 2010). This shows the huge potential of the Chinese outbound tourism, by the 1.9 billion domestic tourists who may take international trips in the near future.

The increasing disposable income and English language skills are the two major drivers in the Chinese international outbound market. Moreover, despite governmental restrictions, the Internet is already the most popular information source for Chinese consumers when seeking information about travel.

The trends that currently define the Chinese outbound market will change as an increasing number of middle class tourists travel abroad, but it is expected independent travelling to become increasingly popular as Chinese people learn to speak international languages and so there's no need for permanent translators. At the same time, as the levels of disposable income rise, more frequent visits to the US and Europe are expected as well.

Conclusion and recommendations

The global population is increasing at a fast pace and the disposable income available for travelling around the world is following the same trend, as new and high-quality destinations are emerging. Affluent baby boomers in the western regions are moving into retirement age, while living longer and seek new travel experiences. The middle classes in emerging markets are expanding and most of the new travellers will come from China and India. Despite the gap in disposable income comparing to developed economies, international tourism from these two source markets will accelerate over the next few years.

Products and services should be targeted focusing on the new travellers behavior and psychographic attitudes, appealing to their sense of adventure, independent spirit and desire to travel to unexplored destinations, whereas tourism operators must be aware on the distinct and diverse interests and needs of the boomer generation, offering a wide range of customized options and tourism experiences that excels their expectations and contribute to a remarkable and "to-repeat" travel.

On the short-term, hospitality groups should see their growing presence in emerging markets as an opportunity to build brand recognition and loyalty amongst the international travellers of the future. “For Chinese and Indian middle class travellers, value for money is the key and their interest in western consumer brands and fully engaging with the destination are of more importance than specific in-room products and services. Specific cultural, dietary and language requirements also need to be considered.” Tourism operators who understand what drives and needs of these growing demographics will have a strong competitive advantage to become leaders in global tourism.

Market Research - Competitors Analysis

On the analysis developed, and according to UNWTO (2013), Europe is divided in the following regions:

Northern Europe: Denmark, Finland, Iceland, Ireland, Norway, Sweden, and UK

Western Europe: Austria, Belgium, France, Germany, Luxembourg, Netherlands, and Switzerland

Southern/Mediterranean Europe: Albania, Bosnia-Herzegovina, Croatia, Cyprus, FYR Macedonia, Greece, Italy, Malta, Montenegro, Portugal, Serbia, Slovenia, Spain, Turkey

Central/Eastern Europe: Armenia, Azerbaijan, Bulgaria, Czech Republic, Estonia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Poland, Romania, Russian Federation, Slovakia, Ukraine

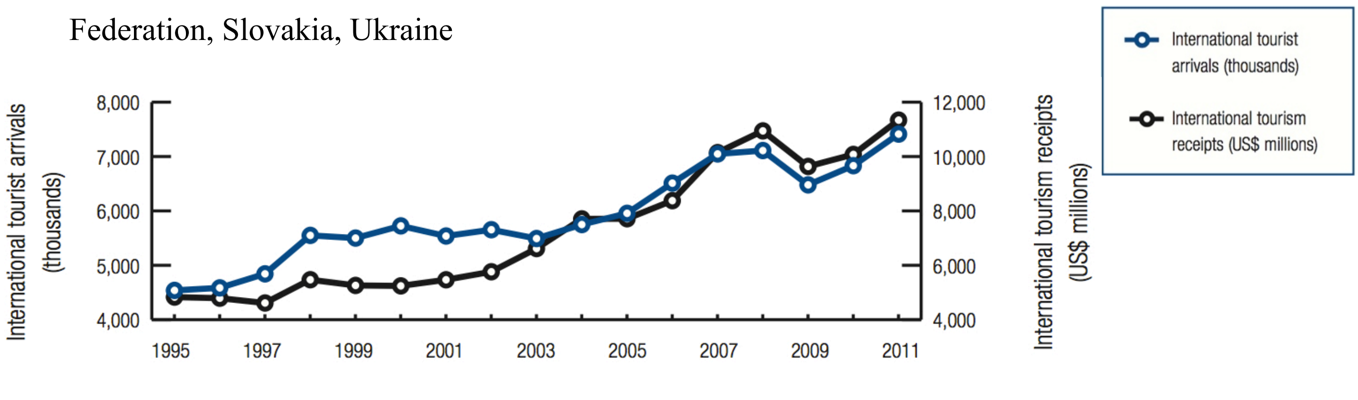

Figure 33 - Competitive Analysis, Portugal Source: UNWTO 2013

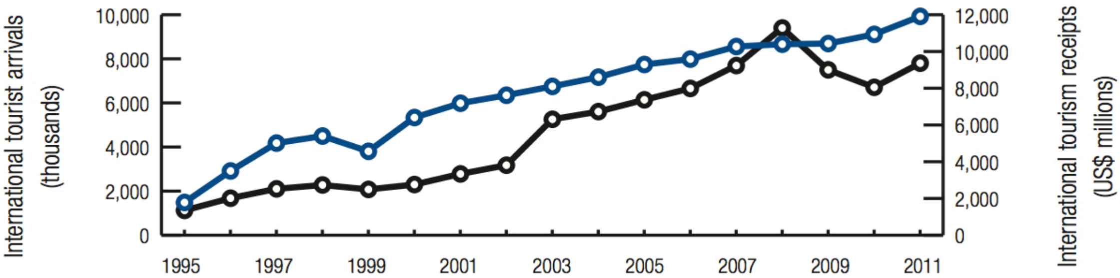

Figure 35 - Competitive Analysis, Croatia Source: UNWTO 2013

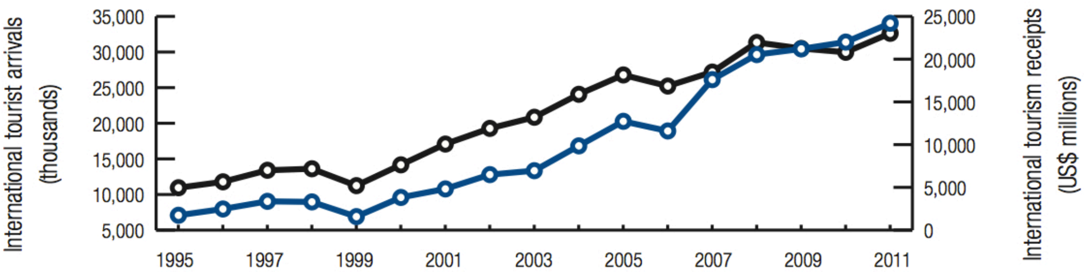

Figure 36 - Competitive Analysis, Turkey Source: UNWTO 2013

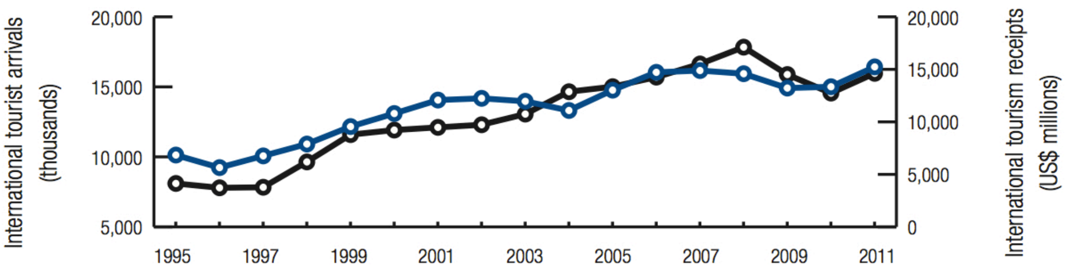

Figure 37 - Competitive Analysis, Greece Source: UNWTO 2013

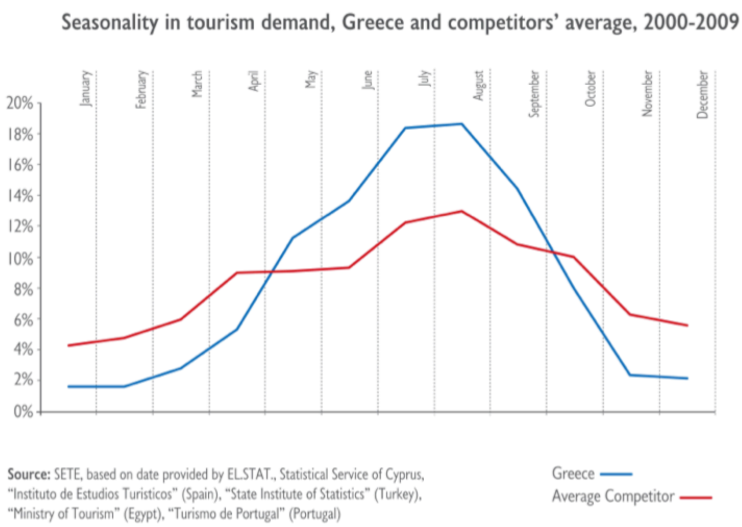

Figure 38 - Competitive Analysis, Greece, Seasonal Analysis. Source: UNWTO 2012

Key Long-Haul Incoming Touristic Markets in Europe

The United States of America

In 2011 78.3 Million tourists travelled from the US, of witch 20.6 Million travelled to Europe, representing 42.7% of the US long haul outbound market. From those 21.1 Million, 4.8M travelled to Northern Europe (23.5% share), 7.8M to Western Europe (38.2% share), 5.4M to Southern Europe (26.1% share) and 2.5M to Central/Eastern Europe (12.2% share).

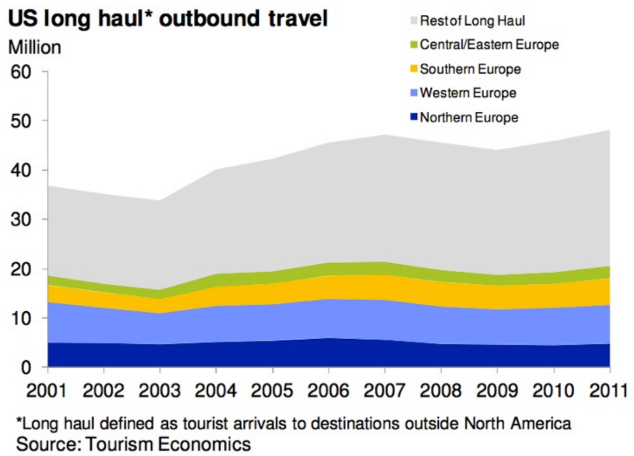

Figure 40: US Long haul outbound travel. Source: Tourism Economics

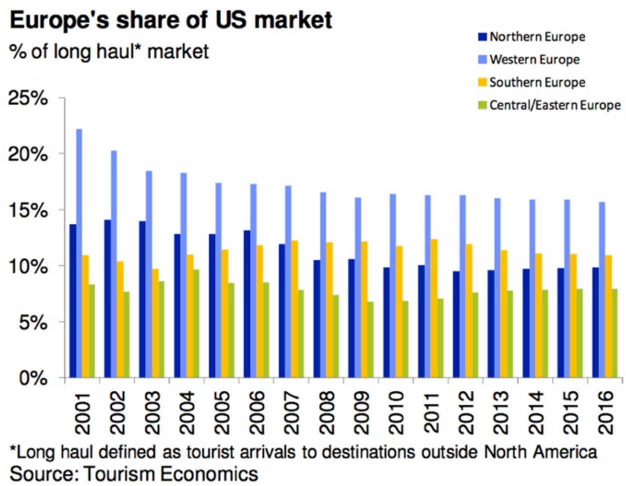

Figure 41: Europe's share of US Market. Source: Tourism Economics

Comparing the share of arrivals from the US with data from 2001, the European Region with the most positive evolution was Southern Europe (+1.5%), while on the opposite hand, Central/Eastern Europe, Northern and Western Europe Region share decreased by 1.2%, 3.6% and 5.9% respectively.

Regarding the expected evolution for the long haul outbound from the US, there is expected a 5.8% grow per year on average through 2016. Arrivals to Northern Europe are expected to increase by 29.6% for the same period of time to 6.3M as the share of this European Region is expected to fall by 9.6%. In similar conditions, Western Europe arrivals are expected to increase 27.5% to 10M (-15,7% share of the US market), Southern Europe is expected to receive an increase of 16.8% to 6.3M arrivals (-10.9% share of the US market) and to conclude, Central/Eastern Europe is expected to be the region with the most favourable indicators, with a 50% increase to 3.8M, gaining 7.9% share of the US market in Europe.

Brazil

In 2011 7.9 Million tourists travelled from Brazil, 5.3 Million of those travelled to long haul destinations, a number that is expected to grow at an average annual growth rate of 10.4% through 2016. European share of the outbound Brazilian tourism is 54,9%, totalling 2.9M in 2011. Southern Europe is the main European Region Destination for Brazilian tourists, with 42.6% share (1.238M arrivals), followed by Western Europe (42.2% share and 1.225M arrivals), Northern Europe (9.7% share and 282K arrivals) and Central/Eastern Europe with 5.5% share, meaning 159 thousand arrivals in 2011.

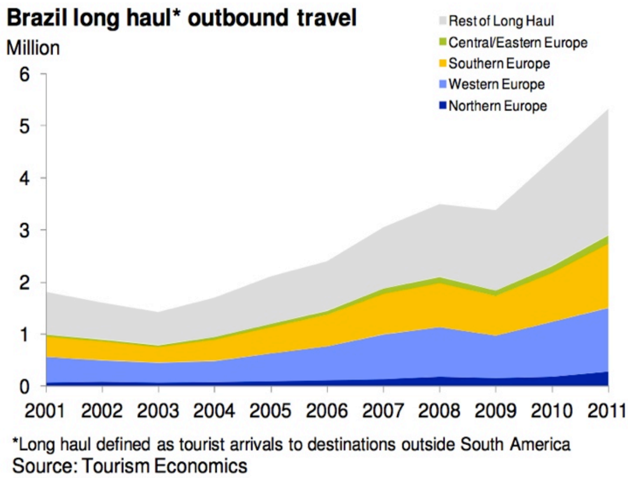

Figure 42: Brazil Long haul outbound travel. Source: Tourism Economics

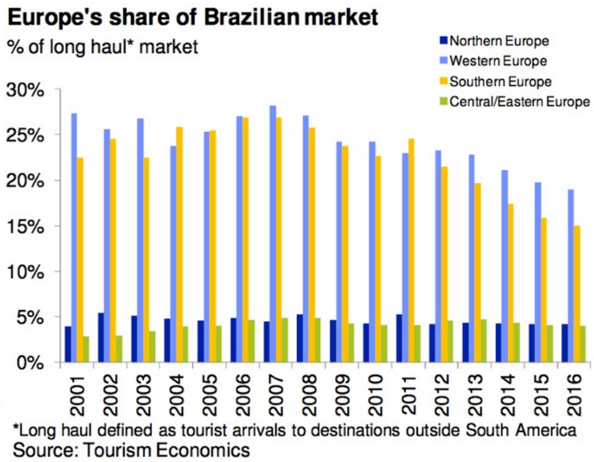

Figure 43: Europe's share of Brazilian market. Source: Tourism Economics

Through 2016, there are positive forecasts regarding the number of arrivals to the different European regions, with a predicted 30.2% increase for Northern Europe to 367K, a 72.1% increase in Central/Eastern Europe to 274K arrivals, 35.6% increase in Western Europe to 1.661M arrivals, and a 1.5% increase in Southern Europe to 1.257M arrivals.

China

In 2011, 40.6 Million tourists travelled from China. The large majority of those travelled within Northeast Asia (26.4M), and only 35% (14.2M) travelled to long haul destinations. In the same year, Chinese tourist arrivals to Europe totalled 4.7Million, representing 32.7% of the country's long haul outbound market. From those, the large majority (60%) visited Western Europe, followed by Central/Eastern Europe with 26% share, Southern Europe (7.8% share) and Northern Europe (6.3% share).

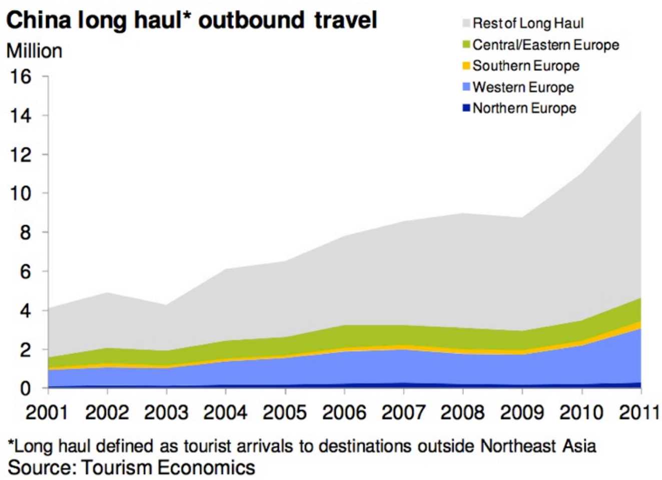

Figure 44: China Long haul outbound travel. Source: Tourism Economics

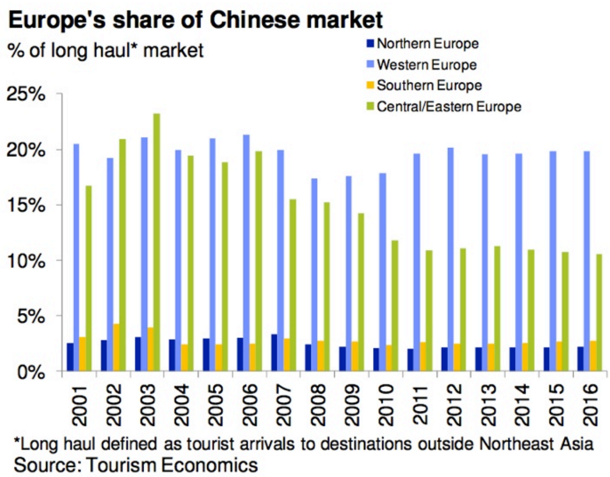

Figure 45: Europe's share of Chinese market. Source: Tourism Economics

Through 2016, China's long haul outbound market is expected to growth at an average annual rate of 8.3%. The number of arrivals to Western Europe of Chinese incoming tourists is expected to increase 50.6% to 4.2M, to Southern Europe 57.9% to 570K arrivals, 60.3% in Northern Europe to 466K arrivals and 44.2% in Central/Eastern Europe to 1.744M arrivals.

Russia

Regarding Russian Outbound tourism market, in 2011 30.4M tourists travelled from Russia, 80.9% of which travelled within Europe, representing 24.2 Million arrivals. The largest share of Russian arrivals within Europe corresponds to Central/Eastern Europe with 14.5 Million arrivals and 59.8% of share, followed by Southern Europe with 6.8 Million and 28.1% share, Western Europe (1.6M arrivals/6.8% share) and Northern Europe (1.3M/5.3% share). When comparing to 2001, the most positive evolution was in Southern Europe, with a 7.5% increase share of the Russian market, contrasting with a decrease of 14.7% share in Central/Eastern Europe.

The Russian outbound travel is expected to grow at an annual average rate of 2.9%, a positive evolution that is expected to contribute to an overall growth of arrivals to Europe's regions by 2016, namely to Northern Europe with a predicted growth of 12.6% (to 1.4M), Southern Europe with a 12.7% grow to 7.7M arrivals and Central/Eastern Europe, expected to reach by 2016 the mark of 16.2 Million arrivals from the Russian Market, corresponding to a 12.2% increase through 2016.

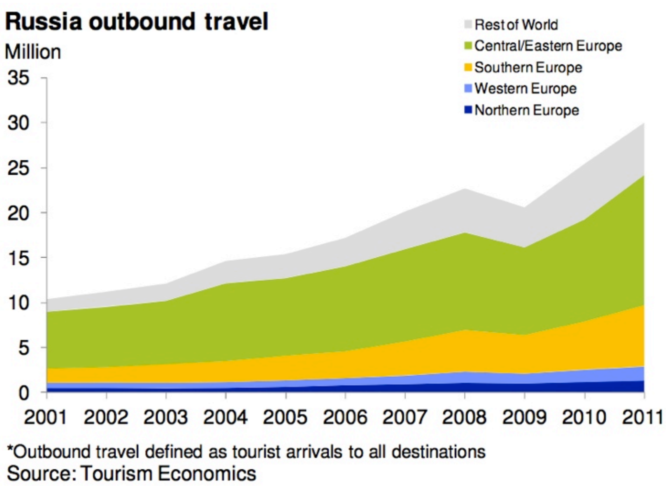

Figure 46: Russia Long haul outbound travel. Source: Tourism Economics

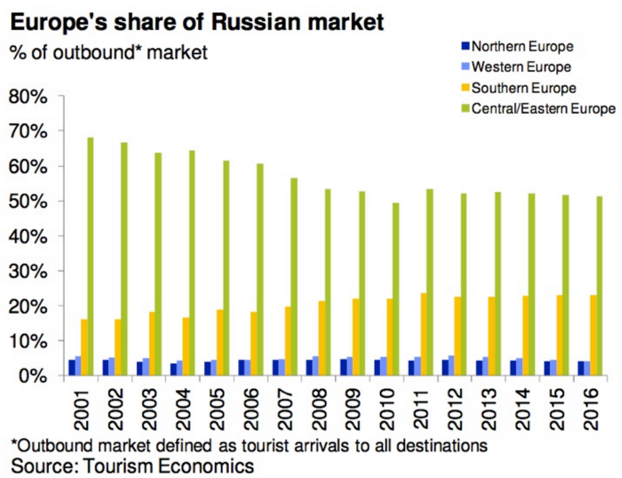

Figure 47: Europe's share of Russian market. Source: Tourism Economics

European Region	Country of Origin	USA	Brazil	China	Russia	Total
Europe	2011 (Millions of arrivals)	20,5	2,9	4,7	24,2	52,3
	2011 share of country's total outbound tourism	42,7%	54,9%	32,7%	80,9%	52,8%
	2011/16 expected av. Growth p.y.	5,8%	10,4%	8,3%	2,9%	6,9%
	Absolute Increase in tourists	54,1	7,5	30,8	17,2	109,5
	Growth % 2011-2016	264%	259%	654%	71%	209%
	Total Arrivals by 2016	74,6	10,4	35,5	41,4	161,8
Western Europe	2011 (Millions of arrivals)	7,8	1,22	2,82	1,6	13,4
	2011 share of European Arrivals	38,2%	42,2%	60,0%	6,8%	36,8%
	2011-2016 expected growth	27,5%	35,6%	50,6%	-11%	25,7%
	2016 (Millions of Arrivals)	26,3	5,6	21,8	0,9	54,6
	Share of country of origin by 2016	35%	54%	62%	2%	34%
	Share of Growth (Abs)	34%	58%	62%	-4%	38%
	Absolute change 2011-2016	18,5	4,4	19,0	-0,7	41,2
Central/ Eastern Europe	2011 (Millions of arrivals)	2,5	0,159	1,222	14,5	18,4
	2011 share of European Arrivals	12,2%	5,5%	26,0%	59,8%	25,9%
	2011-2016 expected growth	50,0%	72,1%	44,2%	12%	44,6%
	2016 (Millions of Arrivals)	19,0	2,4	7,6	25,8	54,8
	Share of country of origin by 2016	25%	23%	21%	62%	34%
	Share of Growth (Abs)	30%	30%	21%	66%	33%
	Absolute change 2011-2016	16,5	2,2	6,4	11,3	36,4
Southern Europe	2011 (Millions of arrivals)	5,4	1,23	0,366	6,8	13,8
	2011 share of European Arrivals	26,1%	42,6%	7,8%	28,1%	26,2%
	2011-2016 expected growth	16,8%	1,5%	50,9%	13%	20,5%
	2016 (Millions of Arrivals)	11,7	1,3	2,9	12,4	28,3
	Share of country of origin by 2016	16%	13%	8%	30%	17%
	Share of Growth (Abs)	12%	1%	8%	32%	13%
	Absolute change 2011-2016	6,3	0,1	2,5	5,6	14,5
Northern Europe	2011 (Millions of arrivals)	4,8	0,282	0,296	1,3	6,7
	2011 share of European Arrivals	23,5%	9,7%	6,3%	5,3%	11,2%
	2011-2016 expected growth	29,6%	30,2%	60,3%	13%	33,2%
	2016 (Millions of Arrivals)	17,5	1,1	3,1	2,4	24,1
	Share of country of origin by 2016	24%	10%	9%	6%	15%
	Share of Growth (Abs)	24%	10%	9%	6%	16%
	Absolute change 2011-2016	12,7	0,8	2,8	1,1	17,4

Table 9: Analysis on European Touristic Regions. Source: ETC 2011

Consumers

The Cruise Tourist

Lisbon is considered to be Europe's entry/exit for cruises once the Lisbon Port is the most important Western European Port and it's importance is increasingly being noticed by worldwide cruise operators when planning routes for cruise ships, mainly for first call ones, as in 2012 twelve vessels were received over this conditions, of witch three were new an came directly from manufacturing.

The Lisbon Port is also a member of some of the most important Cruise Associations such as Cruise Europe and MedCruise, as well as other related International Projects – Atlantic Alliance and Cruise Atlantic Europe.

In 2012, a total of 523 thousand passengers have been in the Lisbon Cruise Port, 91% of those in transit (a 6% increase versus 2011), despite the fact that this performance was affected by several strikes that led to the cancelation of a total of 17 Cruise scales, representing nearly 25 thousand passengers (Porto de Lisboa 2013).

A survey conducted to international cruise passengers arriving in Lisbon in 2011 (Porto de Lisboa, 2013) with the purpose of evaluating the level of satisfaction with the visit to Lisbon enabled to reach important conclusions on the profile of the cruise-tourist visiting Lisbon and what is the importance of this type of tourism to senior segments:

- **Nationality:** 35,7% of the 995 respondents are British (vs. 61,8% in 2010), 19,4% are from the United States, followed by Italian ands German Tourists (16,8% and 9,2% respectively (Figure 48 presented below);

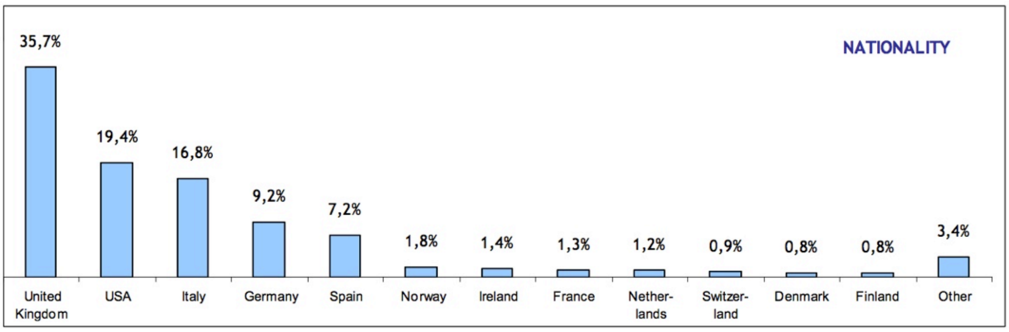

Figure 48 – Analysis on the nationality of arriving passengers. Source: Porto de Lisboa

- **Gender and age:** 56,4% of the passengers are male with an overall average of 55,3 years old (57,7 in 2010) whereas 28,5% of the total sample had more than 65 years old;
- 98,8% of the interviewed passengers travelled accompanied, a large majority of them with their couple (89,2%), while 8,4% of travellers were only with friends (vs. 33,7% in 2010).
- **Previous cruise experience**: 61,3% of the travellers were on their first cruise and 38,7% had a previous experience on cruise travel, of which more than a half have chosen Northern Europe as destination, followed by the Mediterranean (Fig. 24).

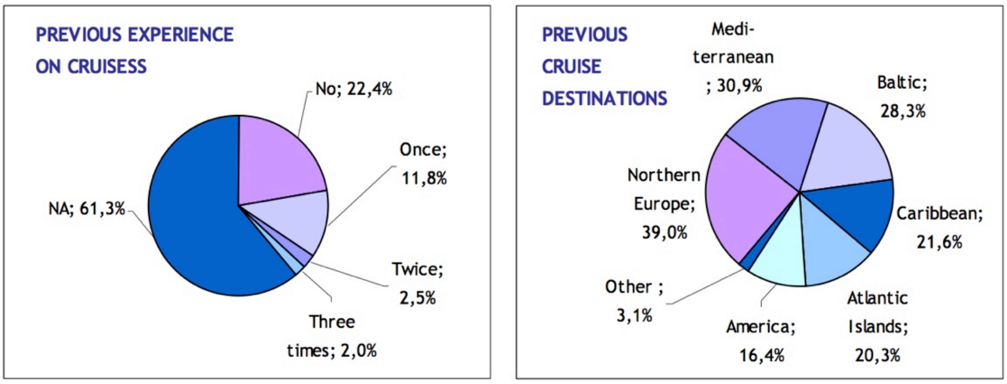

Figure 49: Travel Habits analysis on arriving passengers. Source: Porto de Lisboa

- Travel agencies are still the main **source of information**, followed by Internet, and thirdly Friends and/or family with 53%, 17,8% and 27,8% respectively (Fig. 25). In fact, 64,2% of the respondents made the travel reservation through a travel agency, while 16,8% booked by the cruise company website and only 1,2% booked through a generalist travel website.
- **Purpose of the cruise**, leisure was highlighted as the primary one (Figure 25 in appendix), followed by stress relief and the contact with the sea. In fact, comparing to the 2010's survey, leisure motivation importance decreased (92,7% in 2010 vs. 77,1% in 2011) with the increase in the motivation of stress relief – from 20,8% in 2010 to 36,2% in 2011.
- Regarding the visit to Lisbon itself, and related to the **main information sources on Lisbon**, the respondents highlighted Friends and Family, on board provided information, travel agency and Internet as the most important ones. 61% of the

respondents used tourism buses and shuttles to visit the city (61%), followed by on-foot visiting (32,9%) and taxi (21,7%)

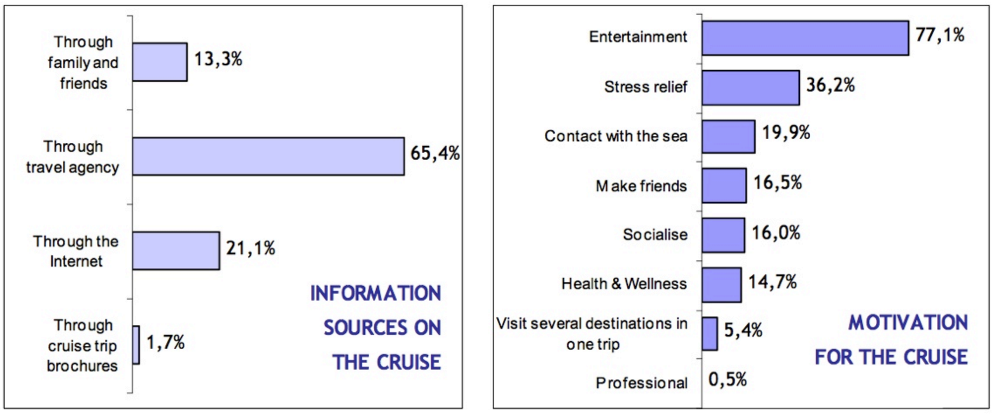

Figure 20 - Travel Habits analysis on arriving passengers. Source: Porto de Lisboa

- When in Lisbon, bus and shuttle are the main means of transportation, followed by on-foot visiting, with an average of nine hours spent by tourists in the city. The most valued aspects were the Weather, Local people and the low price levels. In fact, 66% of the respondents stated that Lisbon exceeded their expectations or that it was a magnificent surprise, whereas 32,3% said the visit met the expectations, with an overall average level of satisfaction of 8,1. 72% found very likely to return to Lisbon outside the context of a cruise, what links to 99,4% of recommendation of Lisbon as a port of call and 99,2% of Lisbon as a global tourism destination.
- Regarding tourism expenses, the daily average tourism expense was 53€ during their stay in Lisbon, 7€ less than 2010, with visits to museums or Attractions, shopping and Food & Beverage representing the largest part of expenses.

This information gathered allowed to draw a consumer profile on those tourists who visit Lisbon on a cruise trip: he has an average of 55,3 years old, is married and has no children. He/she is professionally active, with a university degree, and contrary to previous years, the majority of the respondents were in his/her first cruise trip. They used travel agencies both as the main source of information as well as to make the reservation.

Organised excursions were the preferred activity within the cruise experience, despite the fact that the majority has chosen to visit Lisbon on their own. The overall satisfaction level with the cruise is high, so it is with the visit to Lisbon – the weather, the Local People and the level of prices are the most valued aspects – what makes Lisbon a Top 10 of destinations to visit for respondents.

Media consumption by the boomers – TV and Social Networks

"The Boomer generation isn't just big — it's made up of people who think and act differently than previous generations. As Boomers confront "old age," they will certainly defy what we think it means to "get old." It will challenge us to rethink how we use the web and how we engage older people with newer technologies."

Mashable, on "How Baby Boomers Are Embracing Digital Media.", 2011

It's no secret that older individuals tend to be slower when adapting and using new technologies, including social media. However, recent research based trends show that older people are among the fastest-growing demographics online. In 2010, the use among Internet users 50 years old and older has nearly doubled to 42% when comparing to 2009 (Pew Internet 2010). In fact, only in the U.S. there were nearly 16 million people of 55 years old and older using Facebook (Nielsen 2012).

One of the main drivers of the witnessed growth is the boomer's need to keep in touch with friends and family, as well as to share experiences with others. They often stay away from social media, not due to the lack of interest, but because many of the new technologies and social networks underestimate the influence of this generation and end up not taking them into account when developing the platforms.

From April 2009 to May 2010, Internet users aged 50 to 64 who said they used a social network such as MySpace, Facebook or LinkedIn grew by 88%, whereas those aged 65 and older grew 100% in their adoption of the sites, compared with a growth rate of 13% for those aged 18-29 (see figure 51 below).

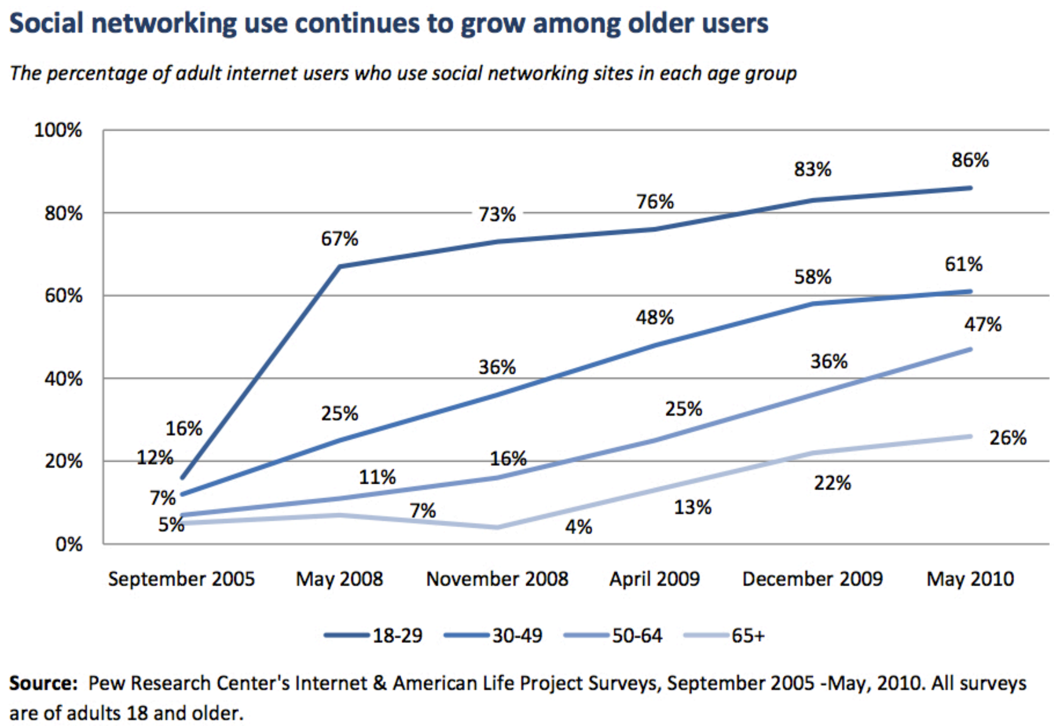

Figure 51: Percentage of adult Internet users who use social networking sites per age group

According to a study conducted by ThirdAge (2012) on baby boomers, the top three reasons to spend time online are to search information (92%), to stay in touch with friends and family (92%), and to shop online (73%). Sharing information or word of mouth recommendations are especially important for this generation members. According to the same study, on average most BB are asked for product or service recommendations about 90 times per year and nearly 90% of those who were asked to give advice gave it to their similar bb members. Even more remarkable is the growing use of the Internet for word-of-mouth interaction, as nearly half (45%) of all boomer word-of-mouth recommendations are made online (emarketeer 2007).

Baby boomers are often referred to as the “TV generation,” as they were the first generation to grow with television at home. That’s why online video is gaining “prominence as a source of news, entertainment, sports, and user-generated content, among other media types” (Paul Verna 2007) within boomers. Further Nielsen research on the subject have concluded that watching television is still a significant time-spending activity among seniors, absorbing a high rate of advertising consumption as a consequence, a phenomenon directly related to the increasingly available time when retired, and to the less effort that is required to use it.

But Boomers are also increasingly adapted and following the never-ending developments of social media channels. In fact, according to *The Pew Internet* and *American Life Project* concluded that this generation is more like Generation Y and X than they are like seniors when it comes to user-generated content, being more likely to pursue a broader range of activities online and to experiment platforms such as blogs and social networks.

However, they are more likely to be passive participants, reading blogs and reviews as opposed to actually posting a comment on Facebook and blogging by themselves. In fact, in a given week, 27% of boomers read blogs, while only 7% actually blog (Paul Verna 2007).

New technologies such as the iPad are good examples on how mobile devices are helping older people to access and explore the Internet are related utilities. According to Elie Gindi, founder of the senior-focused tech blog *ElderGadget*, "If it's good technology, seniors embrace it the same as everyone else. (…) The key here is if it is truly 'good' and they see a real use for it, whether for entertainment or business or lifestyle."

And how to engage with these baby-boomers? According to AARP (a non-profit US organization with more then 37 Million senior members focused on improving seniors and boomers life and well-being) the key is to focus on sharing relevant news, conversation starters and inspirational and emotional-linked stories that may potentially be of interest.

On a similar research, Pew Internet and American Life Project concluded that despite the fact that different generations may search things differently, what they are searching for is surprisingly similar. Health information is the third-most common search activity for all age adults, from boomers and seniors to caregivers (Pew Internet 2012).

Boomers are very good communicators and as they interact with their elders on a personal level, they turn to new technologies to keep in touch with their kids and grandkids. "Boomers are used to being heard," Riggs, the author of "Granny at Work: Age and Technology on the Job in America" added "They know what they want and aren't afraid, typically to go after it. That won't change as they leave the workforce";

"Retirement is looked upon as an opportunity," Riggs explained. "The seduction and necessity of technology is a big part of making that opportunity happen."

Boomers will increasingly impact services and device creation and technology makers who can create simple interfaces and intuitive devices can expect to continue to prosper with Boomers in the workforce and in their personal lives.

Understanding the Chinese market and the Chinese outbound traveller

According to the World Bank stats, China is the most populated country in the World with 1.334 Billion citizens, after India and with over four times more than the American population. As it was previously referred, the world in increasingly paying attention to the outstanding development of Asian Economies, namely the Chinese economy to support it's growth, in part as a result of Europe's Economic context, leading companies and countries to approach these emerging markets and diversifying their offer.

In the tourism sector, this phenomenon is no exception. It is clear and visible that Chinese tourists now all over the world, as the increasing domestic wealth and the decreasing restrictions by the Chinese government regarding outbound tourism leads China to emerge as the most important source market for international tourism, with a 30% recent growth and a expected grow of at least 14%/year to 248 Billion Dollars and 120 Million tourists by 2020 (Figure 52 and 53 below). Moreover, by 2020 China will be the world's second largest aviation market according to leading aircraft manufacturers Boeing and Airbus, whereas the Chinese official aircraft fleet is being

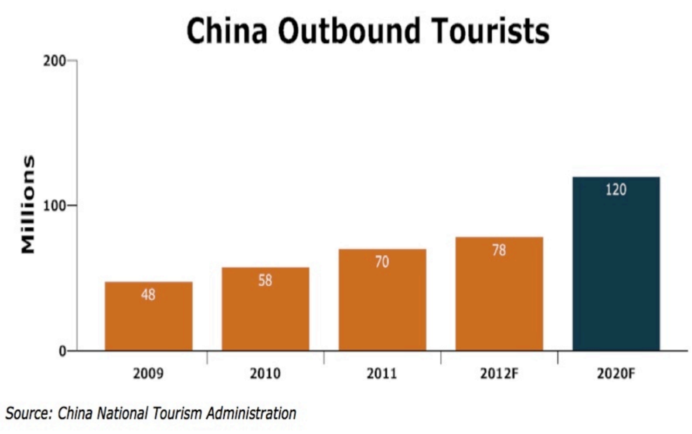

Figure 52: Number of Outbound Chinese Tourists

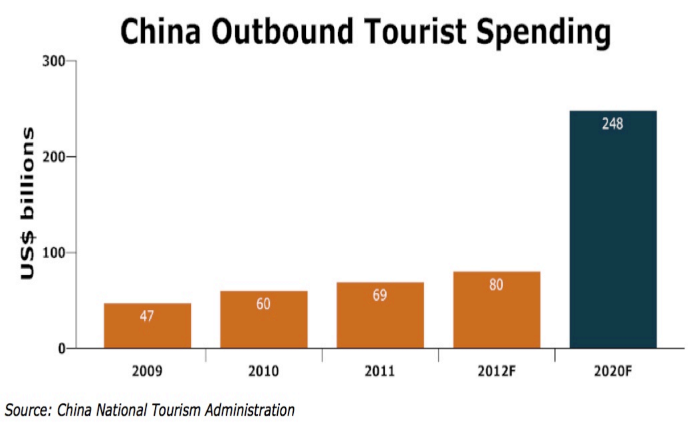

Figure 53: Chinese Outbound Tourist Spending

reinforced so that it can transport up to 450 million people annually by 2015.

International airlines face practical and political difficulties in raising their capacity in line with demand, but increased traffic rights and alliances are driving growth and helping them to secure their market presence.

There are a several number of important factors that are supporting Chinese boom in outbound tourism:

- Increasingly higher incomes
- A strengthening Chinese currency making foreign travel cheaper
- Chinese government decreasing restrictions on foreign travel, while building more airports;
- Increasing perception that foreign travel contributes to an individual prestige;
- More receptive visa regulations opening up more destination markets, as the most important out-of-china markets had to simplify visa procedures for Chinese tourists;
- Taxes that make luxury goods +45% expensive on the "Mainland"
- Increasingly number of Mandarin speaking workers available in popular luxury-shopping destinations.

On the following topics the Chinese outbound tourism market will be further analyzed, based on UNWTO and ETC's report on "The Chinese outbound Travel Market with Special Insight into the Image of Europe as a Destination" and on further research.

The Chinese market

"Generally speaking, the Chinese tourist will fully embrace the destination, taking in shows, sights and shopping while not spending much time in their rooms. As such, they are not discriminating in terms of bed configuration or the availability of certain amenities and they place importance on good value for money."

Ronald Chao, Partner, Tourism, Hospitality and Leisure, Deloitte China

China's demographic profile is changing, and the main source of this predicted growth in travel demand will be the young and affluent middle class that is emerging – from 175 million people now to around 500 million by 2025. However, the older 'working-age empty-nesters' are also a key segment of the market, as they will benefit from the same aspects of other same aged groups from all over the world, as their children have left home and they have now increasingly disposable income they intend to spend specially travelling abroad, as well as a brighter future as retirees, with better health care conditions as well.

One of the most important aspects of the Chinese society regarding they're holidays is that the large majority of outbound and domestic trips are taken during the three 'Golden Weeks' – the official Chinese holiday periods: the Spring Festival at Chinese New Year, the May Holiday (first week in May) and the National Day Holiday (first week in October). At the same time paid holiday time outside these periods is expected to increase.

Despite the increasing conditions and government political changes that support outbound tourism growth, China is one of the few countries in the world where outbound travel legislation is still a key influencer in tourism as it is highly regulated, an aspect that, alongside with the difficult, expensive and complex visa application process for many countries constitutes a significant obstacle to Chinese outbound tourism growth.

In fact, what justifies the fact that the vast majority of leisure Chinese tourists travel to Europe in organized tour groups is the Approved Destination Status (ADS), the scheme that authorizes approved countries to receive leisure tour group travellers from China, even do this market is the less attractive one in terms of profitability. By the end of 2011, 112 worldwide countries have implemented the ADS agreement, including Portugal.

Key Market Trends

Europe's share of China's outbound trip volume is still small comparing to the overall Chinese outbound tourists, as in 2011 only 4.7 Million Chinese visited Europe, 32.7% of the country's long-haul outbound market, comparing to 20.6 Million tourists from the USA to Europe in the same year. Despite this fact, it shows that there is a huge potential in attracting Chinese tourists to Europe as the growth rates are expected to continue significantly high during the next decade. In fact, by 2008 the ratio of domestic to outbound trips is still 38:1, reflecting the huge growth potential for outbound tourism, according to the UNWTO and ETC's report previously referred.

Over the last years, the European tourism industry's has been focusing on the Chinese group leisure tour market, opened up as a result of the granting of Approved Destination Status (ADS) to most of the European countries in 2004.

Chinese outbound touristic market is characterized by low-priced, low-yield, multi-destination tours. Business, incentive and technical trips have are expected to have higher growth rates, whereas independent leisure trips are seen as more attractive on the longer-term.

Outbound Travel Trends

According to UNWTO, by 2006, international travel expenditure by mainland Chinese residents reached 24.3 billion Dollars, making China the world's sixth major spender on travel abroad, despite the average spend is still a modest 704 per trip. In this context, Chinese leisure travellers are very price-conscious in general travel expenditures, whereas Shopping is what they tend to spend the most, due to the high taxes in luxury goods in the mainland.

Within Europe, Germany, France and Italy are the most popular countries, as those are the most commonly offered by tour operators. The main competitors outside Europe are the United States of America, mainly regarding students and business or technical tourists.

According to data included on the report, the trade interviews conducted in China and Europe concluded that the average number of countries visited per trip is 6-8, a number significantly lower for repeated travellers. Chinese tourists often seek for the most known international monuments such as the French attractions of the Louvre, Notre Dame, the Eiffel Tower and Versailles Palace.

Despite the fact that nearly 50% of outbound Chinese tourists are aged between 25 and 44 years (this segment is considered as the one with the biggest growing potential), the 45-plus age group travelling to long-haul destinations, including Europe and Australia is set to increase sharply in volume. Most of the Chinese tourists tend to travel to Europe between May and September, whereas the majority of them travel in family and with friends.

Regarding Travel Distribution, the vast majority of outbound trips are handled by travel agents, are handled by travel agents. The average lead-time for travel booking to Europe is 1 to 2 months and usually the travel agent may spend more than four weeks selecting inbound tour operators. Moreover, consumer's research on destinations is increasingly made online, but off-line media such as TV shows/advertising and brochures are still very popular among Chinese population.

Online Travel Market

By June 2012, nearly 540 Million people had Internet access in China, a penetration rate of 40% representing 50% of all Internet users in Asia[i], and more than the double of the total population from the US with Internet Access (254 Million users by 2012)[ii]. Further research by ACNielsen has also shown that within the 18-40 age group living in major cities, the Internet usage penetration level is around 60 to 70%, whereas among university-educated Chinese of that age range, the level is over 90%.

Despite the number of online travel companies is increasing at a fast pace, the market is still concentrated in two leading players: Ctrip and eLong. The internet is mostly used to search for information about a destination, as the booking is likely to continue to be made by travel operators mainly due to the need for these operators help for tourists to apply for visas. However, the increasing markets "enthusiasm" for reducing costs will certainly increase the number of online bookings on the short-term, as well as the expansion of low-cost airlines, the increasing use of credit cards, and the growth of the Internet penetration and the Chinese economy itself and the democratization of air travels.

On the opposite side, the Chinese Government restrictions with Visa requirements, as well as the Chinese tradition of relying on cash transactions, are important aspects that may slow down Chinese outbound tourism incredible evolution.

Marketing to the Chinese Traveller and Perceptions of Europe

Despite the majority of the Chinese still has a major interest in visiting Europe and sees it as a “dream” destination, demand is forecasted to continue to be low and compromised by cost, as there is the perception of Europe as an expensive destination. Moreover, China is surrounded by high-quality destinations with which they have a greater cultural affinity, that are easier to travel to and have excellent value for money propositions, such as Thailand.

It is also a fact that the Chinese market is marked by regional differences regarding it’s population’s consumer behavior, as it has a clear impact on how products are advertised and sold in those different regions. However, according to the surveys, trade interviews and focus groups carried out in the context of the elaboration of the UNWTO and ETC’s report on the Chinese outbound travel market, the outbound travel market for Europe is surprisingly homogeneous, as there were no significant differences in the responses between the major visitor-generating cities, simplifying marketing and advertising campaigns, which usually have to be adapted according the region in which they are being launched. Moreover, it showed that there's a strong perception of Europe as a single destination, although with different regions and characteristics, a phenomenon that may be related to the Euro zone.

Do’s and Dont’s

As previously mentioned, the Chinese outbound market has a lot of special characteristics and few research on them. It is known that the number one activity for Chinese tourists is shopping, even preferred to visiting historic monuments. In fact, research shows that the features that best sell European itineraries are shopping, scenery, local customs, dining and outdoor activities. Moreover, the same researches highlighted the importance of focusing on traditional media for marketing campaigns, emphasizing the large diversity of Europe and using the most iconic/well known images for each case.

Chinese tourists most negative associations regarding Europe is “arrogant”, “expensive” and lack of understanding of Chinese tourists”. According to Chinese agents, European tourism operators must avoid long bus journeys, extensive churches and museum tours, remote countryside and high prices, as this features are key to keep Chinese tourists away from Europe. Taking this into account, Portugal fits nearly all of these requirements, with a large diversity of landscapes and itineraries, a wide variety of luxury stores both in Lisbon and in Porto and low prices when comparing to the rest of Europe.

The key success factors pointed out are simplifying the visa application process (providing more information about visa issuing authorities for example), better quality Chinese food, a greater choice of itineraries, promotional and informational materials in Chinese such as explanations on European mores and customs, and increased flights.

Another important aspect on the Chinese culture is that despite the increasing use Internet and other information channels, word of mouth is still the most valuable and trustful source within Chinese culture. As the example given of the report under analysis, a rumor that a particular visa-issuing office is asking personal questions can be enough to generate a WOM scandal and keeping groups of Chinese tourists away from entering a country. This example also means that an attack on a Chinese individual can ruin a destination’s reputation as a careful interaction with correspondent entities must be take into account.

Strategy and Recommendation - Targeting quantification

EUROPE	2015			2020			2030		
Generational Segments in Germany (Millions)	Age	Share of population	Total (Millions)[2]	Age	Share of population	Total (Millions)	Age	Share of population	Total (Millions)
	2015		742 064	2020		744 176	2030		741 231
Mature	>70	12,10%	89 790	>75	8,20%	61 022	>85	2,90%	21 496
Baby Boomer	50-69	25,60%	189 968	55-74	24,00%	178 602	65-84	19,40%	143 799
Generation X	35-49	21,30%	158 060	40-54	21,00%	156 277	50-64	20,10%	148 987
Generation Y	20-34	20,20%	149 897	25-39	20,20%	150 324	35-49	20,40%	151 211
Millenials	5-19	15,50%	115 020	10-24	15,70%	116 836	20-34	16,30%	120 821
Generation Z	<5	5,40%	40 071	<10	10,70%	79 627	<20	20,80%	154 176
Total		100%	742 806		100%	742 688		100%	740 490

Table 14: Target quantification per generational cohort in Europe.

[2]Source: United Nations, Population Division, 2010

Market Attractiveness – Establishing target markets

				1º KPI - ABILITY TO GENERATE TOURISM									
			Overall Score	KPI Score	2. Score	3. Score	4. Score	Arrivals from origin market (Thousands)	1. Outbound tourism MS	2. Market Potential[2]	3. Tourism Growth	Outbound tourists (2011, thousands)	Population (thousands)
Relative Importance		Classification			20%	30%	50%						
Europe	Spain	A	**3,7**	3,4	1	4	4	801 000,0	6,0%	59%	7,82%	13 350 000	46 182 000
	France	A	**3,8**	3	3	3	3	366 170,0	1,4%	41%	4,45%	26 155 000	63 230 001
	Italy	B	**3,1**	1,7	3	2	1	366 187,5	1,3%	31%	-1,77%	29 295 000	60 508 001
	UK	A	**3,7**	2,4	3	1	3	1 307 228,0	2,3%	-31%	2,29%	56 836 000	62 066 000
	Germany	A	**3,7**	2,1	4	1	2	542 250,0	0,8%	-24%	0,96%	72 300 000	83 017 000
	Denmark	C	**2,6**	1,9	3	1	2	109 844,0	1,4%	-102%	1,55%	7 846 000	5 550 001
	Finland	C	**2,2**	2,9	3	1	4	145 480,0	2,0%	-94%	9,66%	7 274 000	5 367 001
	Norway	C	**2,9**	2,7	3	2	3	50 925,0	1,5%	1%	4,41%	3 395 000	4 891 000
	Netherlands	C	**2,8**	1,9	3	1	2	222 720,0	1,2%	-60%	1,05%	18 560 000	16 615 000
	Sweden	C	**2,8**	3,4	3	1	5	190 450,0	1,3%	-123%	12,34%	14 650 000	9 382 000
	Switzerland	C	**2,4**	1,6	4	1	1	75 075,0	0,8%	-83%	-4,23%	10 010 000	7 830 001
BRICS	Russia	A	**3,5**	4,7	5	4	5	157 292,0	0,4%	61%	14,72%	39 323 000	143 617 001
	Brazil	A	**4,0**	4,2	1	5	5	450 100,0	7,0%	95%	30,82%	6 430 000	195 210 000
	India	B	**3,5**	4,5	5	5	4	4 198,2	0,0%	98%	7,75%	13 994 000	1 205 624 001
	China	A	**3,8**	5	5	5	5	21 075,0	0,0%[3]	93%	22,42%	70 250 000	1 359 821 000
Other	USA	A	**3,5**	2,8	4	5	1	292 485,0	0,5%	73%	-2,94%	58 497 000	312 247 000
	Japan	A	**3,5**	4	5	5	3	50 982,0	0,3%	81%	2,15%	16 994 000	127 352 001

Table 15 – Market Attractiveness Analysis: Ability to generate tourism per selected country of origin

[2]Assumption: According to Van Horn (2002)[1], 70% of the European are financial and physically able to travel.

2nd and 3th KPI – Probability of Travelling and Potential Touristic Value

				2nd KPI – Probability of Travelling			3th KPI - Potential Touristic Value			
			Overall Score	Score	Potential Interest (Cultural Affinity)	Average Flight Cost	Score	Total Spending (2011, Million €)	Outbound tourists (2011, thousands)	Average Spending
Relative Importance		Classification			50%	50%			30%	70%
Europe	Spain	A	**4**	5	4	5	4	23 207 000 000	13 350 000	1 738
	France	A	**4**	4	4	4	5	55 265 000 000	26 155 000	2 113
	Italy	B	**3**	4	3	4	4	35 724 000 000	29 295 000	1 219
	UK	A	**4**	5	5	5	4	64 627 000 000	56 836 000	1 137
	Germany	A	**4**	5	5	5	4	100 424 000 000	72 300 000	1 389
	Denmark	C	**3**	3	3	3	4	9 840 000 000	7 846 000	1 254
	Finland	C	**2**	3	2	3	2	6 009 000 000	7 274 000	826
	Norway	C	**3**	3	2	3	5	17 236 000 000	3 395 000	5 077
	Netherlands	C	**3**	4	4	4	4	20 884 000 000	18 560 000	1 125
	Sweden	C	**3**	3	2	3	4	17 575 000 000	14 650 000	1 200
	Switzerland	C	**2**	3	2	3	4	15 272 000 000	10 010 000	1 526
BRICS	Russia	A	**4**	3	2	3	3	36 907 000 000	39 323 000	939
	Brazil	A	**4**	3	4	2	5	25 070 000 000	6 430 000	3 899
	India	B	**3**	2	2	2	3	13 722 000 000	13 994 000	981
	China	A	**4**	2	1	2	4	79 010 000 000	70 250 000	1 125
Other	USA	A	**4**	2	2	2	5	117 293 000 000	58 497 000	2 005
	Japan	A	**4**	1	1	1	5	39 760 000 000	16 994 000	2 340

Table 16 – Market Attractiveness Analysis, Probability of Travelling and Potential Touristic Value per selected country of origin

4th KPI - Attractiveness by Social Indicators

				4th KPI - Attractiveness by Social Indicators								
				Score Index					Age groups (2010, in Millions)			
			Overall Score	Score	Median Age	30-44	45-64	>65	Median Age	30-44 (Gen X)	45-64 (Baby Boomers)	>65 (Mature Gen)
Relative Importance		Classification			10%	30%	40%	20%	(Millions)			
Europe	Spain	A	**4**	3	5	3	3	2	41,5	11 736,51	11 574,65	7 898,99
	France	A	**4**	3,1	4	3	3	3	39,7	12 514,37	16 583,69	10 625,09
	Italy	B	**3**	3,2	5	3	3	3	44,3	13 881,75	16 287,26	12 278,89
	UK	A	**4**	3,2	5	3	3	3	40,5	12 741,60	15 898,26	10 296,25
	Germany	A	**4**	3,6	5	3	4	3	43,7	16 914,95	23 236,03	17 274,53
	Denmark	C	**3**	1,4	5	1	1	1	40,7	1 144,26	1 489,65	924,92
	Finland	C	**2**	1,4	5	1	1	1	41,6	1 004,60	1 551,37	919,64
	Norway	C	**3**	1,3	4	1	1	1	39,7	1 044,66	1 247,36	734,26
	Netherlands	C	**3**	1,4	5	1	1	1	40,8	3 447,28	4 661,82	2 565,78
	Sweden	C	**3**	1,4	5	1	1	1	41,7	1 877,33	2 413,70	1 707,88
	Switzerland	C	**2**	1,4	5	1	1	1	41,3	1 735,10	2 148,77	1 323,94
BRICS	Russia	A	**4**	3,8	4	4	4	3	38,5	29 968,17	40 037,00	18 814,71
	Brazil	A	**4**	3,6	2	4	4	3	30,5	43 172,50	37 496,64	13 485,31
	India	B	**3**	4,4	1	5	5	4	25,9	249 352,70	199 272,02	61 099,63
	China	A	**4**	4,8	3	5	5	5	35,2	333 509,68	318 661,65	113 545,23
Other	USA	A	**4**	4,3	3	4	5	4	36,9	61 987,06	82 157,19	40 794,28
	Japan	A	**4**	4,1	5	4	4	4	44,6	26 717,70	34 194,84	29 242,95

Table 17 – Market Attractiveness Analysis, Attractiveness by Social Indicators per selected country of origin

Relative Importance per KPI, on market attractiveness analysis

<table>
<tr><td>KPI</td><td colspan="3">1 - ABILITY TO GENERATE TOURISM</td><td colspan="3">3 - POTENTIAL TOURISTIC VALUE</td></tr>
<tr><td>INIDICATOR</td><td>Outbound tourism MS</td><td>Market Potential</td><td>Tourism Growth</td><td colspan="2">No of outbound tourists (2011, thousands)</td><td>Average Spending</td></tr>
<tr><td>RELATIVE IMPORTANCE</td><td>20%</td><td>30%</td><td>50%</td><td colspan="2">30%</td><td>70%</td></tr>
<tr><td>KPI</td><td colspan="2">2 - PROBABILITY OF TRAVELLING</td><td colspan="4">4 - MARKET ATRACTIVENESS</td></tr>
<tr><td>INIDICATOR</td><td>Potential Interest (Cultural Affinity)</td><td>Average Flight Cost</td><td>Median Age</td><td>30-44 (Gen X)</td><td>45-64 (Baby Boomers)</td><td>>65 (Mature Gen)</td></tr>
<tr><td>RELATIVE IMPORTANCE</td><td>50%</td><td>50%</td><td>10%</td><td>30%</td><td>40%</td><td>20%</td></tr>
</table>

Table 18 – Evaluation on market attractiveness: relative importance per indicator

Interviews on key Portuguese Travel and Tourism entities

DouroAzul – Dr. Bruno Ribeiro, Marketing & Communications Manager

1. DouroAzul has been focusing on an "Up-Scale" segment of tourist which values differentiated experiences and customized services. Why this choice?

DouroAzul bets in providing a tourism service of excellence that enables our customers to discover the beauty of the Douro region. Our tourism model is based on four strategic pillars: the natural landscape, the architectural heritage, culture richness and culinary excellence. Moreover, it can't be forgotten the strong wine-related tradition of the region that is your main business card worldwide.

This is a tourism model that is adapted to the needs and demands of our target audience, people who are over 55 years old, highly educated and with a high purchasing power. Our target are members of the so called "Baby Boomer generation" who are now entering retirement age and who have the available time and money to travel, see the world and experience new cultures. Accordingly, and because we are talking about people who saved a great part of their income during their working lives to enjoy their gains now at retirement age.

2. DouroAzul has focused on this segment of older aged consumers and with a greater purchasing power which most of the industry players apparently devalued and didn't consider as strategic target. When did you realize the importance and potential of this market segment?

The focus on this type of consumer DouroAzul arises by careful analysis we did on it, consumer trends and demographics. This led us to determine that this would be the ideal audience for our type of service, yet having a high growth potential which was later confirmed.

3. DouroAzul is keen when adapting and anticipating travel behaviours of upcoming generations, such as Baby Boomers. In which way a strategic planning is developed taking into account future generations of customers who value distinct consumer experiences and aspects that can represent different market approaches?

It is necessary, first of all, always be alert to signs that the market gives by anticipating scenarios, opportunities, possibilities and risks. It is necessary to carefully "measure" the next steps as intrapreneuring is not only to take risks, is also knowing when to do it, being aware of the timings and resources available. On the other hand we must not be afraid to take risks, errors should be seen as a source of learning and growth opportunity. It is also very important to be able to anticipate trends and to understand consumer's behaviour - this is key to any company. In addition it is necessary to bear in mind that the customer is the most important: the success of a company depends on the satisfaction of its customers: without satisfied customers, success is illusion. If we think that 60 % of the world 's wealth now in the hands of the baby boomers, we then may have a perspective of what we can and must do. Studies indicate that by 2020, every day, 10 000 people in the United States will retire. Now on this assumption we can foresee that these are customers that look for our products and above all they value and perpetuate them. In this sense we have our whole operation well targeted and well defined for the markets in which we operate

4. How does DouroAzul intend to diversify its main generating markets by investing in emerging markets? What are the main obstacles to be aware of?

Suggested topics: Local Partnerships; Ignorance or misperceptions about the Brand "Portugal", Lack of development of a suitable touristic offer.

The diversification of markets has been going for several years. Throughout its activity DouroAzul established strong and lasting partnerships with leading international operators, which allows us to get our services and products to all corners of the world and not be dependent on only one or two source markets. Annually we have on-board customers from all over the world, what makes us a truly global company. On the other hand our marketing policy is not limited of course, to the national market. Our operations network actually goes beyond the Portuguese scope mainly because our customers are mostly from abroad.

5. From the following countries considered strategic on PENT's report, which are the 3 main differentiating aspects when comparing these tourists with the "regular" European one's and what do they tend to value the most in our country?

a) China - Chinese tourists are somehow beginners regarding tourism, a result of lower purchasing power in most recent decades, a situation that has been reversed. As such, Chinese tourists are very exploratory on other cultures but not very flexible in terms of service, opting for the comfort of what we already know and looking so maintain links to their own culture, particularly in terms of gastronomy. For these customers, the history and culture are the main centers of attraction of our country.

b) Brazil - Brazilian tourists have a higher availability and interest in conducting tours that will enable them to explore more places and have more experience. Also because of this, they tend to show greater time availability for tourism. The historic and cultural bounds between the two countries and the search for family roots are the main reasons that bring tourists from Brazil to Portugal.

c) Russia – When compared with the traditional European consumer, the Russias are, just as the Chinese, less experience in terms of tourism. This leads them to enjoy having more in-depth experiences while demanding more time for entertainment and parties. Climate is for these clients the main attraction of our country.

d) U.S.A. - North American customers are more demanding with the compliance of what is stipulated in programmes, showing less flexibility for changes. They have a greater concern with safety issues than the European consumer. The main attraction of Portugal for these customers is the architectural and historical richness of our country.

6. DouroAzul has been focused in taking advantage from very specific and targeted communication channels to communicate the Brand DouroAzul and the brand "Douro". More recently, the company invited two world-famous American celebrities to communicate the brand in a market that isn’t yet much explored by T&T national entities. Did you believe this type of communication can be replicated in other countries, or do you usually use more personalized and targeted communication channels?

The idea of inviting these international personalities emerged from a careful analysis on our communication strategy for the launch of our new ships and the potential benefits that we could collect with the association to these globally recognized celebrities. Given these assumptions we thought it would make sense to perform a ceremony with internationally renowned invitees and that would be able to project internationally not only the DouroAzul brand, but also, and essentially, Porto and Douro as tourist destinations of excellence.

The choice of these celebrities - Sharon Stone and Andie MacDowell – was made based on they’re worldwide notoriety: they have a great acceptance among our target audience and a reputation that is not confined to the United States. Incidentally, we had media around the world involved somehow with our event or that, in the post - event sought to know a little more DouroAzul and the Douro region

The Market

7. What are the major difficulties faced regarding the implementation of partnerships between touristic entities at national and at an international level?

In the specific case of DouroAzul, there was an initial difficulty in showing the ability of the Douro itself as a luxury destination for conducting river cruises, given the lack of knowledge of the region and its potential in terms of tourism. Once that boundary was overcome, we had a greater interest from T&T agents, especially international entities that increasingly seek DouroAzul in order to establish new partnerships.

8. What are the local/external priority partners when looking to stimulate demand and interest from foreign markets, especially outside Europe?

The main partners of the Group DouroAzul are international agents such as Uniworld, AMAWaterways, Viking, Nicko, among other that are great amplifiers of our services.

9. DouroAzul focuses its activity in a very specific tourist segment, supported by a very peculiar niche market. Beyond the ability to complement the offer with other experiences, such as gastronomy and wines, do you consider that the Up-Scale segment is still little explored in our country? In your opinion, why is this?

Suggested topics to be addressed: Lack of governmental support; Lack of critical mass (Difficulty on organization among tour operators); Lack of brand awareness Portugal in distant markets, especially in emerging markets such as China, Russia, India or even in the United Sates of America.

If all players who are directly evolved in the growth and improvement of tourism work together, then everyone will necessarily benefit from it. The DouroAzul Group has over the years established a number of partnerships that enhance the region as a touristic destination. We are talking about partnerships with hotels, villas, touristic entertainment companies, official entities and others. DouroAzul activity positively contributes to the dissemination of the Douro region but also of Portugal at an international level as a prime tourist destination. A practical example of this contribution is that we developed more inclusive tour packages to make available to our customers the possibility to held a four days pre-tour in the Lisbon area, enabling them to know the city and a little more about thee Portuguese culture. Naturally, a greater exposure and promotion of Portugal and the Douro region will benefit DouroAzul in its promotion and regarding its ability to reach new international markets.

The Senior Tourist

10. How does DouroAzul work its different customers? What are the main segmentation criteria's used?

Although our clients are mostly from the same age group, there are differences regarding their expectations on the service and the reasons why they choose the Douro River cruises as a holiday program. Accordingly, we work together with our partners to better adapt our service, from communication to the post-cruise follow-up and to the different types of customers. In terms of segmentation, we can say that the main vectors are focused on the market of origin and which DouroAzul partner they have chosen to book/plan they're trip.

11. What do you consider to be the main differentiating factors between the "Senior tourist" (consider the +65 tourist) and tourists from other generations in terms of:

Suggested topics to be addressed: Travel Planning (information sources, advanced purchase); Agents/Intermediaries tourism used in the purchase-process; Financial availability; Diversity of Experiences demanded; Duration of the travel.

The baby boomer generation has, above all, a greater purchasing power, since much of the world's wealth is concentrated in these generation members. In addition, and as we are talking about people who, in their great majority are already enjoying their retirement and so have more available time to enjoy the journey and the experience.

In terms of resources used to plan and carry out the purchase, in the case of river cruisers, there are differences even for tourists within the same age-range. We are talking about a public that frequently buys from tour operators with which tend to have long-term relationships. However, they are well informed and make use of new technologies to better inform themselves about the destination and the experience.

12. How does this type of tourists requires a distinct offer and suitable to their needs, compared to previous generations of tourists? Example: Guarantees of continuous health care throughout the travel. How does DouroAzul seek to satisfy this type of touristic demand? Through partnerships with agents related to health care and other complementary tourist experiences?

DouroAzul customers always have personal travel insurance or purchased from international operators by which they're travelling. At a national level, DouroAzul has a good connection with the various service providers in the area of health.

13. By your personal experience, what are the main characteristics associated to our country, before and after the enjoyment of the tourist experience?

Tourists who come to Porto and to Douro have above all the reference of wines and gastronomy, apart from the natural beauty of the Douro Valley that is also on the primary list of expectations. Moreover, the feedback we have is the charming traditions, architecture and friendliness, as well as the quality of service on board.

14. At last, how do you face the use of media such as social networks for older aged groups of the population? Is it part of the strategy of DouroAzul to adapt these to meet the specifications of this target?

We have very well established web presence and action policy. We do not act solely on the basis of our hotel-ship clients. The DouroAzul Group has a vast variety of operation that include not only hotel-ships, but also sightseeing buses, *Rabelo* boats, helicopters and soon one Themed Park and an Interactive Museum allusive the history of Portuguese discoveries, which means that our online action isn't watertight but multifaceted and plural depending on the business segment we are communicating.

In line with what is happening worldwide, the Internet plays a privileged place for the dissemination and implementation of marketing strategies. So is the point of content marketing, which translates concretely on the official website of the Group DouroAzul where information on all products is available in Slideshows, videos, links and other information that provide quick and practical answers to the most frequently asked questions. There is also a strong effort on social networks, including Facebook, which are used to communicate important news about the company and news directly related to cruises on the Douro region. On the other hand Facebook is a site that serves as extension to the website communication, particularly when related not only to products and travel programs, but also information and employment opportunities. By using Facebook we try to have an attitude of proximity towards our customers and followers, answering as often as possible to their doubts and questions. Moreover it is also used with some regularity YouTube to video communication, both with commercial and institutional purposes.

PTeam – Isabel Martins, Head of the Company

The activity

1. <u>PTeam current activity focuses on the specific segment of older/senior tourists or does not have a specific age-targeted group and tries to focus on developing specific segments of tourism, regardless of the tourist's age?</u>

Our core business is based on two specific segments of tourism: Religious and Cultural Tourism, which as a result of being segmented by the age of the participants results on a higher concentration of tourists with +60 years, in both cases.

2. <u>In a strategic context, why focusing on religious tourism as this is a niche market that consequently means an increased effort, also taking into account that the most attractive markets for this segment of tourism are outside Europe? (e.g. Brazil)</u>

In the case of Incoming - We have all interest in positioning as a religious tourism operator as Portugal is one of the most important destinations of religious tourism in Europe.

In the case of Outgoing - Obviously is our core business as well as marketing, program preparation and monitoring is part of our differentiating factors.

3. <u>By your experience what priority partnerships must developed when seeking to establish tourism related activities in foreign markets and/or increase interest?</u>

Considering the Incoming tourism market in Portugal, it is critical to communicate with local operators in the destination, especially if the market segment is not of individuals (Corporate or Leisure). If the strategy is B2C (individuals) virtual distribution and communication channels become significantly more effective.

4. <u>What are the three major difficulties encountered when trying to implement partnerships between T&T entities at national level?</u>

At a national level it is difficult to establish any partnership as it is common for any agent in the production/value chain to communicate directly to the final consumers and make cross selling. An example of this phenomenon is TAP, an agent of the value chain whose core product is air transportation, but then also provides tour services, accommodation, rent a car and transfer services, as well as leisure services.

Moreover, partnerships between hotel chains or Hospitality entities in general and tourism operators or large travel agents are currently a paradigm that is increasingly undermined by the Sales departments of those Hospitality chain. Nowadays these are developing their own sales strategies, competing directly with those that used to be their distributors (tour and travel agencies)

What about at the international level?

As in other markets, the trend points to an increase in various suppliers instead of preferential suppliers, whose may respond to different needs. The maket is increasingly competitive and less Loyal.

5. What are the main channels of communication used in the development of its activity in foreign markets?

Direct and customized contact, mainly through digital media

6. Regarding the segment of senior travellers, an evolution on travel behaviour and preferences has been witnessed mainly over the last 15 years. To what extent? Please consider "Senior Tourists" those aged over 65 years."

The senior tourist behaviour is similar depending on the purpose of the journey.

The cultural tourist is a more demanding traveller, before and throughout the trip, not only regarding the offered services but also with the support provided.

Regarding Religious tourism, travellers value other factors such as the participation and the possibility to "experience and live their faith" in the places they visit. The tourists profile also remained similar regardless of the social class, whereas Safety is still the most valued and travel support the key element for travellers.

7. Having as a priority the Brazilian traveller, what factors differentiate this from European Tourist? What they're main requirements, what do they value most and what they expect from a travel agent?

It is surely a more demanding customer, particularly regarding hospitality services, gastronomy and guides. He isn't so interested in cultural or historical touring and expects travel agents to provide more than hired.

8. What is the major obstacle in the development of your professional activity? What do you consider necessary to be subject to change in order to enhance/boost the Portuguese Tourism industry:

a) In terms of support or government support (E.g. bureaucracies, ease of access to capital): Governmental support tourism stakeholders would like to see implemented relate mainly to the mass communication of Portugal as destination in target markets (Brazil) as well as other marketing activities (in all major cities of each state) with the entire network of Portuguese agents instead of only the major Portuguese operators.

b) In terms of support structures to tourism (transportations, hospitality): Portugal has already suitable hotels and restaurants, as well as excellent transportation structures, improving is not needed, the need is to communicate them;

c) In terms of qualification of T&T entities to receive a segment of tourist who requires more support and attention such as the senior tourists. I believe our T&T agents are well prepared to receive senior tourists. However, additional and complementary services such as adequate health food (diet) should be developed. Regarding Gastronomy, our restoration industry (the standard that is used by the "regular" tourist and not at an Up-Scale level) has little flexibility in offering suitable products to senior tourism.

The Senior Tourist

9. By your experience, what are the main differences between the senior tourist and other types of tourists?

Firstly, it depends on the purpose of the trip. In common, they have more available time, frequently travelling in off-peak season. They usually have more disposable income has they're in a more stable stage of their life and they have no hurry when enjoying the travel experiences. They also enjoy customized service, personal support, and ease of transportation. When it comes to travel planning, it is carefully made with months in anticipation, considering every detail, including safety and access to health care.

10. What can be a critical success factor to work in senior tourism market?

Assuring customer's safety and very low factors of insecurity, violence and theft, while providing good health services.

11. Future generations of incoming tourists have different characteristics between them in terms of travel behaviour and therefore it is important to have different market-approaches, while developing a distinct strategy and offer suitable to each one's specificities. Do you consider that within T&T entities, there's already this perception? I'm unaware of the existence of this perception

12. What are the major obstacles raised by foreign tourists when traveling to Portugal? (Within the EU/non EU)

The air transportation is one of them, as the flight frequency is much lower comparing to other major European destinations and the cost is higher. The lack of knowledge on the destination Portugal and about what we can offer creates uncertainty and inhibits decision-making.

13. What are the main characteristics associated to our country by those who have contact with tourists, before and after the enjoyment of the tourist experience?

Usually tourists become surprised with our variety of tourist offer, with the safety factor, with our climate and food, as well as the provided personal services.