

Azores Sustainable Tourism Observatory



Preliminary Study Report

Focal Area: Autonomous Region of the Azores , Portugal

Summary:

The Observatory of Sustainable Tourism of the Azores is a project aimed at monitoring and boosting the tourism development of the Azores, in a perspective of sustainability, in order to minimize the negative impacts, particularly at environmental and cultural level, and to leverage existing capital gains. It is a project that requires the selection of information, the election of a set of indicators and the construction of a set of indices, which transmit to the various stakeholders, in good time, the information necessary to react proactively in relation to the Sustainability of the tourism development process.

The objective is to design the sustainable Tourism Observatory, recognized by UNWTO to carry out a monitoring of tourism development, in order to propose socially balanced tourist strategies and effective resource management. This process is a fundamental requirement for the creation of an enlarged vision and a perception that culminates in instrumental practices. These are essential in making decisions directed towards a tourism that guarantees the offer of quality tourism products, and avoids or reduces the negative impacts, especially in relation to environmental and sociocultural development.

The purpose of this document is to plan and guide the training process of the observatory and simultaneously assimilate the purposes and duties with this project. To fulfill the objectives, the document consists of a description of the destination including relevant environmental, social, cultural, and economic aspects. Following a touristic analysis of the region, deriving as the following point, the problematic areas. Monitoring involves analyzing the state or situation of a particular phenomenon in relation to particular goals, expectations and objectives. The indicators used for monitoring can help the community, industry, the region, to define their sustainability objectives, to identify the progress that has been made, as well as the priority areas of intervention.

Subsequently, existing data are presented that help the current monitoring of the region. In this context, a fundamental step towards sustainability in tourism is the existence of a monitoring and evaluation system that contributes to the continuity of the tourism system.

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1. Destination description

The archipelago of the Azores is strategically located in the North Atlantic Ocean, off the Iberian Peninsula, about 1.500 km from Europe, 750 km from the Madeira archipelago and 4.000 km from America. Comprising 9 islands, it has about 243,000 inhabitants (2017) and has as territorial area 2321.962 km². The oceanic climate of these subtropical islands is smooth and balanced, 14th C in January, and 22 ° C in August. In addition the climate is very humid, resulting in abundant vegetation.

The islands are scattered in an extensive area of 600 km. Its geographical situation accentuate the isolation, although all islands are linked by sea and air.

In the AAR there are three international airports (Santa Maria, São Miguel and Terceira), two other direct links to the outside of the RAA – namely the Portuguese mainland (Faial and Pico) and the remaining four airports (on the islands Graciosa, São Jorge, Flores and Corvo) have only interisland links.

The Azores, due to its isolation, provoked in part by the difficulties of access, has been maintained over the centuries with a still quite exuberant and poorly polluted nature. Its volcanic origin provides a stunning and unique landscape throughout Europe, making the Azores a highly sought-after destination for rural and nature tourism.

The tourism industry has emerged naturally in the autonomous region of the Azores and is considered as one of the pillars of strategic development, since the potential and opportunities of patents in the archipelago are easily usable and sustainable.

The characteristics of this territory reinforce the potential of the tourism sector as leverage and motor for economic and social development.

1.2. Economic and social aspects

Table 1. Population employed by main activity sector (CAE-Rev. 3)

| Sector of activity | Total pop. |
|---|------------|
| Employed population | 110658 |
| Agriculture, livestock, hunting, forest and fisheries | 12 208 |
| Industry, construction, energy and water | 17 860 |
| Services | 80 590 |
| Wholesale and Retail | 15 763 |
| Transport and storage | 4 127 |
| Lodging, restoration and similar | 8 964 |
| Administrative activities and Support services | 3 554 |
| Public administration, defense and Social security | 13 833 |
| Education | 8 775 |
| Human health activities and social support | 12 762 |
| Other services | 6 841 |

Source: SREA, labour market, population employed by main activity sector (CAE-Rev. 3), 2018

The region's economy is mainly based on services, with public administration taking an important role in terms of employment, followed by wholesale and retail trade, transport and accommodation and catering activities. The sectors of agriculture (with a strong impact on dairy production) and fisheries are also very important for the economy of the Azores.

In recent years, despite the importance of dairy production, other products have gained weight in the productive structure of the archipelago. These include cereals, vegetables, fruit, flowers and ornamental plants, wine and industrial crops. The industry is mainly of

the agro-food type (cheese, milk, butter, wine and agroforestry processing) and plays a less important role in the archipelago's economy. Thanks to the landscapes, ecosystems and natural biodiversity of the Azores, tourism has been gaining weight in the region: this applies both to the tourism sector itself, and to a wide range of related activities. Finally, the last few years have been characterised by an effort to diversify in various economic sectors, with special attention being given to new technologies in order to promote more competitive advantages for the region by modernising and Restructuring of some of its productive structures.

• Competitiveness

Competitiveness is an essential component of the market, being considered the ability of a destination to compete successfully against other rival destinations in the world, as well as to provide above-average wealth, keeping itself as such over time through the Social and environmental conditions (UNWTO; 2000). The Turismo, ends up as a sum of an essential role in the internationalisation of the economy and at the same time to stimulate competitiveness in the region's economy. To assess the competitiveness of the Azores region, we are based on the RCI. The European Regional Competitiveness Index is an instrument that provides social and economic information at regional, national or international level. The RCI presents several indicators that allow to measure the competitiveness of the regions, through a comparison that enables the initiative to plan and Guide development strategies.

The RCI is described in different dimensions, (I) Basic, (II) efficiency and (III) innovation, and present a score ranging from 1 to 100, in which it represents the degree of development.

Stage 1: <50;

Stage 2: 50-75;

Stage 3: 75-90;

Stage 4: 90-110;

Stage 5: >110.

Based on these p-meters we will verify that at the dimensional level, the region presents itself at a very low development stage.

The basic dimension includes five pillars (1) institutions, (2) macroeconomic stability, (3) infrastructures, (4) Health and (5) quality of primary and secondary education. This dimension covers the overall performance of institutions in the region, as well as the supply and development of services. In this dimension, the region has a score of 41.5.

The dimension of efficiency includes three pillars (6) higher education, lifelong learning and training, (7) labour market effectiveness and (8) Market size. It covers existing competences in education and the market in order to design future results. In this dimension, the region has a score of 27.1.

The innovation Dimension consists of three pillars: (9) technological readiness, (10) entrepreneurial sophistication and (11) innovation. It mainly covers technological development, both the accession and the contribution and participation of the region in the technological market. In this dimension, the region has a score of 25.4.

Table 2. Competitiveness Region Azores, with Portugal and the European Union, year 2016

| Basic Dimension | | | | |
|---|-------------|----------|----------------|--|
| Indicators | Azores | Portugal | European Union | Notes |
| Institutions | 53,5 | 48 | 50 | Sound institutions facilitate innovation, learning and productivity growth. |
| Macro economic stability | 37,9 | 38 | 61 | An existing regional economy that minimizes vulnerability to external shocks |
| Infrastructure | 2,31 | 20 | 43 | Modern infrastructures and services that facilitate the development of the economy |
| Health | 59,5 | 75 | 76 | Health and welfare of the population influences work life as well as the productivity of a region |
| Basic education | 70,8 | 71 | 64 | Population with basic skills and competencies increase the capacity of professional performance and/or progress in teaching |
| Efficiency dimension | | | | |
| Higher Education and lifelong learning | 29,2 | 51 | 64 | Innovation-oriented economies require a population with high academic qualifications. The educational quality of a region is measured through the schooling of the individuals |

| | | | | |
|---------------------------------|-------------|----|----|--|
| Labour Market Efficiency | 40,4 | 55 | 60 | Efficient labour markets have low unemployment rates, reflecting the level of activity of the regional economy. |
| Market Size | 5,3 | 24 | 39 | Extensive markets enable business development and encourage entrepreneurship and innovation. |
| Innovation Dimension | | | | |
| Technological readiness | 59,0 | 53 | 66 | The use of technologies is an essential factor in competitiveness. In addition to changing the organizational structure of a company, they facilitate the adoption of effective practices in the productivity and acceleration of processes. |
| Business Sophistication | 12,0 | 31 | 39 | The sophistication of a business is determined by the productivity and potential of a company in the face of competitiveness the specialization of sectors is fundamental to regional competitiveness. |
| Innovation | 15,1 | 26 | 44 | Innovation is the primary factor of developed economies. Innovation in science and technology provide a competitive advantage. |

Fonte: European Regional Competitiveness Index, 2016

In a summary way, it appears that in the current economic period it is important to ensure that the foundations of a competitive economy are innovation, knowledge, entrepreneurship and technology. By Inerence, the regional economy, intending and needing its assertion in the international context, will have to continue to develop efforts to boost the capacity for modernization and penetration in the global market. In this context, the competitiveness of a large number of regional production units has gradually been improving, particularly those that develop their activity in the tradable goods sectors. The need for rub shoulders with extraordinarily competitive products has been determining, in particular, the modernisation of the processes for the creation, processing and marketing of products in the field of agriculture, livestock, agroindustry, fisheries, Sea and and tourism. Tourism has, in fact, been very important for economic and social development, both at regional and national level. It is regarded as an activity of exporting services that improves the balance of payments and the trade balance, promotes employment (directly and indirectly), and which implies an increase in the income of households and the company and greater collection of tax revenues . In addition to these

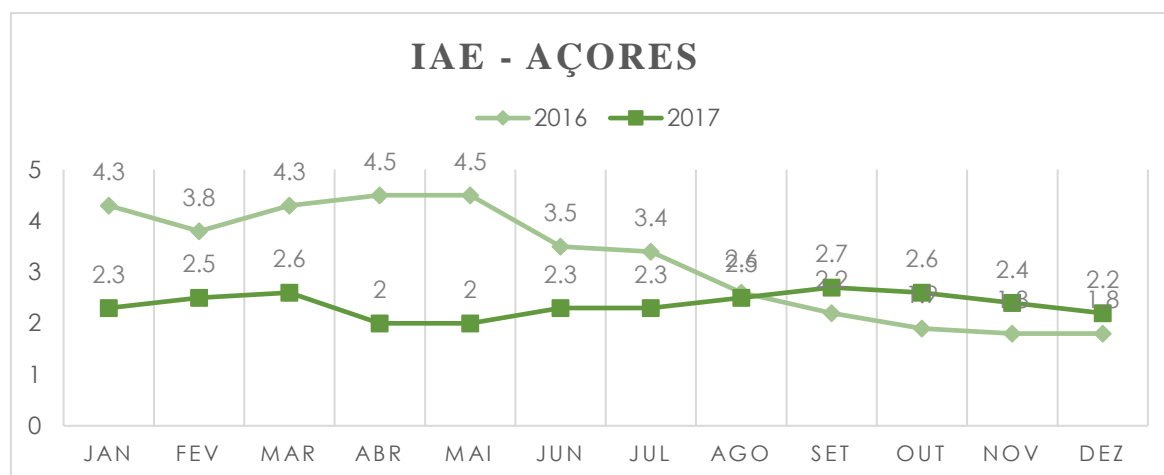
factors, the fact that it is understood as a service that requires quality in supply, due to a greater demand, tourism requires greater qualification of human resources and increased innovation of companies, making training a requirement By those interested in operating in that market. In This sense, and according to the operational programme for the azores 2020, there are several strategies to highlight and accentuate the regional competitiveness factors. At the level of innovation and development, we intend to reinforce scientific production in order to create innovative and differentiating products in areas such as agroindustry, livestock farming, agriculture, fisheries, sea and tourism, through partnerships with the university and Other relevant entities, with infrastructure financing and participation in European Union projects for this area. To increase the competitiveness of companies, the bet will be in entrepreneurship, in order to put into practice the new business ideas that arise, to cope with the gaps that exist in the regional economy. To contribute to this effect, in addition to the traditional financial support, it is intended to increase the degree of knowledge of entrepreneurs, the simplification of the process of creating companies and help in the promotion of emerging areas of relief for the region. At the level of knowledge, the bet will be in training, both at the higher level and at the professional level. It is intended to improve access to these levels of schooling, especially to the most disadvantaged, to improve the quality of education and to facilitate the transition from the academic/school environment to the labour market. At the technological level, some of the objectives will improve access to ICT by citizens, businesses and public administration in order to increase business competitiveness and the efficiency of public administration. It is also intended to improve the transport network, promote social inclusion and combat poverty and discrimination. All these objectives and strategies will be essential for sustainable development, both in tourism and in other economic activities. It is dependent on the consolidation of regional competitiveness factors that will promote economic efficiency, social equity and environmental sustainability, enhancing continued and sustained progress.

a) Indicator of economic activity of the Azores

The IAE is an indicator of synthesis built to accompany the evolution, in the short term, of the regional economy, from the reference series of regional economic activity. The series used in obtaining the IAE-Azores were "milk delivered in factories", "cattle slaughtered", "unloaded fishing", "energy production", "production of dairy products",

"energy consumption in the industry", "sale of cement", "employees in construction Civilian ", "passengers landed by Air ", "Dormidas in Hotel establishments ", "bank loans granted ", "number of transacted buildings ", "number of ATM withdrawals ".

Graph 1. Comparison of the indicator of economic activity between the year 2016 and 2017



Source: Srea-indicator of economic activity (IAE) – Azores, 2016 and 2017

b) Labour market

| Year | Unemployment rate | % Population employed by sector | | |
|-------------|-------------------|---------------------------------|-----------|----------|
| | | Primary | Secondary | Tertiary |
| 2015 | 12,8 | 11,4 | 15,5 | 73,1 |
| 2016 | 11,1 | 9,6 | 15,3 | 75,1 |
| 2017 | 9,0 | 10,7 | 15,3 | 73,9 |

Source: SREA – labour market

c) Schooling and illiteracy

| Schooling | Population | Illiteracy rate |
|----------------------------|------------|-----------------|
| Until the 3rd cycle | 142 217 | 3,6% |
| Secondary | 37 110 | |
| Higher education | 25 051 | |

Sources: INE-illiteracy rate (%) By place of residence, according to the census 2011SREA-labour market, total population per level of complete education -2018

According to the data, in 2018, the population predominates with schooling up to the 3rd cycle. The illiteracy rate in 2011 was 3.6%. While in mainland Portugal a rate of 3.27% and in the Madeira region of 5% was recorded.

Note: the largest source of national information about the population, the family and housing, is undoubtedly the inquest, through the censuses. The INE is responsible for the realization of the censuses since it was created in 1935. In most countries, and according to International standards, censuses take place every 10 years, in the years ending in 0 or 1. Therefore, data referring to the population by default are dated to 2011, if there are data referring to later years, estimates are considered.

1.3. Destination attractiveness

- **Factors of attractiveness:** physical characteristics of the territory, uniqueness of the destination, security, tranquility, location, environmental quality, gastronomy, historical and cultural heritage, global quality of the destination and mild climate. Visitors are satisfied and willing to recommend the destination, and they want to return to the region.
- **Factors of non-attractiveness:** Climate instability, tourism seasonality, destination cost, nightlife and entertainment.

| Forces of Destiny | Weaknesses of Fate |
|---|--|
| <ul style="list-style-type: none"> • Natural Resources and biodiversity • Improving the economy and regional/local development • Security • History and cultural offer • Conservation and preservation of places | <ul style="list-style-type: none"> • Destination Prices • Human Resources and training • Quality of supply and services • Destination communication • Climate and its image on the market |
| Opportunities | Threats |
| <ul style="list-style-type: none"> • Potential for diversity of resources • Growth Trends in nature tourism – market niches • Potential of nautical tourism • Search for rural tourism • Entry of Low-cost companies | <ul style="list-style-type: none"> • Mass tourism threat • Competitiveness of competing destinations |

1.3.1. Diversity of resources to support tourism activity

The resources present strategic characteristics that drive the tourism offer and simultaneously, the development of tourism in the archipelago. The conditions of the Azores, associated with the richness of its natural and cultural heritage, as well as sustainable policies make it a tourist destination with high differentiation potential at international level.

a) The abundance and diversity of natural resources

The extensive exclusive maritime economic zone of 984.300 km², the geological formation of the islands, the rural spaces, among others, enable and enhance the supply of thematic products linked to nature. The fact that they are islands allude to us that the importance of the sea for the region assumes, in this context, a vital interest as a space for cohesion, resources and the development of maritime, scientific and recreational activities.

In the Azores region is the highest mountain in Portugal and the most prevalent are the boilers, ponds, Lávicos, fumaroles, thermal waters, caves, volcanic algars, Fajãs, scarps of failure, and fossiliferous deposits, among other phenomena. At the same time, there is a close relationship between the terrestrial and marine environment, with cut coastal coastline, filled with bays, caves, cliffs and numerous waterfalls that stand out in the landscape. These conditions have been assumed to be the basis for the enlargement of the tourist offer in recent years, with activities linked to the sea (Whale watching, sport fishing, recreational boating, ohmwreckerho, etc.), to the activity Vulcanological of the different islands, pedestrian walks, among others.

b) Culture

The region has a rich cultural diversity, namely in handicrafts, local gastronomy, historical heritage, artistic manifestations and traditions.

There are several ethnographic collections, the Azorean museums reflect a history closely linked to the cultivation of land, animal husbandry, crafts and fishing. But there was also special attention to the whale because it was an important economic activity in the twentieth century. The population tends to be culturally manifested through folklore, symbolizing a collective patrimony. As far as building heritage is concerned, the Azores present a diversification of elements, namely churches, sights, lighthouses, windmills,

and historical character buildings. It is noteworthy that UNESCO considers World Heritage The historical center of Angra do Heroísmo, on Terceira Island, since 1983, and the landscape of the vineyard culture of Pico, on the island of Pico, since 2004. The authenticity and the Conservation of these Aspects cultural activities are the guarantee of the success of tourism Since it reinforces the integration of the visitor. It turns out to be a feature of inclusion.

c) Rural Environment

The islands of the Azores have certain economic, cultural and social characteristics, which define their rurality. Agricultural activities predominate, as well as a relationship between the community and the rural area that implies the appreciation of the heritage, traditions and activities that they perform in this place. This allows tourism to be developed in rural areas or to be practiced in rural tourism. Rural tourism relates to activities that identify with the specificities of rural life, its habitat, its economy and its culture. The rural environment turns out to be an extremely important resource, as it offers tourists the opportunity to revise the practices, values and cultural and gastronomic traditions of the communities inserted in the rural world, with the benefit of their Hosting and a personalised welcome.

The Azorian tourist market is equipped with a natural, cultural, historical heritage, a people with typical characteristics of hospitality, humid climate, diverse fauna and flora and other factors that represent an added value to foster the Development of tourism, in the short medium and long term. Therefore, care is highlighted in taking advantage of these resources in a conscious way, managing the impacts of growth through adequate planning, capable of minimizing negative impacts, maximizing the return to the destination and also covering the Local community.

d) Existence of vocational and higher education in the area of tourism in the region

Although recent, the region has higher education courses in the area of tourism, ministed by the Department of Economics and Management of the university, as well as vocational education courses, in charge of the School of Tourism and hospitality training, which will allow the Qualifying human resources in the area of tourism in the region. In addition, it deserves reference to the existence of the Tourism Observatory of the Azores, which is

assumed as a relevant element to promote the analysis, dissemination and monitoring of the evolution of tourist activity.

e) Sustainable policies

The Regional government approved in 2018 the regional programme for climate change, the elaboration of the Azorean strategy for energy 2030 and the proposal for a strategy for the implementation of electric mobility in the Azores. This implies concrete measures, namely:

- The extension of the network of automatic monitoring of the level of surface water masses to all 23 lagoons of the Azores (currently the network covers 15 ponds) and the installation of a quantitative automatic monitoring network of groundwater bodies;
- The creation, by the management entities of the supply systems, of reservoirs for the storage of water to ensure the availability of this well, without overload of natural resources, in periods of scarcity;
- The elaboration of basic cartography of natural hazards that beware the exposure and vulnerability of the territory to floods, floods, movements of strand and permanent gaseous emanations, being this information, immediately and mandatorily, integrated in Special and municipal spatial planning plans, which should develop detailed cartography, where they aim to determine the remoteness of buildings, equipment or infrastructures of significant risk zones;
- In the mitigation component, a set of policy options and low-carbon measures (such as the increase of renewable energy sources in the electricity grid, the introduction of the electric vehicle and the increase in forest areas, among others) that can Contribute to reducing greenhouse gas (GHG) emissions and increasing carbon sequestration.

In addition to the approved programs, the Regional government promotes since 2010, the program "ECO Parish, Parish Limpa" is organized by the Government of the Azores, through the regional secretariat of Energy, Environment and Tourism (SREAT), by the

hand of the Regional Directorate of Environment, having as main objective to recognize and distinguish the efforts of the parishes and the collaboration of the populations in cleaning, removal and forwarding to the appropriate final destination of abandoned waste in public spaces, including water lines and Development and participation in programmes and actions to raise awareness and environmental education.

In the year 2018, the government approved a financing for geothermal energy. The project is Operationalized the The Innovation Support Fund (FAI) and Tadm as the main objective of increasing the use of this form of renewable energy. Geothermal energy allows to harness the heat naturally existing inside the earth to use it directly for thermal or indirect purposes for the production of electricity.



Governmental authorities demonstrate over the years interest in implementing sustainability practices.

1.3.2. Main distinctions and references of the Azores

In recent years, the Azores have been repeatedly referred to in the main national and international media and even distinguished with prizes in several areas. These factors have contributed to a greater and stronger projection of the Azores destination in the various markets. In fact, it is noticeable that many of these references and distinctions have contributed to the intensification of tourism activity in the region, even when the promotion of the different regional agents is of lesser glow.

Most of the allusions to the Azores are related to the local exceptional character, particularly as regards natural resources and landscape beauty. This context has favored the consolidation of the positioning of the region as a destination of nature. Note, for example, some of the specific areas in which the Azores have been highlighted and where more comparative advantages arise that can potentiate the projection of the destination with different target audiences: "New adventure destination in 2016" (Bloomberg); "World's most sustainable destination in 2014" (Green Destinations); "Most beautiful place in the world" (National Geographic Traveler) and "best green tourist destination in Europe" (Quality Coast, with the award of the first Platinum Prize ever awarded). These are elements of high competitive potential and differentiator effect, which demonstrate the existing quality and the ability to improve the attractiveness of the different regional agents, is less glow.

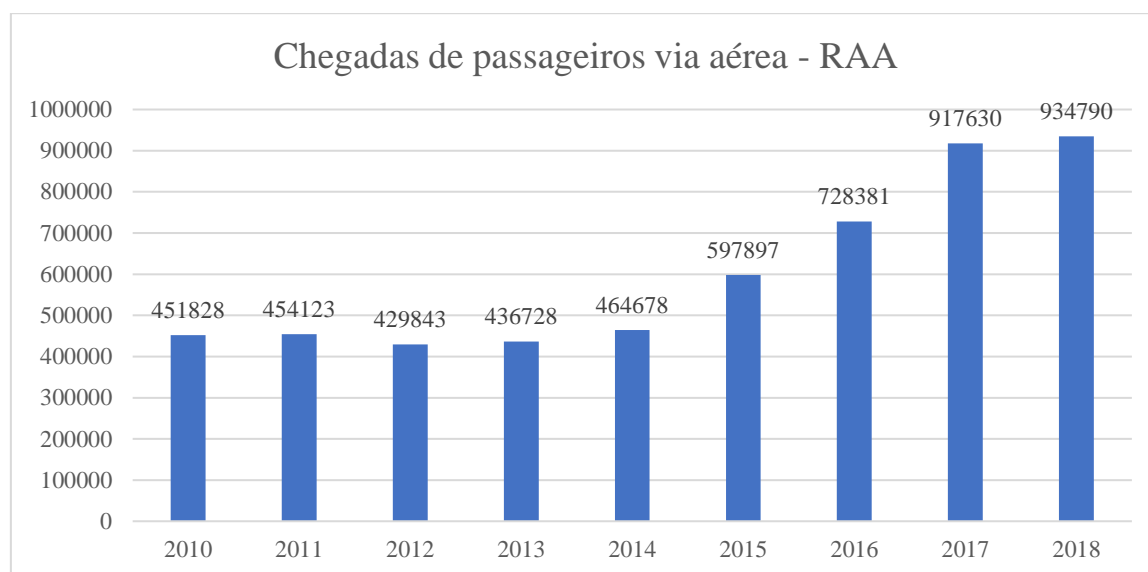
| Prizes and distinctions | |
|---|--|
| Seven Cities Lagoon, on the island of São Miguel, and the volcanic landscape of Pico Mountain, on Pico Island, integrate the 7 natural Wonders of Portugal (2010) |  MARAVILHAS NATURAIS DE PORTUGAL |
| Europe's best green tourist destination – Quality Coast Gold Award (2013) |  EUC Coastal & Marine |
| 1st destination distinguished with the Quality Coast Platinum Award (2014) |  EUC Coastal & Marine |
| 1st place Sustainable Destinations Global Top 100 (2014) |  GREEN DESTINATIONS |
| The Azores Are the Hot New Adventure Destination (2016) | Bloomberg |
| Sustainable Destinations Global Top 100 (2016) |  GREEN DESTINATIONS |
| The most beautiful place in the world (Dutch-Belgian edition, 2016) |  TRAVELER |
| 1st prize, Faial Natural Park, distinguished as a European destination of Excellence (2016) |  |
| Fajã dos Cubres (São Jorge) voted one of the 7 Wonders of Portugal (2017) |  MARAVILHAS DE PORTUGAL |
| Sustainable Destinations Global Top 100 (2017) |  GREEN DESTINATIONS |

| | |
|---|---|
| Sustainable Destinations Global Top 100 (2018) |  The logo for Green Destinations, featuring three overlapping leaves in green, light green, and red, followed by the text "GREEN" in bold green and "DESTINATIONS" in smaller green letters below it. |
| Sustainable Destinations Global Top 100 (2019) |  The logo for Green Destinations, featuring three overlapping leaves in green, light green, and red, followed by the text "GREEN" in bold green and "DESTINATIONS" in smaller green letters below it. |

2. Description of the tourist activity

The projection of the economic development of the Azores defines tourism as one of its strategic pillars. The natural characteristics of the islands, the existing comparative capital gains and the increasing tertiary-sector of the economy have made this decision an easily understandable option. In fact, the recorded evolution demonstrates the great potential for value creation in this sector and the leverage capacity of the regional economy.

Graph 2. Evolution of the number of passengers arriving by air 2010-2018

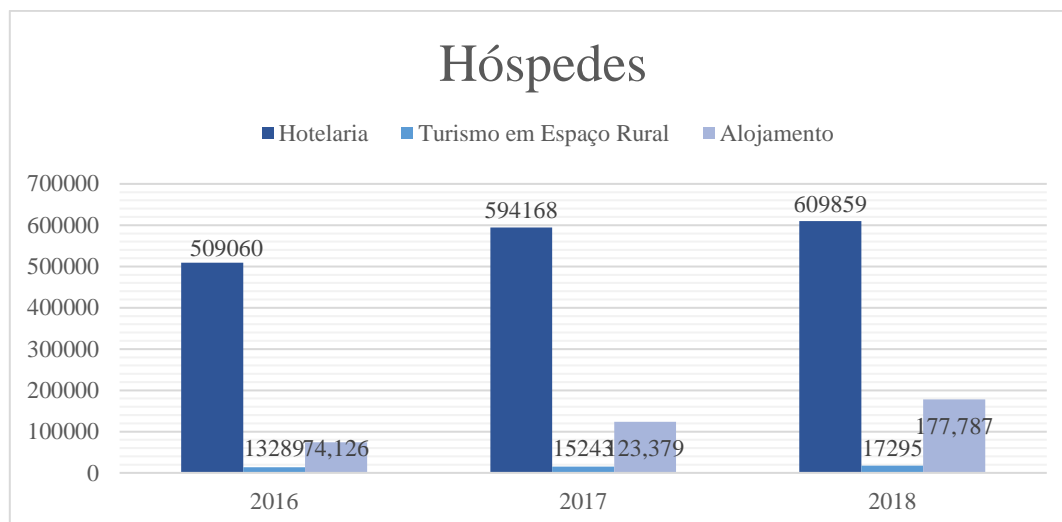


Source: SREA – Passengers landed by air 2010 to 2018

Com The partial liberalisation of the regional airspace and the start of the operations of the low cost Airlines in the year 2015, set up a new paradigm in accessibility to the region and potentiated its tourism development. There are currently great growths in the tourist turnout, which, presenting countless new opportunities, also provide great challenges for the identity and sustainability of the destination.

1) Guests

Graph 3. Comparison and Evolution of The volume of guests, by accommodation typologies

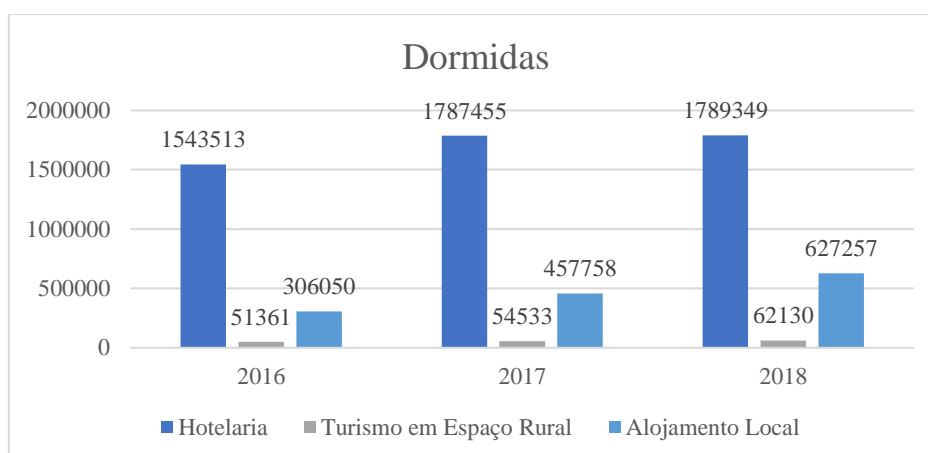


Source: OTA and SREA – Guests by accommodation type, 2016 to 2018

In fact, hotel establishments concentrate the bulk of supply and demand. However, it is increasingly important to understand the dynamics associated with other types of tourism projects of lesser expression, but which have a great differentiator power and are gaining greater importance in the face of new market trends. In a destination such as the Azores, marked by the authenticity, the rurality, the proximity and the exotic and the discovery, the local accommodation and the tourism in rural space gives a high potential Increase in value added in the tourist's stay.

2) Sleep and average stay

Chart 4. Comparison and Evolution of the volume of overnight stays, by typologies of accommodation



Source: OTA – overnight stays by accommodation typology, 2016 to 2018

With regard to overnight stays, there is a significant increase in local accommodation, although the hotel Lidere. In 2012, there were fewer than 1 million nights, in 2013 it was increasing gradually and, in the year 2015 exceeds the best value that had already recorded in previous years. In 2016, the Portuguese market had 51.7% of total sleep in traditional hospitality, and thus remained until 2018.

Table 3. Evolution of average stay by type of accommodation

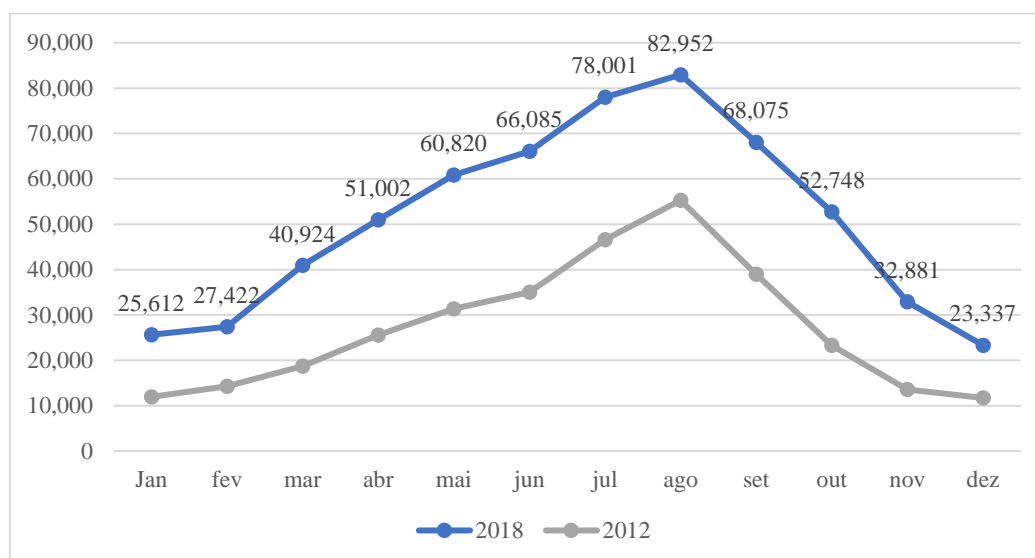
| Average stay | 2015 | 2016 | 2017 | 2018 |
|-------------------------|------|------|------|------|
| Traditional Hospitality | 3,0 | 3,0 | 3,0 | 2,9 |
| Rural Space tourism | 4,0 | 3,9 | 3,6 | 3,6 |
| Local Accommodation | 4,1 | 4,1 | 3,7 | 3,5 |

Source: SREA- average stay per accommodation typologies, 2015 to 2018

One of the major problems in the regional tourism sector has been the inability to increase the average stay, which historically presents low numbers.

3) Seasonality

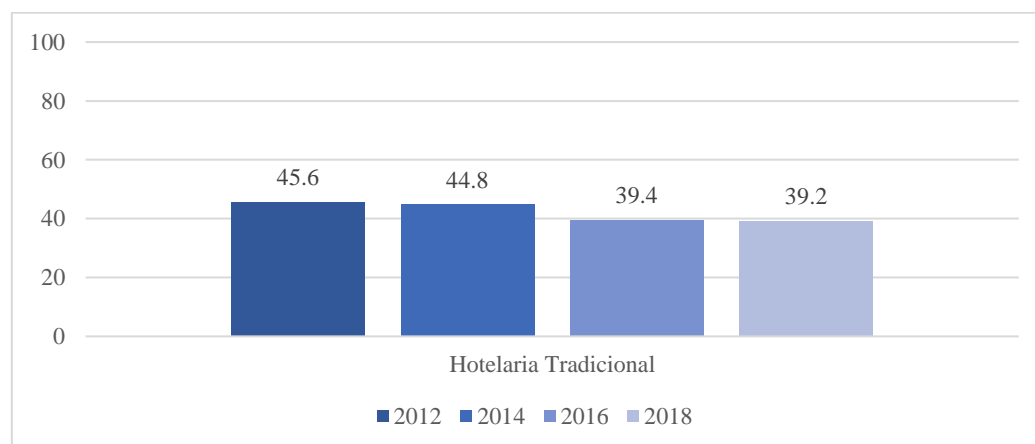
Graph 5. Volume of traditional hospitality guests



Source: SREA – N number of Traditional hotel guests, 2012 and 2018

And in relation to seasonality measured by the number of guests it is verified that begins its growing cycle from the month of January, reaches the peak in August, decreasing until December. It is clear the improvement of the Year 2018, in every month, facing 2012, reaching, at its peak, 82 952 guests in August. We verify the growth of demand does not Uniform Throughout the year, originated by increasing population density in the Azores in a given space of time specific, in this case in the months of July and August.

Graph 6. Seasonality rate of Sleepsites



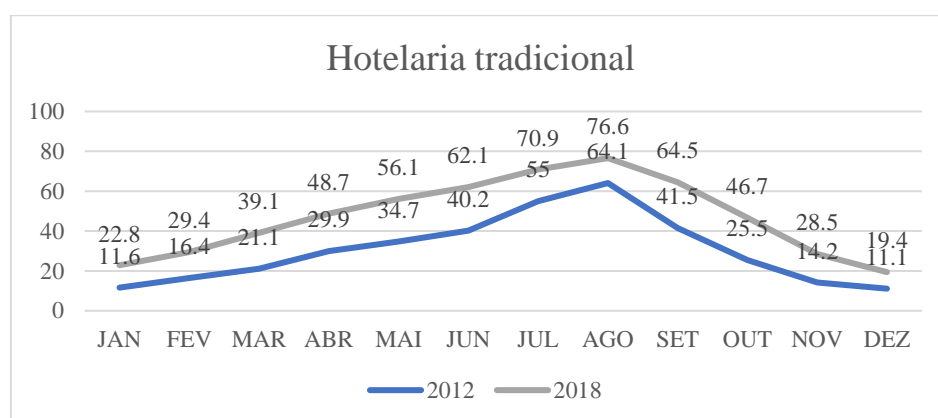
Source: SREA – Number of nights 2012, 2014, 2016, 2018

Regarding the number of nights spent per month, the scenery is similar to that of the guests per month. In the case of sleep, the seasonality rate was applied through a formula based on the data of tourists ' nights in the quarter with the highest concentration and annual sleemitages for the years 2012, 2014, 2016 and 2018. Comparing the year 2018 and 2012, we verified a difference in 6.4 percentage points.

4) Occupancy rate-bed

Of course, the occupancy rates of rooms resent all this paradigma.

Graph 7. Bed occupancy Rate 2012 and 2018



Source: SREA, tourism statistics, January to December 2017, occupancy rate in traditional hospitality, per month

With regard to the annual bed occupancy rate, compared to the year 2012, the year 2018 presents an annual increase in the bed occupancy rate. Always keeping the peak high in the month of taste. Also, the Bserva itself that from May to August, the rate of occupancy-bed in hotels, increases. And from September it tends to decline. Presented thus, the reflection of seasonality.

5) RevPAR

The highest values of RevPAR in hospitality,

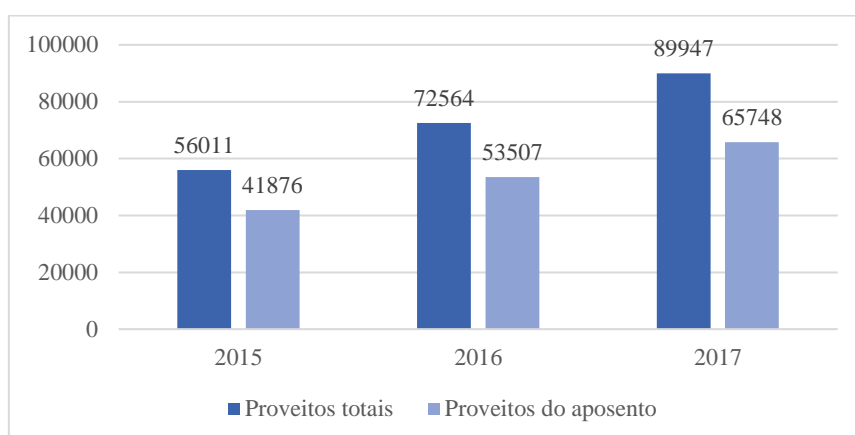
| Year | RAA |
|------|------|
| 2017 | 26,8 |
| 2016 | 32,3 |
| 2017 | 37,4 |

Source: OTA Dashboard, RevPAR in hospitality

In economic terms, the lack of competitiveness is also notorious. In the Azores, the RevPar (revenue per available room), one of the most important performance indicators of the hotel, presented in 2017, 37, €4.

6) Income from the retirement and totals

Graph 8. Evolution the volume of the total income and the



Source: OTA -Global tourist performance, total income and retirement

The level of income generated in the Azores in the accommodation confirms the low capacity to create value of the tourism sector in relation to competing markets. In 2016, the Azores obtained more than 70 M€ and Madeira obtained €294 M euros, which reveals the difference between the main competing destination of tourism regional level.

7) Tourist infrastructures

It is necessary to take into account that the tourism activity is presented as an integrated system, involving various activities and support infrastructures. Indeed, tourism involves a multitude of aspects, from travel, tourist services to accommodation, activities of promotion and animation to natural and cultural attractions. Once these natural attractions are insufficient to satisfy the tourist by what they have, they are complemented with other tourist facilities and support infrastructures.

| Infrastructure | Total |
|--|-------|
| Accommodation, restoration and similar | 2337 |
| Museums | 33 |
| Art Galleries | 29 |
| Interpretation centres | 29 |
| Monuments | 298 |
| Airports | 9 |
| Ports | 9 |

2.1.Satisfaction of tourists from 2010 to 2017

The Azores Tourism Observatory periodically develops surveys on the satisfaction of tourists, nationals and foreigners, who visit the Azores, since 2010, to assess their degree of satisfaction in relation to the destination, continuously in the low season and High every year. The data collected are revealing the quality of the Azores as a tourist destination, but also demonstrate the great challenges and threats that are presented to them. They allow us to understand the motivations and conclusions that tourists withdraw from their experience in the Azores, the probability of recommending the destination to relatives and friends and the likelihood of return on upcoming journeys.

Profile

- Nationality of foreign visitors: most are Germans, Swedes and Italians;
- Age group: 25-54 years; Married individuals, in an active professional situation and with academic qualifications at higher education level;
- The leisure segment is the most relevant;
- The main motivation is the value of travel and Leisure;
- The 4-star hotel is preferred accommodation type;
- Most visit the Azores for the first time;
- Most tourists travel with 1 to 2 people;
- Tourist package varies between 700 and €2500;
- The Internet is the main means of information;
- More than half of the tourists intend to return to the Azores;
- Tourists consider that theAzores presents a fair price in relation to the quality offered;
- Tourists are very satisfied with the transport, lodging and Restoration Service, the PAGem, the beaches and swimming pools, The water quality, the hospitality, the safety, the Diving activities, Jeep Tours, hiking, birdwatching and cetaceans, other activities and the cultural offer.

3. Common thematic areas in the destination

Areas in question

Based on the UNWTO guide," *sustainable development indicators for tourist destinations*", we identified the following areas of problems for the destination, highlighting those that are defined as indicators of Reference in the Guide. Some of them will be approached in the first stages of the observatory's activity, which begins its activity addressing the nine mandatory questions defined in the rules of operation and management of the international network of sustainable tourism observatories of UNWTO.

1) Accessibility and mobility of tourists with motor difficulties, or physical disability

Important issue for tourists and residents, low accessibility in public and private buildings, public areas and public transport services.

2) Seasonality of tourism

The seasonality of the destination has been one of the main constraints to the growth of regional tourism. The tourist flows concentrated in the three months of summer imply a high variability in the occupancy rates throughout the year, as well as the RevPAR. At regional and local level, entrepreneurs face major challenges in their investment and operation-return on investment, hiring human capital, financial liquidity and the ability to reinvest in the business or innovate.

The pronounced seasonality of the destination is highlighted, pointing to the need to develop mechanisms and change initiatives that can mitigate it. The diversification of events and the capture of new market segments, such as creative tourism, Senior tourism or gastronomic tourism, can contribute to this goal. In addition, the schedule of events must meet the annual calendar and privilege the dispersion throughout the year, and to avoid overlapping events in times.

3) Tourism employment, education and capacity building

It is necessary to strengthen education and training in the tourism sector, focusing on foreign languages and cultures, regional knowledge and digital capacity.

4) Tourism as a contributor to the conservation of nature- Financing for conservation, Local economic alternatives, tourism participation in conservation

The existence of reports measuring the potential impact of tourism on the natural environment is non-existent. There is no entity, local/regional organization to help promote the conservation of biodiversity by tourists. And few are the opportunities and activities offered for the participation of tourists in the conservation of nature.

5) Climate change and Tourism: mitigation, adaptation, extreme weather events, risks, impacts on fate, greenhouse gas emissions, transport, energy use

Studies on climate change in the Azores are therefore of the utmost importance, since the island's economy depends largely on its natural resources. There is a study that indicates a small increase in temperature in the region due to projected increases in the concentration of greenhouse gases at the end of the 21ST century. The moderator effect of the ocean in the temperature field protects the islands from more drastic temperature increases, such as those designed for mainland Portugal. The largest estimated impact of global warming can be the change in the annual rainfall distribution, with the wettest winters and the other seasons becoming drier. This can have a significant impact on the water resources of the islands, increasing the events of severe precipitation in winter. Landslides are a frequent catastrophic event in the Azores and the increase in winter precipitation may aggravate this problem in the future. Which means that fate is not extremely vulnerable to climate change. But there is great concern about the impacts of tourism, because the characteristics of the islands are very important, for many reasons, namely for their landscapes and unique climates. Nature and the environment contribute to the uniqueness of the region, so conservation is very important.

6) Solid and hazardous waste management

The Azores have the best per capita of recycling packaging materials covered BY SIGRE-integrated packaging waste management system. But there is no doubt that there is still much to do, along with the effort of all-government, municipalities and citizens.

7) Control the activities and levels of tourism-control the intensity of use of sites and the number of tourists in the places

There are places that require greater tourist control in particular (Furnas; Seven cities).

**A.
AREAS WITH GREATER IMPACT**

- Seasonality of tourism
- Tourism Business Competitiveness

B. AREAS THAT have EVOLVED MORE QUICKLY IN RECENT years

- Tourism Business Competitiveness

C. AREAS THAT WILL BE IMPROVED

1) Seasonality

- Implementation of a policy of complementarity of the supply of Tourism products and services;
- Captation of market niches that can visit the destination outside the times of greater Infest, where it will be possible to find the best conditions for the practice of sports and other activities.

2) Environmental vulnerability

The vulnerability of the Territory in the environmental plan is another of the concerns to be worked in the development of the destination. The natural resources of the Azores are

the main arguments of the capture of visitors and their main motivation, and the sustainability of tourism is a phenomenon to continue with firmness and conviction.

- In the regional and local landscape, projects are encouraged with a continuously sustainable, integrated approach that encompasses good environmental, economic and socio-cultural practices.

3) Quality of Service

The quality of the service is, in an implicit context, a widespread concern, especially in the level of training and qualification of human capital and the sensitization of all local actors to the importance of tourism. The region intends to offer a quality tourist service and high added value

- Continuous innovation and the increase in quality and specialization of the destination, in a circle of creation of positive value for all stakeholders;
- Support from the government of the Azores in investment incentive programs, which contribute to the operation/exploitation of already established businesses.

4) Balanced development of tourism in the 9 islands of the archipelago

- Develop the tourist offer of the Azores as a whole;
- Streamline the supply potential of each island by directing it to segments market-specific;
- Attract visitor and investor flows;
- To fix companies and people on the islands, increasing the profitability of local businesses and the quality of life of people;
- Stimulate the entrepreneurship;
- Adapt the air connections between the three groups of islands.

5) Environment

It is noteworthy that the tourism of the Azores is based on the landscape and that made the offer of touristic products related to nature as a key force. Nature

protection is an important prerequisite for leaving a healthy environment for future generations. Many visitors seek tranquility and relaxation in nature.

6) Local Satisfaction:

We must give a special focus to the population and their satisfaction with regard to tourism. While residents feel they benefit from tourism, a destination can be considered successful and sustainable. Thus, the perception of the quality of life and well-being and the impression of the residents that they can meet their own needs – without restrictions caused by tourism-induced developments – serve as indicators of Sustainability. Tourism has an impact on the community and it is necessary to measure how this impact alters the lives of residents.

7) Seasonality

One of the main problems intrinsically linked to tourism in the Azores is seasonality, which generates repercussions on the economic, social and environmental levels. It must be taken into account that the interests of tourists, as well as their level of demand, vary over time, and therefore a constant update of the intervention measures should be needed, which should be in line with the trends presented by the market . Analyzing seasonal patterns helps to understand and predict their impacts on tourism production and consumption.

4. Current Monitoring processes

SREA- in the Azores, there is the entity responsible for the official production of statistics: the Regional Service of statistics of the Azores. In order to articulate the statistical production of the region with national and community statistical production, THE SREA is integrated into the national statistical system working with a double status:

STATISTICAL AUTHORITY for the region's statistics of interest and initiative

DELEGATION OF the INE for national statistics in the region.

As a statistical authority, SREA integrate, as an effective member, is the Higher Council of Statistics, which is the coordinating body of the national statistical system. In This capacity, THE SREA maintains protocols for cooperation with various bodies of the Regional public administration for the production of statistics. As the INE delegation, SREA participates, under the coordination of that Institute, in all activities relating to national surveys carried out in the region.

The SREA produces and disseminates information on environment, financial activity, education, population, health, transport, tourism, among other aspects. In Addition to the census, which has a higher periodicity, the SREA carries out each year, with periodicities ranging from monthly to annual, a wide range of statistical operations.

OTA- The observatory of the Azores, its mission is to promote the analysis, dissemination and monitoring of the evolution of tourism activities in order to contribute to the development of a sustainable tourism in Autonomous region of the Azores, integrated in the global strategies for regional development. In addition, the OTA has initiated several initiatives aligned with the same strategic direction, such as the implementation of surveys to the satisfaction of tourists who visit the Azores, which aims to identify the opinion of visitors who visit The Azores and measure their level of satisfaction with respect to the destination, having for the purpose been surveyed national and foreign tourists.

The OTA in addition to the projects it has in development, periodically analyzes the regional tourism performance, in the different types of accommodation. It transmits relevant information to agents operating in the tourism sector of the region. This information has as its primary source the Regional service of statistics of the Azores. In

addition to improving the sustainable management of the destination, the main objective of OTA, when belonging to this initiative, is to underline a pioneering position in the context of Portuguese tourist destinations and to integrate an international network, with evident gains in terms of Image and notoriety. The motto is to achieve true sustainability through tourism, providing our visitors with an experience of special guests in natural surroundings, welcoming them with genuine affection and courtesy, so that the experience of the Azores will let them Longing and make them come back. So we are committed to working our destiny in a close manner with our communities so that, in an integrated and inclusive way, we can achieve the social, economic, cultural and environmental balance.

Government of the Azores -PLano Strategic and marketing tourism of the Azores andm 2016 the Government of the Azores has developed astrategic and marketing strategy for tourism in the Azores which has as its central objective the definition of a set of strategies, in a dichotomic approach between markets and products that, based on the needs of the territory and the various stakeholders of the destination, allows achieving the following Results:

| Results | Objectives |
|--|---|
| <ul style="list-style-type: none"> • Qualification and sustainable development of the tourism sector; • Preservation of the environment; • Development of tourist activity as a tool for boosting the regional economy in all islands | <ul style="list-style-type: none"> • Leverage the notoriety of the Azores with the final consumers; • Positioning the Azores as an exclusive destination of exuberant nature; • Promote permanent cooperation between public and private actors in their implementation; • Improve the competitiveness of the destination and increase the tourist flows. |

Source: Strategic and marketing P Lano of the Azores (2015)

The strategic analysis of the plan evidenced the need to develop tourism in 5 assumptions and various Azores:

- Nature tourism as the main product of the Azores;
- Ensure the possibility of visiting all the islands;

- Having as differentiators the proximity of the market, the uniqueness of the authenticity of each island, the landscape, the security and tranquility of the sites;
- Encourage the continuous improvement of the performance of the tourism's characteristic areas;

In order to achieve the objectives of the strategic plan up to 2020, the following monitoring is carried out:

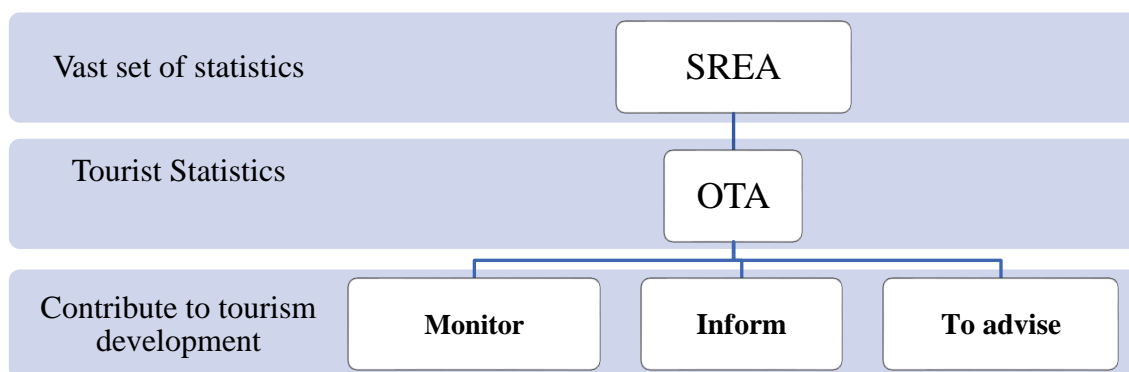
| Monitoring | Indicators | Entities involved |
|---|---|--|
| <ul style="list-style-type: none"> • Monitoring and evaluation of maritime and air transport in the region; | <ul style="list-style-type: none"> • Number of direct links to the region • Number of Interisland connections | - ANA, DRTransportes, DRTu, -Companies air transport, -Companies Transport Maritime -The Associations Business Monthly |
| <ul style="list-style-type: none"> • Monitoring visitor satisfaction and their profile and consumption habits in the region; | <ul style="list-style-type: none"> • Global satisfaction with the visit • Intention to return to destination • Intention to recommend the destination | OTA annually |
| <ul style="list-style-type: none"> • Monitoring of the notoriety of the destination in the international priority issuers markets. | <ul style="list-style-type: none"> • Rate of individuals who have heard about the fate • Intention to visit in the next 3 years | OTA Anualmemte |
| <ul style="list-style-type: none"> • Monitoring of Preferences and habits Travel of the Emitting markets Relevant and with high potential: | <ul style="list-style-type: none"> • Means of information on destinations • Global budget per trip • Average number of trips up to 4 days • Average number of trips over 4 days • Preferred destinations • Favourite Tourist Products • Sociodemographic caraterizao | OTA annually |
| <ul style="list-style-type: none"> • Andstatistics of tourism performance | <ul style="list-style-type: none"> • Guest Volume • Volume of Nights • Average stay • Seasonality Rate • Number of accommodation units • Accommodation capacity • Total income • Income from retirement • NET occupancy rate-bed • RevPAR • Passenger air flow | SREA, OTA monthly |

| | | |
|--|--|--|
| | <ul style="list-style-type: none"> • Passenger flow by sea • Passenger flow via Road | |
|--|--|--|

Fonte: Strategic and marketing plan for Azores tourism

4.1. Official productions of tourist statistics

The Tourism Observatory of the Azores analyzes and disseminates statistics related to tourism performance through the dissemination of the data of the SREA, having as the target public agents operating in the tourism sector in the region. In addition, it carries out surveys of opinion and satisfaction in relation to tourism annually, in order to build a system of statistical production in the area of tourism.



The SREA publishes tourist information that allows to observe:

- The number of visitors with residence in Portugal or in foreign countries;
- The number of passengers landed in the region by type of route (sea or air), which is equivalent to the number of arrivals of visitors;
- The number of tourist establishments;
- The number of guests, sleeping, average stay, rate of occupancy-bed, revPAR and, income and costs, by type of tourist establishment (traditional hospitality, local accommodation and tourism in rural area);
- Satellite accounts, being 2015 the last year of reference.

4.2. Profile and visitor Satisfaction

The OTA when conducting annual opinion surveys against tourism, allows to know the demographic profile of the visitor, and his trip. Allows to know the destinations with which the region has to compete in the tourism market, allows you to know the sources of information that the visitor used to obtain information about the Azores, and the factors that influenced the tourist in the choice of the Azores. In addition it provides information on the tourist products sought and the infrastructures used, the expenses of visitors and whether or not there was appreciation of the product offered.

4.3. Economic contribution of tourism to the economy

-Azores Tourism Satellite account – 2015

The development of the tourism satellite account for the autonomous region of the Azores has as its main objective to quantify the importance of tourism in the Regional economy, since, by integrating the products and services that are directly and indirectly related to Tourism, allows to give a perception of the overall dimension of the sector.

In analyzing also the aspects of the demand for goods and services associated with the activity of

Visitors and the relationship of demand with the supply of these same goods and services in the economy

regional level, CST becomes a key tool for economic analysis of tourism.

For 2015 estimate-I know that:

- The gross value added generated by tourism (VABGT) has been 6.7% of the VAB of the regional economy;

- The consumption of tourism in the economic territory (CTTE) represented 14.1% of the region's gross domestic product (GDP);

- Employment in tourism activities, assessed in number of jobs, has reached 10.0% of total regional employment.

Table 4. Main results of the RAA Tourism satellite Account-2015

| | | |
|--|---|--------|
| Tourism consumption in the economic territory | Value €1 million | 541,3 |
| | Weight of tourism consumption in the economic territory in GDP% | 14,1 |
| Tourism expense receiver | Value €1 million | 380,4 |
| Internal tourism expenditure + other components | Value €1 million | 160,0 |
| Generated by tourism | Value €1 million | 225,3 |
| | Contribution of the VABGT to the VAB of the regional economy% | 6,7 |
| Employment in the activities characteristic of tourism | No of jobs | 11 905 |
| | Employment weight in tourism activities in total regional employment% | 10,0 |

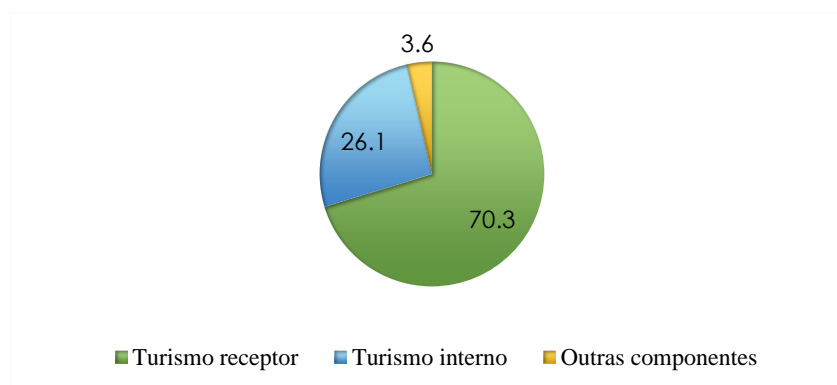
Source: SREA-Tourism Satellite account of the autonomous region of the Azores 2015

a. Consumption of tourism in the economic territory (CTTE)

The consumption of tourism in the economic territory (CTTE), which summarizes the tourist demand, amounted to 541.3 million euros, representing 14.1% of the gross domestic product (GDP) of the AAR. The receiving tourism (effected by non-resident visitors to the AAR) is the component with the highest weight, 70.3%, while domestic tourism and other components represent 29.7%. Of this percentage, 26.1% corresponds

to the expenditure incurred by residents in the context of a displacement in the AAR, provided that outside their usual environment, as well as the expenditure incurred in the region when travelling abroad; And 3.6% is the weight of the other components.

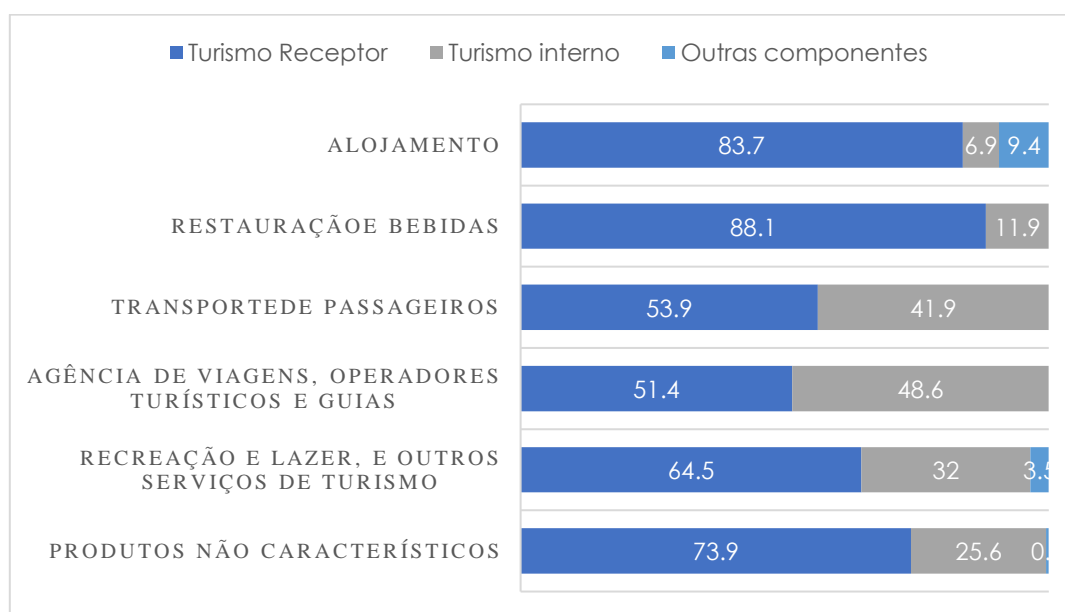
Graph 9. Components of tourism consumption in the economic territory



Source: SREA-Tourism Satellite account of the autonomous region of the Azores 2015

When analyzing the distribution of CTTE 2015 per component and by product, the following is observed:-The expenditure of the receiving tourism is predominant in all products, namely in the restoration and beverages (88.1%), in the accommodation (83.7%) and non-characteristic products (73.9%).-Domestic tourism expenditure assumes greater expression in travel agencies (48.6%) and passenger transport (41.9%).-In the other components assumes some expression of the accommodation (9.4%).

Graph 10. Distribution of tourism consumption by component and product



Source: SREA-Tourism Satellite account of the autonomous region of the Azores 2015

b. Tourist expenditure – 2015

The expense of the receiving tourism is estimated at 380.4 million euros. Of this value, 98.1% was carried out by tourists while only 1.9% was performed by the excursionists. The expense of the excursionists corresponds to the expense of passengers in transit on cruise ships that come to land and non-residents (particularly those residing in mainland territory) moving to the RAA and returning on the same day.

c. Internal tourism expense-2015

Domestic tourism expenditure is estimated at 141.5 million euros.

-The consumption of residents travelling in the AAR accounted for 52.6% of the total domestic consumption and the consumption of residents travelling outside the AAR reached 47.4% of the total domestic consumption.

-The consumption of residents travelling in the AAR was carried out in transport (37%), in non-characteristic products (26%) And in the restoration and beverages (18%).

-The consumption of residents travelling outside the RAA concentrated on transport (82%).

d. Production and VAB generated by Turismo-2015

The domestic tourism production is estimated at 497.1 million euros and accounted for 8.7% of the production of the regional economy. Comparing the domestic production by product with the regional production, it is verified that the accommodation, the air transport, the travel agencies and the rental of transport equipment presented coefficients of 100% or near. Water transport showed a coefficient close to 60% and the restoration and beverages presented a coefficient close to 50%.

e. Employment and remunerations – 2015

Employment in tourism's characteristic activities is estimated at 2005 jobs, representing 10.0% of total regional employment. The restaurants and the like concentrated 32.1% of the jobs of the activities characteristic of tourism, hotels and the like, 19.7% and the cultural services, recreation, leisure and other services of tourism 15.2%. Regarding the distribution of remuneration for the activities characteristic of tourism, the restoration and beverages concentrated 25.0%, auxiliary services 24.6% and transport 19.3%.

4.4. Sustainability in the tourism sector

1) Sustainability booklet – applied to tourism and other sectors

The sustainability booklet of the Azores is managed by the DMO and Its main objective is to be a forum for reflection on how to promote sustainable development in the Azores, in a transsectorial way and throughout the archipelago. It has as additional objectives:

- Promote the implementation of the objectives for sustainable development, and its systemic and systematic integration in the management models of the subscriber entities, adapting the international methodology "SDG Compass" to the context of the autonomous region of Azores.
- Promote a set of public, training and awareness-raising initiatives, such as workshops, debates or others.
- Facilitating a network of sharing of good practices, experiences in identifying and resolving challenges, and constructive debate that facilitates change.
- Strengthen the dialogue between government and society, as a communication and feedback channel with regard to the implementation of the sustainable development goals in the autonomous region of the Azores-to build a collective culture geared towards the Sustainable development, in which all social and

economic actors are an integral part of an innovative ecosystem in the Autonomous Region of the Azores.

It has as its addressees: any company or entrepreneur on an individual name with headquarters or establishments in the autonomous region of the Azores. Entities of the public, associative and non-governmental sectors, or foundations operating in the Azores.

The Subscriber entities undertake to:

- Acquire the necessary competencies to comply with the SDG Compass methodology, through participation in workshops promoted by this forum or by own means.
- Identify annually three (3) internal change commitments and their respective indicators and metrics, which respond to internal priorities identified through the SDG Compass methodology.
- Identify themselves as subscribers to the booklet, and make public their annual commitments as well as access to the history of past commitments and their progress.
- Monitor and report quarterly the progress of the implementation of the commitments undertaken for the current annual period, using the tools defined by the Executive Committee.
- Participate in the booklet forums and contribute to their continued development, notably through participation in working groups or other initiatives that will be identified and defined as priority activities.

2) Miosotis Azores – Promoting sustainable tourism

Due to the negative impacts associated with the presence of a more conservative tourism, the concern for its minimization arose, creating a touristic activity in harmony and with principles of environmental integration: sustainable tourism. In the local sustainability concerns increasingly demanded by the Visitors, accommodation and tourism ventures have several fronts for environmental quality recognition, namely certification and ecological labels. In the Azores, this accession has a very small expression due to the inadequacy of some criteria to the local reality and, in some cases, the fees associated with registrations and applications. To bridge this gap and in order to ensure both judicious and appropriate environmental practices, to be implemented in local tourism

ventures, there was a need to restructure and create parameters and give speed to recognition by creating The gift of reward.

Objectives

- Create a credible and rigorous environmental award to be attributed to the lodgings, according to the regional characteristics where they are inserted;
- Recognize the lodgings that implement good environmental practices according to regional specific characteristics;
- Implement and sensitizing employees and customers of the tourist accommodation for good environmental practices.

Recipients

- Guest House
- Hotel establishment (including inns)
- Holiday Parks
- Tourist apartments
- Tourist sets (resorts)
- Housing Tourism Ventures
- Rural tourism projects
- Nature Tourism Ventures

4.5. Availability of data on environmental and social aspects

There are several main entities that collect data on environmental statistics and data are available at national and regional level (NUTS2):

- The National Institute of Statistics (INE), whose mission is the production and dissemination of official statistical information, has several information on environmental indicators. They produce the survey on environmental protection by municipalities,

research on the sector of environmental goods and services and research on sectoral residues.

- The SREA public indicators related to energy and water consumption.

The Regional Secretariat, Energy, Environment and tourism develops and monitors in an integrated and participative way, public policies for the environment and sustainable development, in close cooperation with other sectoral policies and Public and private entities, namely: ERSARA, regional secretariat, Energy, Environment and Tourism, Regional Energy Directorate, etc. Some areas of intervention are air, water, waste, climate change, noise, sustainable development, citizen participation, environmental assessments, environmental economics and environmental risks.

4.6. The procedures foreseen by the Observatory

The Observatory will monitor and report the data that the aforementioned entities provide, although the number of entities concerned with sustainability is relevant and more and more the number should increase, there is currently no entity monitoring the impacts of tourism on sustainability. Given that our obstacles will be in particular obtaining more detailed statistics on energy, water, waste related to the tourism sector. As a possible solution or form of acquiring data that is not produced by the entities, our aim is to implement an investigation addressing these more specific themes of which are not available by the regional statistical Service of the Azores, and that will be applied to tourist establishments.

In addition to obtaining data, the identification of areas to be "studied" is a very important step, and should be processed periodically. What in a period is not identified as a problem, in a close period may be. So that over time we can develop several indicators, the debate is the foundation of all the processes envisaged. The participation of the Observatory, as a subscribed entity, in workshops promoted by the representatives of the sustainability booklet of the Azores, is indispensable for the efficiency of the Observatory. In these workshops, there are several entities, including representatives of tourist accommodation, energy production companies, tourist entertainment companies, transport companies, Municipal councils, food-producing companies, etc.

4.6.1. The objectives of the Observatory

The main objective of the observatory is the systematic measurement and monitoring of the sustainability of tourism in the Azores. In the first stage we intend to establish the observatory of sustainable Tourism as an organizational structure within the Tourism observatory.

- **Mission and Partners**

A fundamental step towards sustainability in tourism is the existence of a monitoring and evaluation system. Therefore, it is up to us as a sustainable tourism observatory to determine the sustainable development of tourism in the region, through monitoring that enables discussion, identification of priorities, discovery of paths and models of Management guided by solid principles of sustainability, which bring benefits to the community, entrepreneurs and tourists.

Local, regional and national policies rely on the limited range of statistics. However, the numbers alone do not always describe the development of tourism. The development of the tourism sector involves several aspects that allow the destination to operate sustainably (from the economic, environmental, social and cultural point of view) and with the benefit to the residents. In this way, it is a process that includes gathering data on the various strands with special look at the interests of a community, the historical, cultural and environmental resources which will help to create a realistic and accurate image of what really goes on in Tourism. Boosting the recognition of sustainability and consequently the development of tourism in the destination.

The observatory will work with a wide range of governmental and private organizations to achieve its goals.

| Objectives |
|--|
| Establish the Monitoring system |
| Get a comprehensive overview of data sources and information relevant to the establishment of the monitoring system |
| Deciding on thematic monitoring areas (based on the preliminary study) |
| Initiate the collection, consolidation and regular evaluation of data related to the indicators |
| Report regularly |
| To elaborate a clear picture of the impacts that tourism has on society, economy and the environment |
| Identify and communicate developments, potentials and opportunities |
| Warn about risks and hazards |
| Enable the planning of sustainable practices, provide ideas, possible measures, recommendations |
| Solutions for governmental or private entities |
| Raising awareness and empowering learning |
| Create a better understanding of the public about sustainable tourism; sensitizing the different target groups, including the private sector, the general population, schools and students, visitors, etc. |

- **Motorization Methodology**

The monitoring methodology is based on four basic steps:

- 1) Data collection
- 2) Data analysis, visualization and interpretation;
- 3) Data validation, collection of comments;
- 4) Dissemination of results and sensitization.

Data collection includes primary and secondary sources and quantitative and qualitative data. The Data are available online or can be sent upon request. Therefore, the observatory will concentrate on the systematization of data, on the one hand, and in methodologies to collect new data, on the other.

5. structure, recommendations, suggestions and comments

The observatory will consist of a three-element direction, and four collaborators. The role of the collaborators is to compile the data and its dissemination through reports, as well as the updating of data on the website. The adherence to the network of sustainable tourism observatories of THE OMT is of great interest to the region. This is because, for a long time, tourism has been regarded as an industry in which negative impacts were not imputed to it, from a cultural, social or environmental point of view. From the decade of 70 the reality changed and began to appear the first voices denating the negative effects of tourism. However, many regions have been betting heavily on tourist activity as the main engine to develop. The case of the Azores region does not escape the rule. And tourism when it is an economic sector that generates benefits and also costs, it is desirable that it develops in a sustainable way.

The conservation of nature and the management of natural and cultural resources are vital to the tourist activity, since they constitute the basis of the touristic offer that responds to the different motivations. The development of tourism cannot be carried out without respecting the principles and objectives of sustainable development. Thus, the tourism activity must integrate three fundamental pillars: economic sustainability, environmental sustainability and socio-cultural sustainability.

- Social and cultural sustainability, which ensures that development allows to increase population control over their own lives, which is compatible with local culture and values and that maintains and strengthens cultural identity;
- Economic sustainability, which ensures that development is economically efficient and that resource management allows it to be used by future generations.
- Environmental sustainability, which ensures that development is compatible with the maintenance of essential ecological processes, biological diversity and biological resources;

For tourism destinations to evolve in accordance with the principles of sustainability, the regional and local bodies responsible for their management need to have at their fingertips new instruments and information that allow, on the one hand, to assess the Impact of their policies and the achievement of the sustainability goals of tourism and, on the other, take preventive or corrective measures when necessary. To implement the concept, it is necessary to evaluate sustainability in strategies and development proposals, defining

criteria and indicators that meet the particularities of each tourist destination. The international network of the OMT of sustainable tourism observatories, through the systematic application of techniques for monitoring, evaluation and information management, the initiative offers to public officials, tourism managers and Responsible for spatial planning, among others, key tools so that they can strengthen their institutional capacities with the aim of helping to formulate and implement tourism management policies, strategies, plans and processes Sustainable development.

The indicators of sustainable development for tourism destinations of UNWTO Of INSTO are linked to three important aspects: quality, continuity and balance. Through the process of management, planning and monitoring, they automatically refer to the sustainable development of tourism activity. Improving the quality of life of the local population, confers greater quality to the visitor's tourist experience, maintains the quality of the environment from which the local population and visitors depend, pursuing higher levels of economic profitability Of tourist activity for residents and the achievement of benefits on the part of tourist entrepreneurs – that is, the profitability of the business, otherwise the entrepreneurs would abandon the commitment to sustainability, jeopardizing the balance.

Our aim is to monitor The 9 mandatory basic issues of Unwto, and over time, develop other indicators.

| UNWTO mandatory issue | Key pillars of sustainable tourism | Components |
|---|---|--|
| Local satisfaction with tourism | Social and cultural impact | - Percentage of residents who are satisfied with tourism in the destination (per month/season) |
| Destination economic benefits Employment | Economic value | - Tourist arrivals by month or quarter - Daily spending per overnight tourist |
| Tourism seasonality | | - Direct tourism employment as percentage of total employment in the destination |

| | | |
|-------------------------------|-----------------------------|---|
| | | <ul style="list-style-type: none"> - Unemployment rate in high and low season - Tourism contributions and expenditure in the region's economy - Occupancy rate in commercial accommodation per month and average for the year |
| Energy management | Environmental impact | <ul style="list-style-type: none"> - Consumption of water and energy - Per capita consumption of energy from all sources (overall, and by tourist sector – per person day) - Percentage of businesses participating in energy conservation programs, or applying energy saving policy and techniques - Percentage of energy consumption from renewable resources (at destinations, establishments). - Waste volume produced by the destination, by month - Volume of waste recycled (specify by different types); - Quantity of waste strewn in public areas (garbage counts); - Water use (volume consumed and litres per tourist per day) - Water saving (% reduced, recaptured or recycled); - Percentage of sewage from the destination receiving treatment - Percentage of tourism establishments on treatment systems; |
| Water management | | |
| Sewage treatment | | |
| Solid waste management | | |
| Governance | | <ul style="list-style-type: none"> - Resort Areas that are certified for their sustainability efforts - Percentage of water in resort areas that is considered good/excellent quality when compared to the rest of the water in the destination - Percentage of tourism enterprises that provide training /information on sustainable practices to their collaborators - Environmental spending, per inhabitant |

| | | |
|--|-----------------------------------|---|
| | Social and cultural impact | - Number of tourists/visitors per 100 residents |
| | Destination management | - Percentage of tourism enterprises/establishments in the destination using a voluntary certification/labelling for environmental/ quality/ sustainability and or Corporate Social Responsibility |

The final choice of indicators depends on the availability of data and relevant stakeholder cooperation.

- **Stakeholders**

“The concept of ‘stakeholders’ is becoming increasingly important in tourism planning. Stakeholders are the individuals, groups and organizations with an interest in a planning problem, issue or outcome that are directly influenced or affected by the actions or non-actions taken by others to resolve the problem or issue” (Hall, 2008:121)¹

¹ Hall, C. (2008) Tourism Planning – Policies, Processes and Relationships, 2nd edition. Harlow: Pearson Education.



The development of tourism in a destination can influence the quality of life at a positive or negative level, depending on the prospects of the stakeholders. The involvement of residents as well as other stakeholders in the processes and decision-making that influence the quality of life at a destination is fundamental. The stakeholder participation in the development of tourism policies is important because of the diversity of organizations and interests in both sectors, both private and public, these include local citizens, business owners, departments Public and private organizations, non-profit organisations and other groups involved or who should be involved in the decision-making process. Therefore, the involvement of stakeholders in the management of a tourist destination, developing integrated policies is important in such a way that tourism grows in the destination with quality and sustainability.

List of stakeholders define

The Azores Tourism Observatory (OTA) is a private, non-profit association whose founding partners are the Azores Autonomous Region, the Azores Tourism Association (Tourism Promotion Agency) and the University of the Azores. In addition to these founding partners, OTA considers as relevant stakeholders all public and private entities in the regional tourism sector, as well as the tourists themselves, the resident population,

and entrepreneurs. It also has partnerships with international tourism organizations such as UNWTO, AIUTA and other Tourism Observatories such as the OTIE in Sicily.

The sustainability and balance of tourism development offers great advantages for tourists, as they benefit from a quality offer that goes as far as possible to meet their interests and motivations, privileging a greater Involvement with nature and a deeper knowledge of local culture. For operators and tourist entrepreneurs, the benefits relate to commercial success in the sale of a complete tourist product, with high added value and with a growing market demand, to which it is important to ensure its continuity and Economic sustainability. For communities in the region, sustainable tourism offers alternatives for local development, territorial and environmental valuation, real estate improvement, monuments, economic-social dynamism, cultural exchange and Access to information and innovation.

The Azores 's Sustainable Tourism Observatory will allow you to make the best investment decisions and the best decisions of operation and management. You cannot move forward with ideas, initiatives or projects, if we cannot measure what we have, if we cannot measure the evolution we can make. So it is so important that we can monitor what happens in the region. This is the first principle of monitoring in the Insular Region. R We will , with this instrument, more conditions for better public management, for better management of the companies themselves, in order to be more effective in creating value in the business, but also to be able to transfer this value to the Territory And for the benefit of our residents. So we can have more capacity to value, not only our local heritage, but also our cultural heritage.

