Ministry of Economy
and Innovation

NATIONAL STRATEGIC PLAN FOR TOURISM

Fostering the Development of Tourism in Portugal

TURISMO DE
PORTUGAL

Tourism is a priority strategic sector for Portugal.

Tourism has great strategic importance for the Portuguese economy due to its capacity for wealth-generation and job-creation. It is one of the few sectors where Portugal has clear competitive advantages. The government and tourism stakeholders are currently making a major commitment to developing the sector.

Tourism is currently experiencing a boom period. Revenues are rising. High-quality installed capacity is already available in terms of infrastructures and human resources. Various premier projects have been launched in traditional zones. New high-quality destinations are emerging, such as the Litoral Alentejano area, the Oeste zone, Porto Santo and the Douro, as a result of business initiative and government capacity to set into motion processes that have been paralysed for many years. There is now an ongoing commitment towards the tourism sector.

Great strides forward have been made. For example various licensing procedures that had been paralysed for years have now been green lighted. Inftur's network has been connected to the finest international schools in order to improve teaching standards. Non-residents are now more easily able to acquire second residences. Portugal National Tourism Authority has been created.

But there is still a great deal to be achieved – including better segmentation of value proposals and increasing the quality offer; improving transport access; developing Residential Tourism and Health Tourism; creating a stronger image before demanding customers; facilitating licensing procedures and eliminating red tape.

In order to attain these ambitious objectives, we require a strategy - PENT. Many long hours of work involving many representatives from the Ministry of the Economy and Innovation, the sector's institutions and high-level consultants, have been dedicated to drawing up PENT. I would like to thank all those involved, in particular the Secretary of State for Tourism, Bernardo Trindade, and the chairman of Portugal National Tourism Authority, Luís Patrão. PENT traces long-term objectives for the sector, but also demands short- and medium-term results.

We aim to achieve growth on a daily basis. I believe in tourism's potential. I believe in the will, talent and determination of the sector's protagonists. I believe we can move up the value chain. I believe we can go further. We have exceptional resources in terms of geographic location, climate of security, historic and cultural heritage, the affability and adaptability of the Portuguese people, the quality of our beaches, and the potential to develop golf and nautical activities.

Manuel Pinho
Minister for Economy and Innovation

Portugal is affirming its position as a tourism destination of excellence.

Given that we truly believe in this vocation for our country, we consider that it is essential to mobilise forces, converge resources and achieve synergies towards a common goal.

For this reason, in 2006, we launched a challenge to Portuguese society and in particular to tourism agents: to define a stable path of action, involving all parties, with clear targets and objectives, that will enable tourism to provide a decisive contribution to the well-being of the Portuguese population, through wealth generation, job creation, and an inherent capacity to promote territorial cohesion.

At that time we presented the guidelines that would structure the National Strategic Plan for Tourism (PENT) and our intervention.

This work is now consolidated and we believe it will constitute a framework for intervention for all those who are directly or indirectly involved in fostering the development of tourism in Portugal.

The positive results obtained by Portuguese tourism in 2006 demonstrate that we are on the right track and that convergence of all intervening parties towards a common goal will be decisive for our affirmation as a leading tourism destination.

Now we must look ahead - the forthcoming years will present even greater responsibilities. The effort we must make, by means of the policies to be implemented in collaboration with leading market players, will enable us to consolidate and extend the positive growth cycle that we initiated in 2006.

It's time!

Bernardo Trindade
Secretary of State for Tourism

EXECUTIVE SUMMARY

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.

This document summarises the conclusions, objectives and development guidelines for the sector, to be materialised by means of 5 action lines, encompassing 11 projects. Implementation of these projects requires the participation of the various players that have a direct or indirect influence on the quality of Destination Portugal and its tourism products. Achievement of these objectives depends not only on Portugal National Tourism Authority, but also on the active involvement of these players.

PENT

> A major opportunity for strong development of the sector in qualitative and quantitative terms

Tourism is one of the Portuguese economy's key sectors and its relative weight has grown over recent years (rising to 11% of GDP in 2004). However, Portugal has lost market share at the international level and is currently highly dependent on four outbound markets and on the performance of three regions (Algarve, Lisboa and Madeira), and is still affected by a high degree of seasonality and constraints in terms of air connections.

The strong growth perspectives of the world tourism market constitute an opportunity for Portugal, but an action strategy is required in order to enable the country to respond to both increasingly sophisticated demand and the growing number of competing destinations.

> The moment to enhance and develop the national tourism sector

Our vision for tourism in Portugal represents an ambitious but realistic strategic vision based on three core pillars: Portugal must be one of the fastest-growing destinations in Europe, through development based on qualification and greater competitiveness of the offer, transforming tourism into one of the central growth drivers for the national economy.

The value proposal for the country will focus on the key factors that differentiate Portugal from other competing destinations - "Climate and light", "History, culture and tradition", "Hospitality" and "Concentrated diversity" - and on elements that bring value to Portugal in the context of tourists' options - "Modern authenticity", "Safety" and "Competitive quality".

The delineated objectives represent a major challenge for tourism. The sector must achieve sustained growth, above the European average, especially in terms of revenues. In the international market, Portugal aims to achieve the following levels of annual growth: 5% in terms of the number of tourists, rising to 20 million tourists in 2015; and around 9% annual growth in revenues, rising to over €15 billion in 2015, thus doubling the current turnover level. Lisboa, Algarve and Porto e Norte will be the regions that make the greatest absolute contribution to this growth, while the Alentejo will record the highest relative contribution, with annual growth of around 11%. In this manner, tourism will provide a positive contribution to the country's economic development, and in 2015 will represent over 15% of GDP and 15% of national employment.

> Implement a demanding, ambitious and innovative strategy for the tourism sector

21 target outbound markets have been selected, including the domestic market, and differentiated in function of their growth potential and Portugal's competitive positioning, and classified into three groups:

Strategic markets - Portugal, United Kingdom, Spain, Germany and France - that should be subject to a major promotional drive, guaranteeing a significant absolute contribution to tourism and stimulating relative growth in the low season (October to May), higher than that in the high season;

Markets to be developed - Scandinavian countries, Italy, United States of America, Japan, Brazil, the Netherlands, Ireland and Belgium - where we aim to achieve significant absolute growth;

Diversification markets - Austria, Switzerland, Russia, Canada, Poland, Czech Republic, Hungary and China - where the objective is to increase market share, while strengthening the notoriety of Destination Portugal.

Portugal has the necessary "raw materials" - climate, natural and cultural resources - to consolidate and develop 10 strategic tourism products: 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 and Gastronomy and Wines. Intervention in these products involves the development of structured, distinctive and innovative offers, in line with the value proposal for Portugal, based on catalysing the natural vocation of each region, which will enable them to successfully compete in the target markets.

The characteristics and infrastructures of each destination are reflected in a portfolio of products that should be fostered in each region. In function of their resources and distinctive factors, the Sun and Beach, Touring and City Break products will gear short- and medium-term performance. Particular attention will be placed on re-enhancing the Algarve region.

In addition to the Azores, a tourism pole-region that is already in a more advanced stage, it is essential to develop 6 new tourism poles - Douro, Serra da Estrela, Oeste, Alqueva, Litoral

Alentejano and Porto Santo - given their specific and distinctive content, in order to foster development of the domestic and international markets. These development poles will make it possible to diversify the tourism offer. At the same time it is necessary to guarantee implementation of sustained development models.

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.

It is necessary to make a commitment to the implementation of 1-2 mega events per decade in order to contribute towards improving the tourism offer and increasing the destination's projection and notoriety, complemented by organisation and promotion of a national calendar of events, composed of 10-12 major events of international visibility that contribute towards increasing the destination's brand image and value proposal. Finally, local entertainment initiatives should be guaranteed in the main tourism zones.

It is fundamental to intervene in terms of enriching the offer, developing and innovating Portuguese traditional content that constitute factors of tourism differentiation. In this manner, moments from Portuguese history, culture, literature, music or other aspects will be shared with the tourist, in function of the specific context. Elements of the cultural offer are also intended to be developed and adapted in order to deliver distinctive experiences to the tourist, improving the marketing of cultural assets - ensuring the suitability of opening hours and integrating the offer – strengthening the concept of the richness of Portuguese gastronomy via the creation of key local dishes.

Urban, environmental and landscape quality should become an integral part of tourism products in order to enhance and valorise Portugal as a tourism destination. This intervention requires the constitution of Zones of Tourism Interest (ZTIs), such as, for example, historic centres, border zones and tourism development poles.

The "Quality Portugal" programme will be launched, with the objective of strengthening the quality of tourism along "moments of truth" in the tourist's experience, through implementation of a quality system of tourism training and enhancement of human resources, from the process of retrieval of information before the trip, to follow-up contact. Quality offers should be rewarded by means of positive discrimination in favour of entities that comply with the required standards.

In terms of human resources, it is essential to establish a tourism training programme of excellence by creating an international tourism management school, selecting one regional school per region and stimulating curricular development of other disciplinary areas in the tourism sector and fostering specialisation.

At the level of promotion and distribution there is a need to innovate and communicate a differentiated value proposal, intervening in target segments per outbound market. In this aspect, there should be greater focus on the Internet channel and proactive management in terms of the relationship with intervening parties. The priority of promotional activities should be focused on Destination Portugal.

Finally, the effectiveness of the actions of public and private agents should be increased, by means of facilitating interaction between companies and the state, promotion and dissemination of knowledge, stimulation of research and development, and adoption of innovative and modern practices, in order to increase the competitiveness of the sector's companies.

> Successful execution of the strategic guidelines will require great rigour, innovation and a proactive attitude by public institutions and the private sector - the 5 strategic action lines will be implemented by means of 11 projects

PENT's implementation is structured around 5 action lines:

> Territory, Destinations and Products
> Brands and Markets
> Qualifying Resources
> Distribution and Sales
> Innovation and Knowledge

Implementation of the 5 strategic action lines requires the implementation of 11 projects, at various levels and encompassing multiple entities:

> I - Products, Destinations and Poles
> II - Intervention in ZTIs (Urban planning, Environment and Landscape)
> III - Development of distinctive and innovative content
> IV - Events
> V - Air access
> VI - Brands, Promotion and Distribution
> VII - Quality Programme
> VIII - Excellence in Human capital
> IX - Knowledge and Innovation
> X - Effectiveness in the State - Company relationship
> XI - Business Modernisation

Under the political orientation of the Ministry of Economy and Innovation, the following entities will become involved: central, regional and local administration, sectorial, business and regional associations, and companies directly or indirectly related with tourism activities.

The interventions will constitute investments, with a varying degree of complexity and different levels of impact in terms of their short, medium or long-term effects.

Implementation will be managed by an organisational structure in the form of a steering committee, composed by representatives of the Secretariat of State for Tourism and Portugal National Tourism Authority, under the political orientation of the Ministry of Economy and Innovation.

Stronger and broader communication is required between the various partners of the tourism sector - public agents, business and public sector - in order to develop a culture of excellence, and guarantee their receptivity, mobilisation and involvement in development initiatives and implementation of the National Strategic Plan for Tourism.

Glossary

ACI	Airports Council International
ADETURN	(Associação de Turismo do Norte de Portugal) – Northern Portugal Tourism Association
AENA	(Aeropuertos Españoles y Navegación Aérea) – Airports of Spain
AIA	Aviation Industry Association
AICEP	(Agência para o Investimento e Comércio Externo de Portugal) – Portuguese Investment and Foreign Trade Agency
AIP	(Associação Industrial Portuguesa) – Portuguese Industry Association
ANA	(ANA Aeroportos de Portugal S.A.) – Airports of Portugal
ANAM	(ANAM Aeroportos e Navegação Aérea da Madeira S.A.) – Madeira Airports
ARPT	(Agência Regional de Promoção Turística) – Regional Tourism Promotion Agency
CAGR	Compound Annual Growth Rate
CCDR	(Comissão de Coordenação e Desenvolvimento Regional) – Regional Development and Coordination Commission
DGAE	(Direcção Geral da Administração Educativa) – Directorate General for Educational Administration
DGT	(Direcção Geral do Turismo) – Directorate General for Tourism
DMC	Destination Management Company
DRT	(Direcção Regional do Turismo) – Regional Directorate for Tourism
ECA	European Cockpit Association
EU-15 states	Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom
FRONTUR	(Movimientos Turísticos en Fronteras) - Tourist Movements at Frontiers
GDP	Gross Domestic Product
ICCA	International Congress and Convention Association
ICN	(Instituto da Conservação da Natureza) – Nature Conservation Institute
IET	(Instituto de Estúdios Turísticos) – Tourism Studies Institute
INE	(Instituto Nacional de Estatística) – National Statistical Institute
Inftur	(Instituto de Formação Turística) – Tourism Training Institute
IPM	(Instituto Português de Museus) – Portuguese Museums Institute
IPPAR	(Instituto Português do Património Arquitectónico) – Portuguese Architectural Heritage Institute
LEADER	(Liason Entre Actions pour le Développement de L'Economie Rurale) – Links between Actions for Development of the Rural Economy
MAOTDR	(Ministério do Ambiente, do Ordenamento do Território e do Desenvolvimento Regional) – Ministry of the Environment, Territorial Planning and Regional Development
MEI	(Ministério da Economia e da Inovação) – Ministry of Economy and Innovation
MOPTC	(Ministério das Obras Públicas, Transportes e Comunicações) – Ministry of Public Works, Transport and Communications
NUT	(Nomenclatura das Unidades Territoriais) – Nomenclature of Territorial Units
PALOPs	(Países Africanos de Língua Oficial Portuguesa) – Official Portuguese-speaking African countries
PCM	(Presidência do Conselho de Ministros) – Presidency of the Council of Ministers
PCO	Professional Congress Organiser
PEC	(Programa de Estabilidade e Crescimento) – Programme for Stability and Growth
PENT	(Plano Estratégico Nacional do Turismo) – National Strategic Plan for Tourism
PIPITAL	(Programa de Investimentos Públicos de Interesse Turistico para o Algarve) – Public Investments of Tourist Interest for the Algarve Programme
PIT	(Programa de Intervenção Turística) – Tourism Intervention Programme
PITER	(Programas Integrados Turísticos de Natureza Estruturante e Base Regional) – Regionally-based Integrated Structured Tourism Projects
PNPOT	(Programa Nacional da Política de Ordenamento do Território) – National Territory Regulating Plan
PRIME	(Programa de Incentivo à Modernização Empresarial) - Incentives Programme for the Modernisation of Economic Activities
PROT	(Planos Regionais de Ordenamento do Território) – Regional Territorial Plans
PROZEA	(Plano Regional de Ordenamento da Zona Envolvente da Albufeira do Alqueva) – Regional Territorial Plan for the Zone Surrounding the Alqueva Dam
QREN	(Quadro de Referência Estratégico Nacional) – National Strategic Reference Framework
R&D	Research and Development
RevPAR	Revenue per Available Room
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNWTO	United Nations World Tourism Organisation
ZTIs	(Zonas de Interesse Turístico) – Zones of Tourism Interest

METHODOLOGICAL NOTE

1. The official statistical data provided by INE, of a regional scope, is based on the new territorial units, NUT II, under the terms defined by Decree-Law nº. 244/2002, of November 5;

2. For the purposes of analysis, formulation of objectives and definition of the strategic development lines of the National Strategic Plan for Tourism (PENT), the regions of Lisboa, Centro and Alentejo correspond to the new territorial units, NUT II;

3. The Oeste tourism development pole, corresponding to the geographic area, NUT III Oeste, is inserted, in terms of statistical treatment and the consequent analysis and strategic development lines of PENT, in NUT II Centro;

4. In accordance with natural concerns of territorial cohesion, as framed in government national programmes and strategies, the implementation of PENT's projects will take into account institutional solutions that guarantee coherence between the development of projects with restructuring effects in the regions and the corresponding Regional Territorial Plans (PROT).

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I. TOURISM IN PORTUGAL

> There is currently a major opportunity for strong development of the sector, in qualitative and quantitative terms, but there is also the need for a new intervention model for the sector's agents

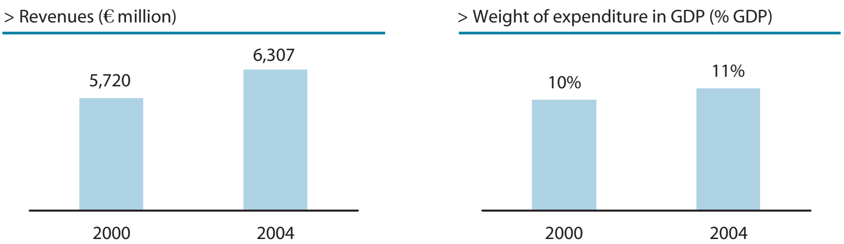
I.1. Economic dimension

Tourism is one of the main sectors of the Portuguese economy, and its relative weight in the economy has grown over recent years

> Current revenues from tourism represent € 6,3 billion, corresponding to 11% of GDP with an upward trend

Between 2000 and 2004, the annual growth in revenues in Portugal was 2.5%, rising to €6,307 million, equivalent to 11% of GDP.

Tourism's revenues and contribution to GDP

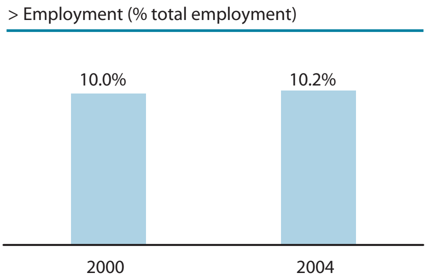


Sources: BP; INE

> Tourism is one of the main drivers of job creation, representing 10.2% of the working population

Tourism is one of the most important sectors of national employment, representing 10.2% of the working population in 2004 (relative growth of 0.2% in comparison with 2000).

Tourism's contribution to Employment



Source: INE

> Public and private investment in the sector in the period 2000-2006 is estimated to represent a total of €4 billion

Private investment, that benefits from support from the tourism sector (PRIME projects, special projects, de-concentrated projects and bank protocols), represented a total of around €2,2 billion between 2000-2006, to which around €0,8 billion of PITER II programme investment should be added, during the same period. Public investment in tourism, that also benefited from support in the same period, represented a total of €1billion.

Among the principal private investments are a series of projects and investments in progress in regions with a lower relative weight in the sector, in particular in the Oeste and Alentejo regions, where the creation of a significant number of direct jobs is foreseen.

I.2. Summary of the recent evolution of Portugal's tourism trade

The national tourism sector lost relative market share at the international level (2000-2005) and is highly dependent on four international outbound markets and three national regions, experiencing a high degree of seasonality and constraints in terms of air connections

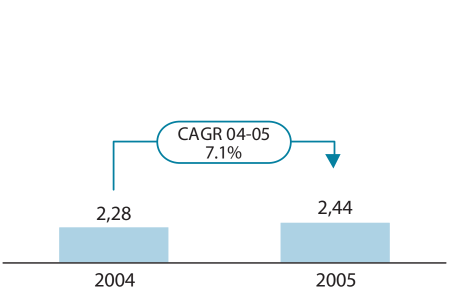
I.2.1 Evolution of demand

International tourism is responsible for 52% of guests in national territory. Portugal lost market share (2000-2005) at the international level and is highly dependent on four outbound markets

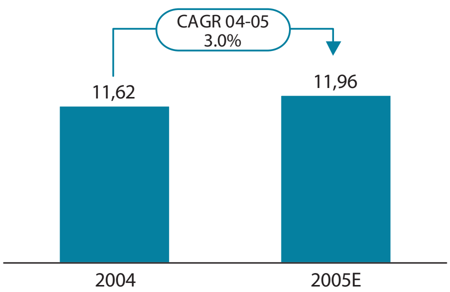
> Portugal received around 12 million international tourists in 2005, responsible for 52% of all guests in national territory. The number of international tourists has grown at a lower pace than the growth rate of domestic tourism

Domestic tourism has gained importance in comparison with international tourism. In 2005, 2,4 million national residents went on holiday in Portugal, representing 7.1% growth in comparison with the previous year. In the same period, a total of around 12 million international tourists visited Portugal, recording 3.0% growth in comparison with the previous year.

> Domestic market (Portuguese citizens who go on holiday in Portugal[1]; millions)



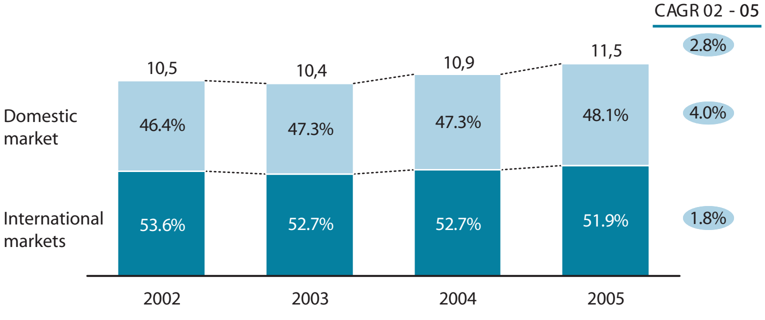
> International tourists in Portugal (millions)



1) Away from their normal place of residence
Source: DGT

The number of domestic guests has grown at a higher pace than the number of international guests. In 2002, international guests represented around 53.6% of the total, equivalent to 5,7 million guests. In 2005, this amount grew by 300,000 guests, representing average annual growth of 1.8% in comparison with 4.0% growth of domestic guests.

Weight of international guests amongst all guests in Portugal (2002 – 2005; millions of guests)

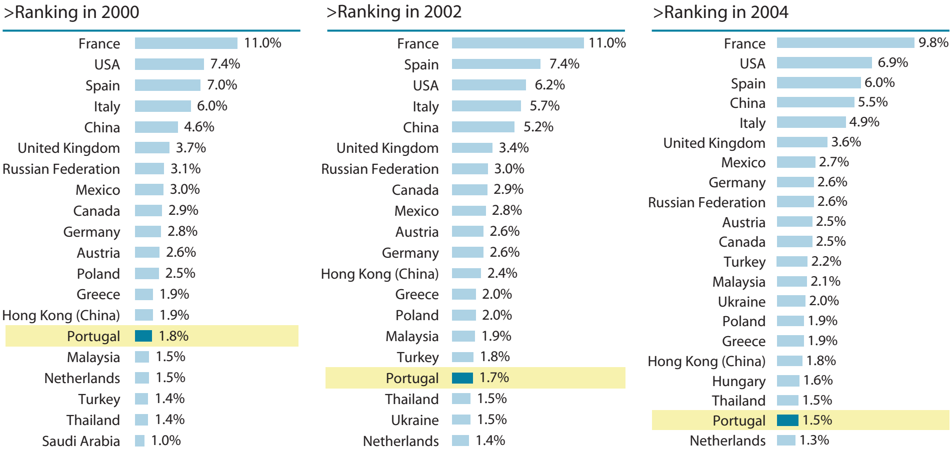


Source: INE

> Between 2000 and 2005, Portugal maintained its market share in terms of revenues but not in terms of international tourists - 2006 was a turning point for growth of the number of international tourists

Portugal is one of the world's top 20 destinations, but has progressively lost market share in world tourism, and has been overtaken by destinations such as Turkey, Hungary, Thailand and Malaysia.

Shares in the world tourism market (Top 20; % number of inbound tourists)

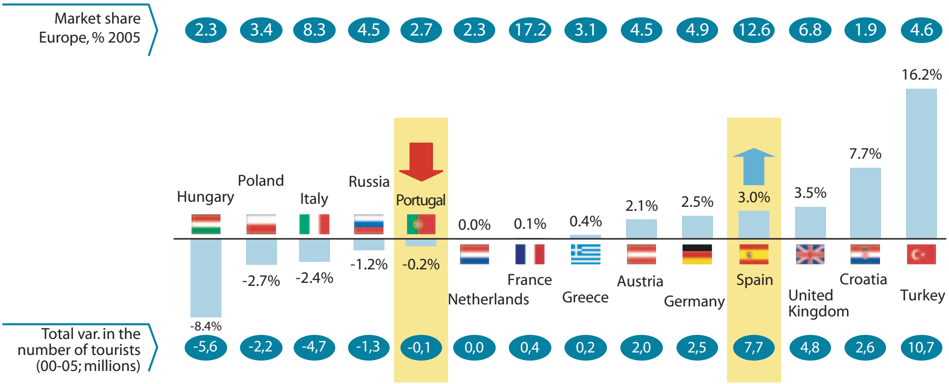


Note: Data not available for Hungary prior to 2004
Source: UNWTO

The performance of Portuguese tourism, in the period from 2000 to 2005, fell below that of European destinations in general, with -0.2% average annual growth in the number of tourists - equivalent to minus 100,000 tourists in this period.

By contrast, the performance of Spain - a consolidated destination with a 12.6% market share in Europe – recorded an additional 7,7 million tourists, equivalent to 3% annual growth between 2000 and 2005.

Annual average growth in the number of international tourists (2000-2005; %)

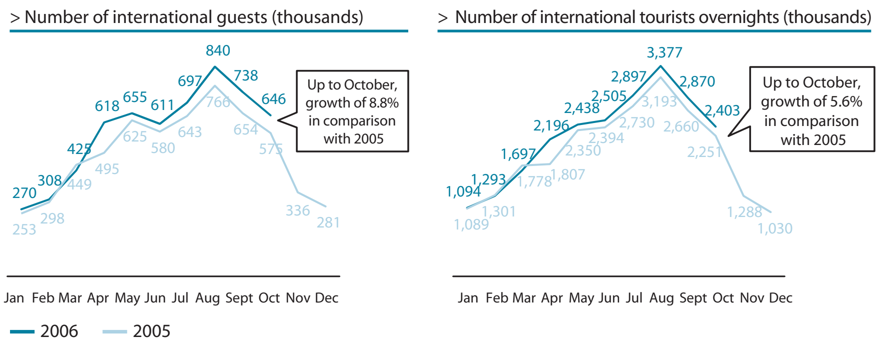


Notes: 2005 data is not available for Greece, therefore 2004 data was considered

Source: UNWTO

On the other hand, 2006 was a turning point, both in terms of the growth of number of international guests and in terms of international tourists' overnights. Between January and October 2006, international tourism in Portugal recorded 8.8% accumulated growth of international guests, in comparison with the same period in 2005 and 5.6% growth of international tourists' overnights, also for the same period.

Performance 2006 vs. 2005

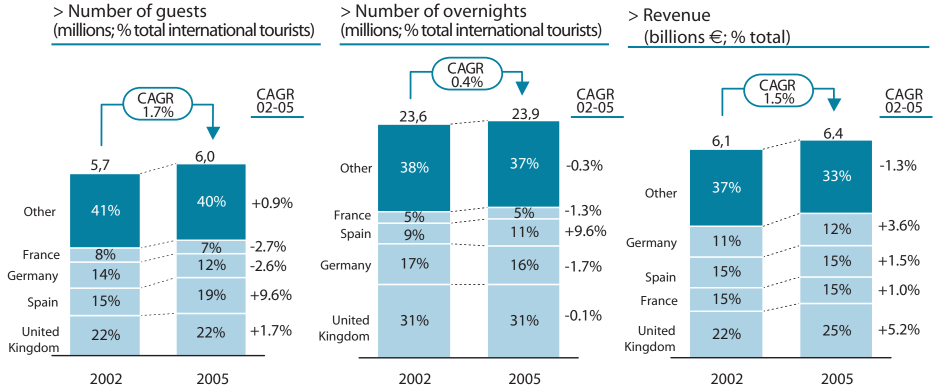


Source: Proturismo (www.iturismo.pt/proturismo/)

> International tourism in Portugal is dependent on four outbound markets (United Kingdom, Spain, Germany and France) that represent 60% of international guests and 67% of revenues. EU-15 states represent 81% of international guests and 82% of revenues

The dependence on the four main outbound markets (United Kingdom, Spain, Germany and France) increased in comparison with 2002. In terms of the number of international guests, there was a 1% increase, rising to 60% in 2005. Focusing on revenues, the four main markets represent 67% of revenues, with a dominant role played by the United Kingdom which in addition to being the main market contributing to this amount (25%), also recorded the highest level of growth, 5.2% per year, between 2002 and 2005.

Dependency on the four main outbound markets of the EU -15 (2002-2005; %)



Sources: INE; BP

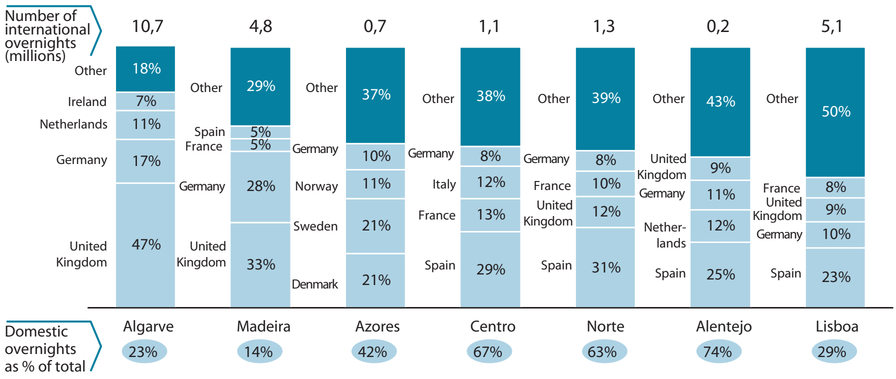
> The Algarve is the region with the highest concentration of outbound markets and Lisboa has the greatest diversification. The Alentejo, Porto e Norte and Centro are essentially dependent on the domestic and Spanish markets

The Algarve is the region with the highest number of international tourists' overnights and has the highest degree of dependency (82%) in relation to the four main outbound markets. The United Kingdom has a key role and represents around 50% of international tourists' overnights in the region.

Lisboa is the national region with the most diversified demand. Spanish tourists represent the highest number of international tourists' overnights in the city, followed by German tourists. The four most important markets represent 50% of all international tourists' overnights, the lowest proportion recorded in the seven Portuguese regions.

Madeira has the third highest number of international tourists' overnights, with a level of dependency of 70% - the second highest in the country - with a clear emphasis on the British and German markets that represent 61% of international tourists' overnights.

Outbound markets of the regions (2005; international tourists' overnights)



Source: INE

The Azores presents a different profile in relation to the other regions, with a distinct set of outbound markets - the three main markets are Denmark, Sweden and Norway.

The regions with the highest dependency on domestic tourism are the Alentejo, Centro and Porto e Norte.

I.2.2 Performance of the regions

The tourism sector is highly concentrated in three regions and experiences a high degree of seasonality sustained by a tourism offer primarily in the middle-low range

> Three regions (Algarve, Lisboa and Madeira) are responsible for more than 85% of international tourists' overnights in hotels and similar establishments, and the summer period represents 46% of all business

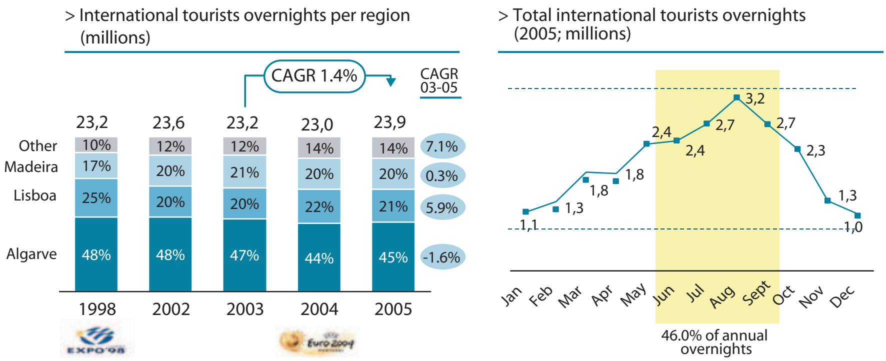
The number of international tourists' overnights recorded slight growth between 2003 and 2005. The Algarve, Lisboa and Madeira represent 85% of international tourists' overnights.

The number of international tourists in the Algarve has tended to decrease at a rate of 1.6% per year, and in 2005, represented 45% of international tourists' overnights in hotels and similar establishments.

The Lisboa region has the second highest weight in Tourism, with 21% of international tourists' overnights, and has grown at an annual rate of 5.9%. Madeira kept the same level of overnights (0.3%), representing 20% of international tourists' overnights in 2005.

The peak level of overnights occurs in August with 3,2 million overnights. The other extreme is recorded in the winter months - January and December - representing around one third of the level recorded in August.

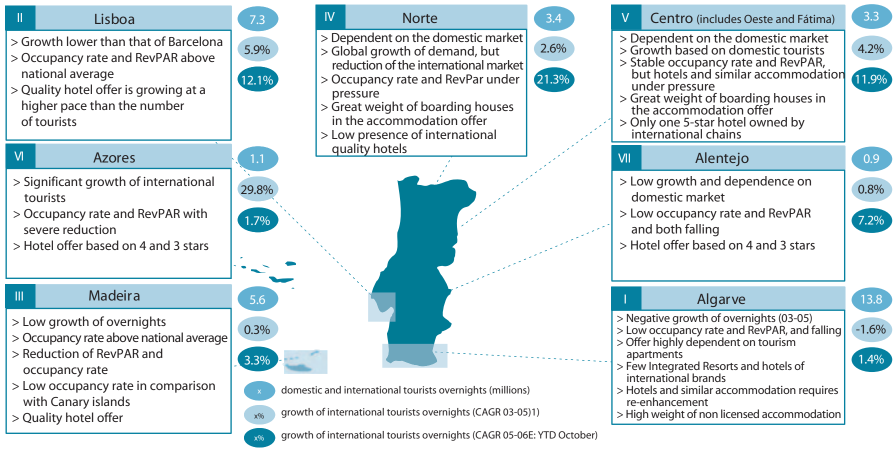
International tourists overnights in hotels and similar establishments and seasonality – Portugal



Source: INE

Compared to the other regions, the Porto e Norte region has the greatest relative weight in the tourism trade, representing 3,4 million overnights in hotels and similar establishments, followed by the Centro, Azores and Alentejo. It should also be noted that the region of Porto e Norte also recorded the best performance in 2006, in terms of international tourism growth.

Summary of tourism performance by region (NUT II)

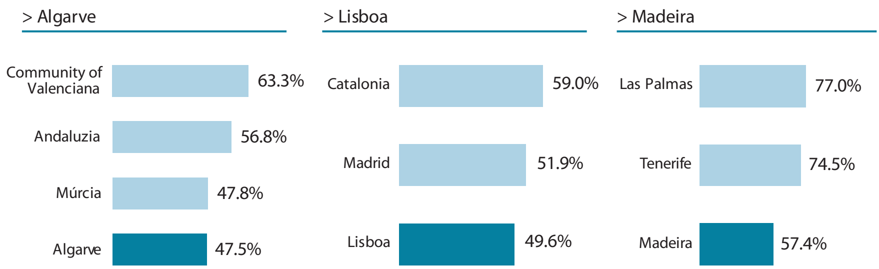


1) New NUTs II
Sources: INE; DGT; Impactur (www.esght.ualg.pt/impactur/); Proturismo (www.iturismo.pt/proturismo/)

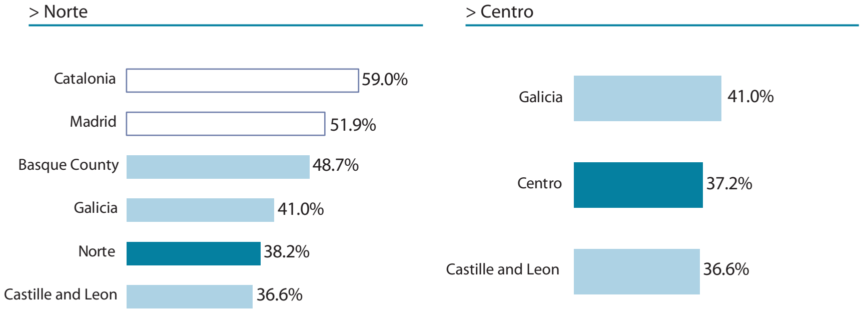
> The main tourism regions - Algarve, Lisboa and Madeira - have lower occupancy rates than those recorded in similar regions in Spain, thus resulting in low levels of RevPAR

Portugal's tourism regions have significantly lower occupancy rates than similar regions in Spain. In particular there are low occupancy rates in the Porto e Norte and Centro regions, both with rates below 40%. This trend is also found in the Portuguese regions with the highest performance, such as Madeira – with an occupancy rate of 57.4%. The rates recorded are invariably lower than those in similar regions in Spain.

Bed occupancy rates in Portuguese regions in comparison with similar Spanish regions (2005; %)



Sources: IET; DGT; Impactur (www.esght.ualg.pt/impactur/); Roland Berger analysis

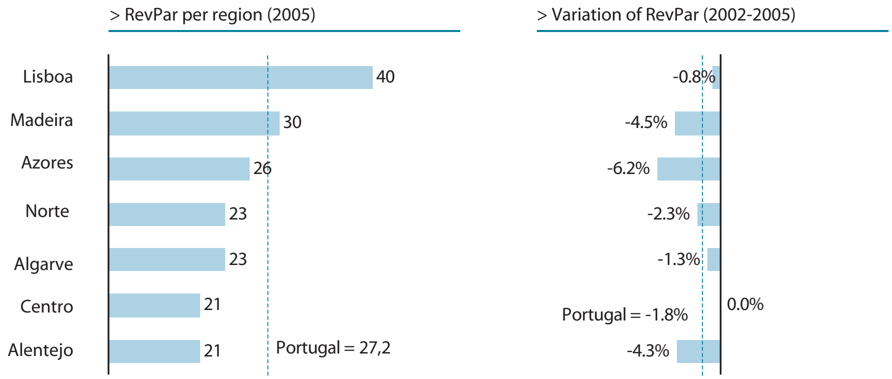


Sources: IET; DGT; Impactur (www.esght.ualg.pt/impactur/)

The low occupancy rates generate low RevPAR levels. Lisboa and Madeira are the only regions with levels above the national average. The Algarve - the national region of greatest importance in terms of international tourists' overnights - has a fairly low RevPAR, when compared to that recorded in the Porto e Norte region.

All regions - except for Centro - have recorded negative variation of RevPAR in comparison with 2002.

RevPAR by region (2005; €)



Source: INE

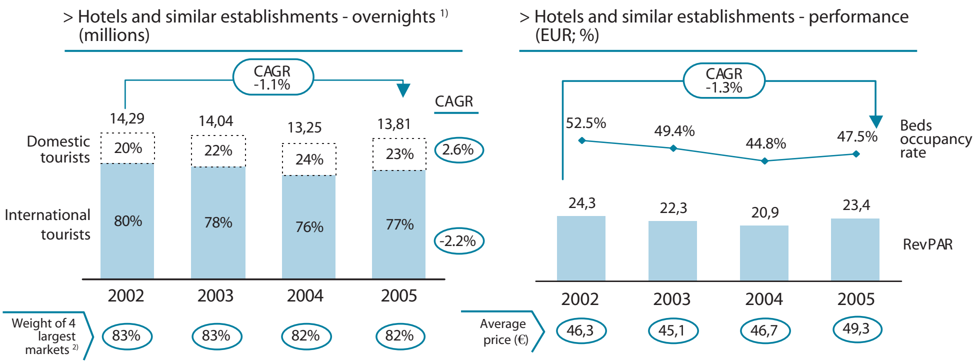
Algarve

> Tourism in the Algarve has been constrained due to international tourism stagnation and experiences a high degree of seasonality that influences occupancy rates

Tourism recorded negative growth in the Algarve region between 2002 and 2005. Total annual growth of overnights was -1.1%. The number of international tourists (77% of overnights) has decreased but this has been partially compensated by an increase in domestic demand.

Revenue per Room (RevPAR) reflects the situation in terms of overnights. As a result of the reduction in demand, this indicator fell between 2002 and 2005 - from 24,3€ to 23,4€.

Algarve's tourism performance (1/2)



1) Includes tourist villages and tourist apartments
2) United Kingdom, Germany, The Netherlands and Ireland

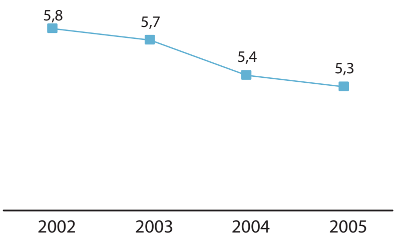
Sources: INE; DGT

The average length of stay has mirrored the international trend towards shorter holidays. The average stay recorded in the Algarve in 2005 was 5,3 days, compared to 5,8 days in 2002.

The Algarve is essentially a Sun and Beach destination, thus generating a high degree of seasonality. An occupancy rate of 64% is recorded in the summer months (July, August and September), with a peak occupancy rate of 76% in August. By contrast, low occupancy rates (around 20%) are recorded in the winter months (December and January).

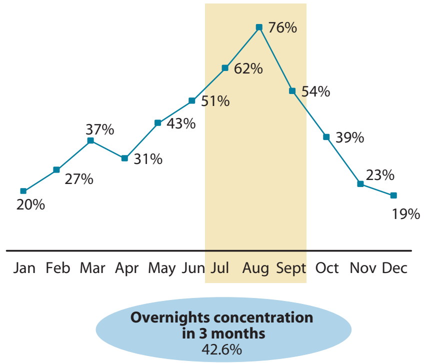
Algarve's tourism performance (2/2)

> Average length of stay in hotels and similar establishments (days)



Sources: INE; DGT

> Seasonality of demand (overnights per bed; %; 2005)



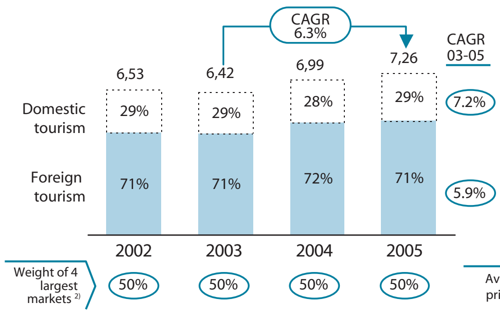
Lisboa

> Tourism in the Lisboa region has grown at a rapid pace, but lower than that in reference cities, due to constraints in terms of air access and a deficit of international knowledge concerning Lisboa

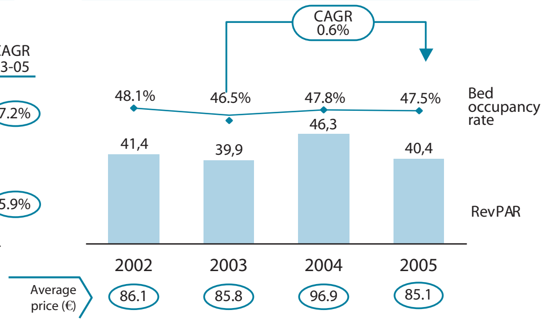
Tourism in the Lisboa region has grown at a rate of 6.3% per year, between 2003 and 2005. This performance has been sustained by growth of both domestic demand and international demand (the latter represented 71% of total demand in 2005). RevPAR has recorded positive growth, rising to € 40,4 in 2005, notwithstanding marked growth in the hotel offer.

Lisboa region's tourism performance

> Hotels and similar establishments - overnights [1] (millions)



> Hotels and similar establishments - performance (EUR; %)



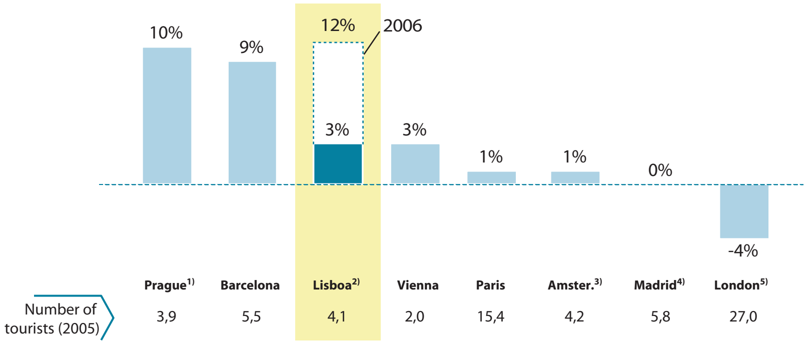
1) Includes tourist villages and tourist apartments
2) United Kingdom, Germany, The Netherlands and Ireland

Note: in 2003 there was a change in the NUTs II

Sources: INE; DGT

In the period between 2000 and 2005, the Lisboa region grew at a moderate pace, but higher than other major European cities that have already consolidated their position as tourism destinations (e.g. London, Paris, Madrid). The growth rate, however, was below that recorded in Prague and Barcelona. In 2006, Lisboa succeeded in obtaining growth levels in line with best practises.

Benchmarking of the evolution of the number of international tourists in European cities (CAGR 2000-2005; %; millions of tourists)

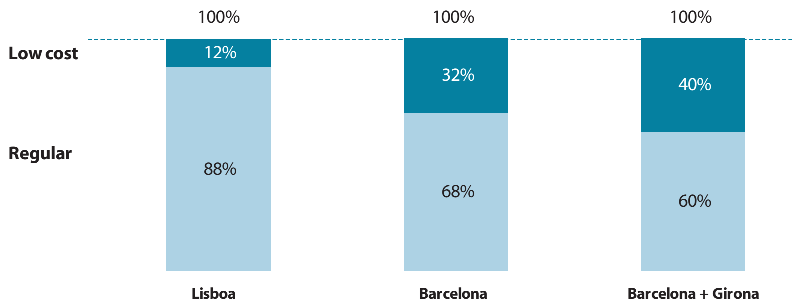


1) Metropolitan area
2) NUTs II
3) Tourists staying in hotels and similar establishments
4) Tourists in 2003; CAGR 2000 to 2003;
5) Tourists in 2004; CAGR 2000 to 2004

Sources: Tourmis (www.tourmis.info), 2006; ATL: Statistical data, 2006

The main tourism product in the Lisboa region is the City Break, characterised by short stays. In this context, air access constraints have dampened performance levels. In comparison with Barcelona, Lisboa has fewer direct connections to European cities, with lower weekly frequency (950 vs. 1417 weekly connections, respectively). On the other hand, there is a world trend towards a reduction in transport costs and an increase in costs associated to the period of stay. In this context, the number of air connections provided by low cost airlines is of particular relevance. The growth recorded by Lisboa, in 2006, equivalent to the level of Barcelona, resulted from the growth in low cost passengers. This fact reinforces the need to improve air access to the destination.

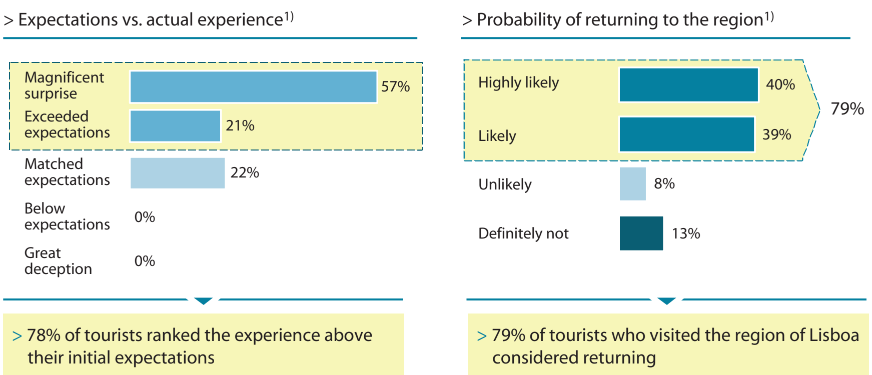
Weight of low cost international direct connections in all international connections (September 2006)



Sources: ANA; AENA

The performance of the Lisboa region has been constrained by absence of knowledge concerning the region at the international level. This explains why Lisboa exceeded the expectations of 78% of international tourists, with 79% considering a return visit to the region.

Evaluation of Lisboa region - international tourists (2005; %)



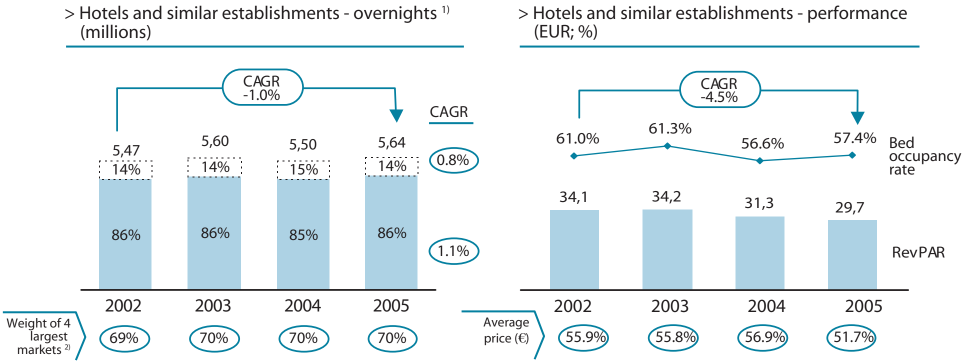
1) Excluding answers "Don't know / No answer"
Source: ATL - Observatory: Satisfaction Survey, 2005

Madeira

> Tourism in Madeira has grown at a lower pace, is highly dependent on the English and German markets and is characterised by a medium length of stay

Between 2002 and 2005 the Madeira region recorded 1% annual growth of overnights in hotels and similar establishments. This growth was not sufficient in order to maintain RevPAR. The region is essentially an international destination, given that the weight of international tourists in total overnights is 86%. On the other hand, the average length of stay is fairly high (5,6 days), due to the high proportion of charter flights.

Madeira's tourism performance



1) Includes tourist villages and tourist apartments
2) United Kingdom, Germany, France and Spain

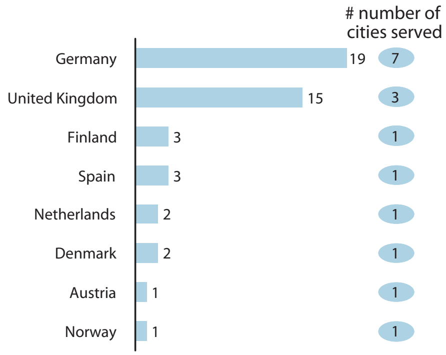
Sources: INE; DGT

Outbound tourists from the United Kingdom and Germany were responsible for over 60% of international tourists' overnights in the Madeira region in 2005. This dependency on two main markets is associated to air access. The countries that have the greatest importance in overnights also have the highest weekly number of connections and a higher number of cities served.

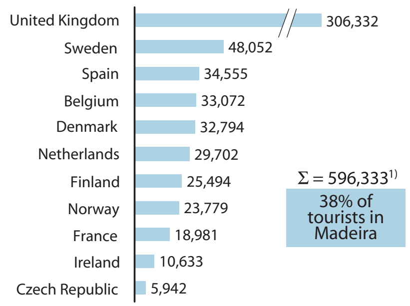
The United Kingdom, represented 33% of international tourists' overnights in the region, and has the second highest number of regular connections, with 3 cities served and 15 weekly connections, followed by Germany - 28% of international tourists' overnights in 2005 – that has the best connections to the region.

Access to Funchal

> Number of direct weekly connections (Funchal; September 2006)



> Passengers on charter flights (>5000 pax/year; passengers; 2005)



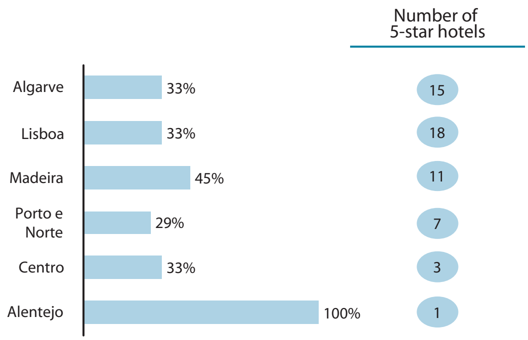
1) Total passengers on charter flights (includes outbound markets with less than 5000 pax/year)

Source: ANA

> The national hotel offer is led by local groups, with a low presence of leading international chains and only around fifty 5-star hotels. The low levels of RevPAR are associated to the need to enhance the accommodation offer

The main international chains have a reduced presence in terms of the number of 5-star hotels. The regions with greatest weight in international tourism - Lisboa and the Algarve - also have the highest number of 5-star hotels, one third of which pertain to international chains. Emphasis should also be drawn to the fact - with the exception of the Alentejo region, which only has one 5-star hotel – that the weight of international chains in all regions is lower than 45%

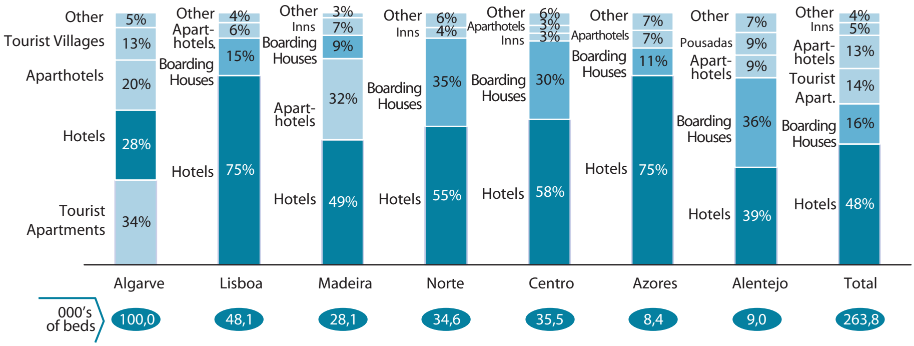
Percentage of 5-star hotels (international brand) owned/managed by international chains (%; 2006)



Source: MaisTurismo, Edições e Publicidade S.A.

Accommodation in Portugal needs to be upgraded. At the national level, boarding houses (*pensões*) represent the second most expressive type of accommodation in terms of the number of beds. This trend is particularly marked in the regions of Porto e Norte, Centro and Alentejo - which are the least important in terms of international tourists' overnights - where this type of accommodation represents over 30% of the total capacity offered. This fact is also closely related to these regions recording some of the lowest performances in terms of RevPAR - all with levels lower than the national average.

Number of beds by region and accommodation type (2005; thousands of beds)



Source: INE

> Fragmentation of the offer, the high number of non-qualified workers and a high degree of individualism displayed by the sector's companies have constrained the quality of the service, the relationship with tourism operators and exploitation of the Internet channel

Employment in the tourism sector is often viewed as temporary, which results in a lower level of investment in training and a consequent decrease in the quality of service. The situation in the Alentejo region reflects this fact, where an absence of qualifications may undermine the quality of services associated to new investments. "The lack of transversal tourism training across the national territory has provided food for thought for tourism businessmen who have several projects in hand, and also for local authorities who have appealed for the rapid creation of a Hotels and Tourism School in Évora". Amongst the "current 11,000 workers in the region, only 20% have specific tourism training". (DN, 21/06/2006).

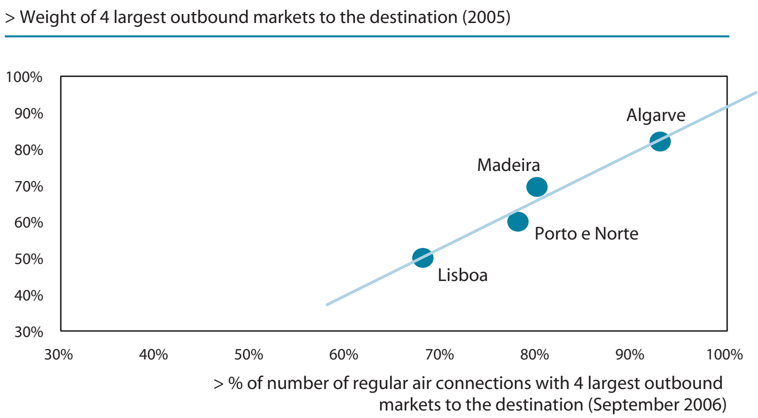
Fragmentation of the offer and the individualist outlook of the sector's agents also constitute negative factors that have constrained the performance of the Portuguese tourism sector. The lack of cooperation between the different market players has constrained the existence of an integrated offer. For example, tourists cannot make direct bookings in official Internet sites and there are no national search engines for hotels or restaurants, unlike in other countries.

Another negative consequence of this "individualism" is the difficulty of "speaking with a single voice" to international agents. There are several Convention Bureaux promoting a single offer/region, but there isn't a single Convention Bureau in important regions (e.g. Madeira).

> Air access has constrained the development of target markets, with a high degree of parallelism between the existence of direct connections and the weight of the respective market in the regions

With the increase in the number of short length trips, air access has assumed increasing importance. In effect, there is a high degree of correlation between the weight of the markets in the regions and the number/frequency of cities with direct connections to the airports that serve the region.

Relationship between the weight of the 4 main outbound markets to Portugal and the number of regular air connections (September 2006; %)



Sources: ANA; INE

Portugal's performance has been constrained by gaps in terms of air access, as demonstrated in point III.5.

I.3. Main opportunities and challenges

Evolution of the sector at the world level has enabled strong growth of the Tourism sector in Portugal, but requires an action strategy that will make it possible to respond to more sophisticated demand and competing offers

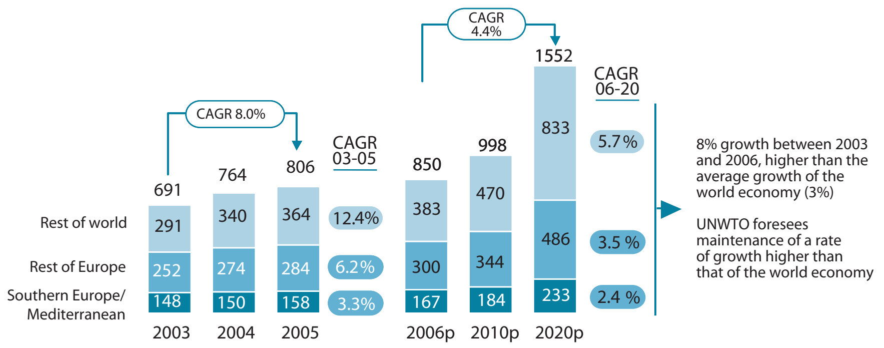
I.3.1 Evolution of consumer trends

The main consumer trends suggest that tourism will enjoy future growth, fostered by development of short breaks, an increase in the number of adults/senior citizens that travel and the search for diversified experiences

> Higher pace in the growth of the number of international tourists throughout the world

The tourism sector grew at a rate of 8.0% per year, between 2003 and 2005, higher than the average growth of the world economy (3%) in the same period. UNWTO forecasts that this trend will be maintained until 2020, with 4.4% percent annual growth in the number of tourists between 2006 and 2020, once again higher than the forecast growth rates for the overall economy.

Evolution of the number of tourists (million incoming tourists, 2003-2020)



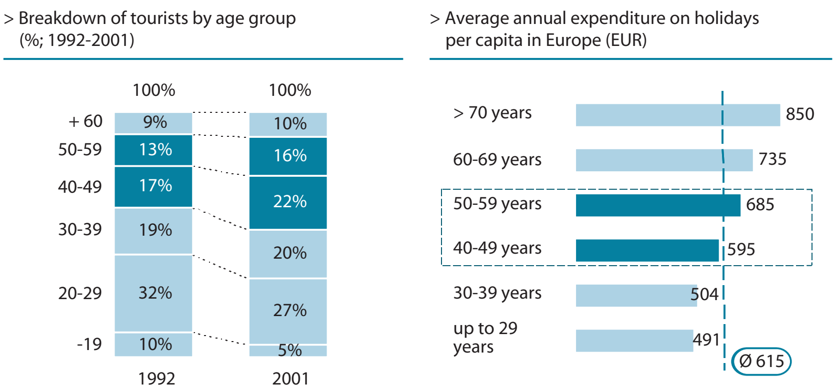
Sources: UNWTO, 2006; Economist Intelligence Unit

> Ageing of the European population

In regard to the relative importance of each age range for the tourism sector, there has been a trend towards a greater importance of older age groups. This trend is forecast to continue. In 1992, the well-established segment - 40 to 59 years of age - represented 30% of tourists. This figure rose to 38% in 2001.

There is also positive correlation between average annual expenditure on holidays and age. Average annual expenditure per capita on holidays in Europe rose to € 615, and tourists aged over 50 years have expenditure rates above the average.

Breakdown of European tourists by age and expenditure



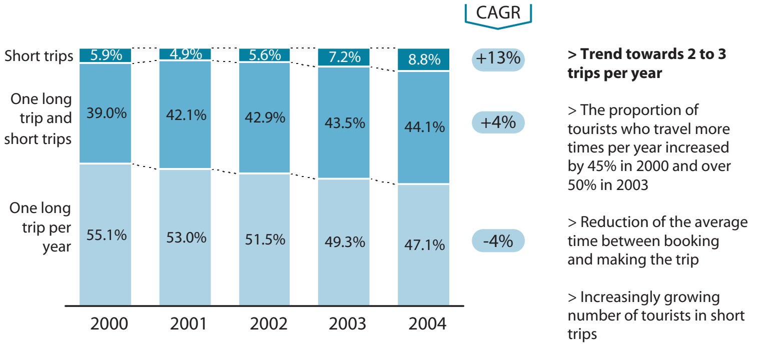
Source: UNWTO, 2003

> Increase in the number of short trips

As in the case of the trend for the average age of tourists, the number and length of trips has also evolved over time. The main trend recorded in this regard is an increase in the number of short trips.

Between 2000 and 2004, the number of short trips grew at an annual rate of 13%, in comparison with a 4% annual decrease in the number of tourists who only make one long trip per year. There has also been an increase in the combination of one long trip with various short trips, with 4% annual rate of growth during the period in question.

Evolution of the number and length of trips (2000-2004; %)

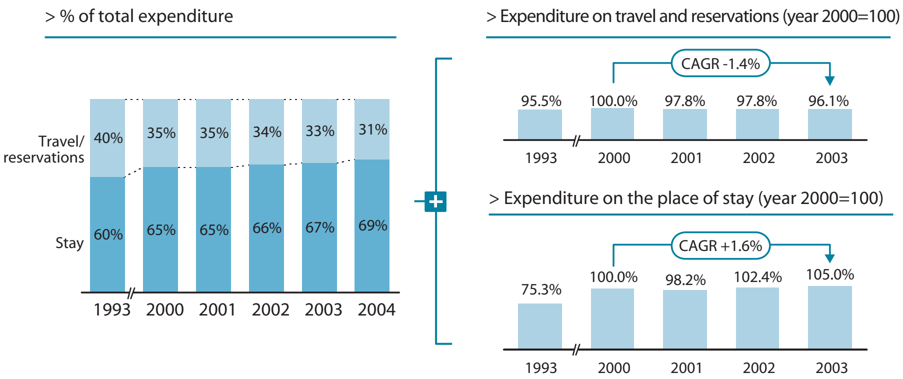


Source: UNWTO

> Increased expenditure on the period of stay and reduced expenditure on the trip

In terms of the breakdown of tourists' expenditure, the recent trend of growing expenditure on the period of stay and reduced expenditure on the trip itself is expected to continue.

Evolution of expenditure on holidays in Europe (person/day)



Source: UNWTO, 2003

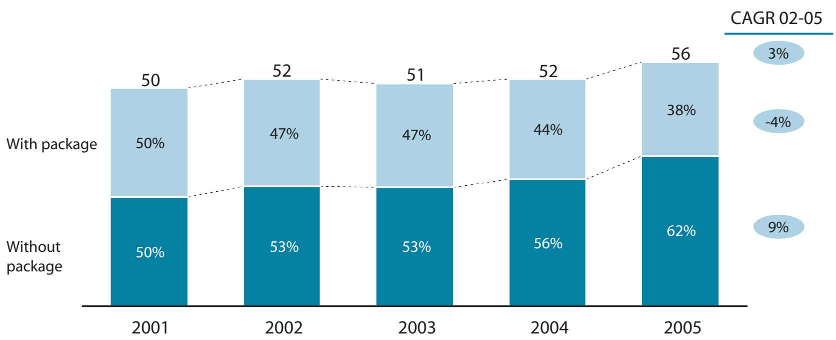
> Search for diversified experiences

As in the case of expenditure trends, there has also been evolution in terms of products and experiences sought by tourists. One of the strongest trends in this context is increased diversification of experiences. This is naturally reflected in the main motivations underlying the trip. The offer of a broad range of products that is able to respond to diversified demand is increasingly important in this context.

> Increased DIY and reduction in the number of organised trips

There is a trend towards reduction of the relative weight of organised trips, and an increased proportion of DIY trips (do it yourself). For example, in the case of trips by international tourists in Spain, between 2001 and 2005, there was a trend, in absolute and relative terms, towards reduction of trips sold in the form of a package holiday (-4% annual growth) in contrast to 9% annual growth in the number of trips that did not involve a package holiday.

International tourists in Spain in accordance with the trip organisation (million; 2002-2005)



Source: IET, Frontur

I.3.2 Transformation of business models

New business models suggest a growing trend towards disintermediation and greater segmentation of offers/experiences

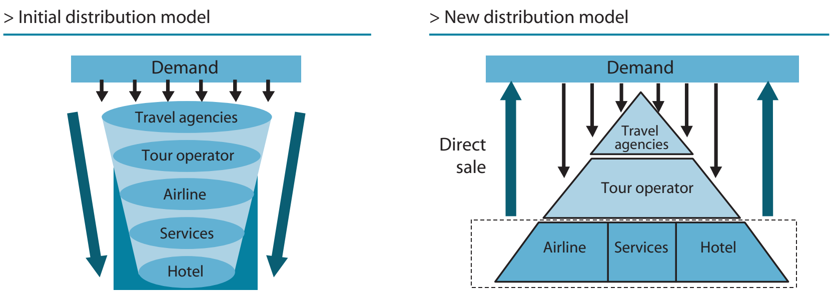
> Disintermediation between demand and supply has been made possible by the Internet

In terms of transformation of business models, increased use of the Internet has played an important role.

The initial model of intermediation relied on a pull strategy in which the consumer purchased the tourism product from a travel agency/operator, who was an important intermediary in the service.

This distribution model has been progressively substituted by the co-existence of pull and push strategies, where there is an increasing trend towards direct sales - without the presence of intermediaries. At present, the consumer continues to have the option to contact intermediaries - such as travel agencies or tour operators - but also has the possibility, primarily through the Internet, to purchase directly from airlines, hotels and other service providers.

Evolution of the distribution model

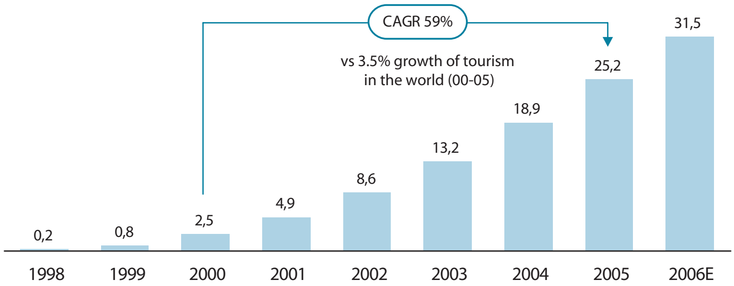


Source: Interviews with clients and tour operators

The importance of the Internet in changing the business model, with progressive disintermediation of the offer, is reflected in the increase of online tourism revenues.

Growing use of the Internet has contributed to the importance that this channel currently holds. In 2000, online tourism revenues, in Europe, rose to €2,5 billion. This amount has grown tenfold over the last five years, equivalent to annual growth of 59%, in comparison with "only" 3.3% growth of world tourism in the same period.

Scale of online tourism revenues in Europe (1998-2006e; € billion)



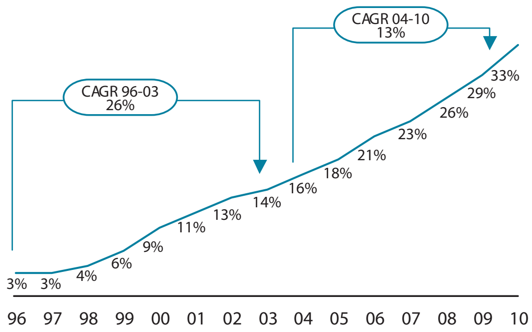
Source: Carl H. Marcussen, Centre for Regional and Tourism Research (www.crt.dk/trends, 26 April 2006)

> Development of low cost airlines

The low cost market has grown at a reasonably fast pace, in particular in the European market, which is reflected in the market share currently held by low cost airlines.

The market share for low cost airlines in Europe has risen from 3% in 1996 to 14% in 2003, equivalent to 26% annual growth in market share. Forecasts suggest that low cost flights will represent one third of the market in 2010, corresponding to a more moderate rate of annual growth (13%).

Market share of low cost airlines in Europe (1996-2010e; %)



Sources: ECA; AENA; IET

It should also be noted that low cost airlines foster direct booking of trips, thus contributing to increasing disintermediation and reducing the number of package holidays.

> Sophistication of the hotel trade with segmentation of experiences and focus of the leading groups on marketing and hotel management activities

The hotel trade has accompanied changes in consumer behaviour and currently presents the following main trends: on the one hand, there is increased sophistication of the business, resulting in growing segmentation of experiences; on the other hand, the leading groups increasingly focus on hotel management and marketing activities.

In terms of consumers' experiences, evolution has been towards segmentation. For example, Starwood - the largest luxury hotel group with a significant presence in the Portuguese market - has accompanied this trend, creating different hotel brands for different segments, currently managing eight different brands.

The model of hotel management has also undergone profound changes. The Starwood group once again illustrates this trend, with the transfer of its focus from ownership of establishments towards management of real estate ventures. The relative weight of directly owned hotels has fallen from 56% to 39%, with an inverse trend in terms of the relative weight of franchised hotels (from 21% to 36%).

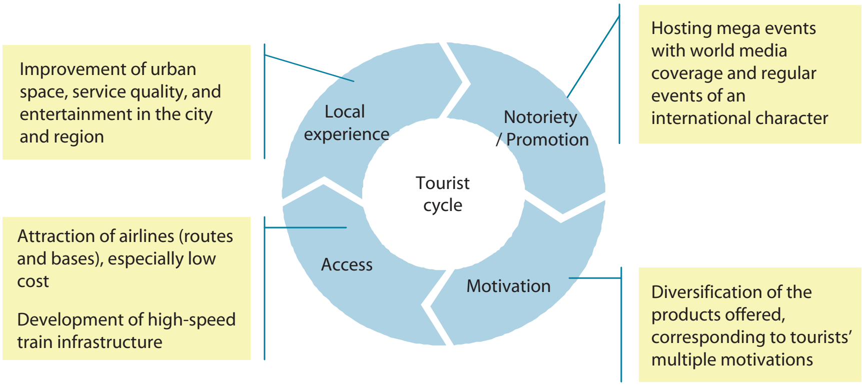
I.3.3 Competitive environment between destinations

Countries and cities are increasing the sophistication of their offer, and now compete throughout the tourist cycle (notoriety/promotion, motivations, access, local experience) in order to attract and build loyalty amongst tourists

Changes in tourists' behaviour patterns, as identified above, have also inspired various destinations (countries, regions, cities) to increase the sophistication of their offer in order to attract and build loyalty amongst tourists.

Various destinations have made a considerable effort to host events with major media exposure in order to increase levels of notoriety/promotion. There has also been greater diversification of products on offer, by means of differentiated and innovative offers, in order to respond to tourists' multiple motivations. In terms of transport access, there is a trend towards reduction of transport costs, as identified above, therefore it is important for a European destination to attract low cost airline bases and routes. Finally, actions have been taken towards the quality of service, the environment, urban space and territorial planning, in order to improve the local experience.

Main trends of the tourist's cycle



> Organising events with major media exposure in order to generate notoriety for a destination and achieved generalised promotion of countries' and the main regions' brands

Organisation of mega events assumes increasing importance, due to their resulting media coverage and notoriety. In this context, events with major media exposure - whether sports or other events - are particularly important, not only in terms of the quantity of tourists that they bring to the destination, but also due to the publicity that they generate. Events of the magnitude of Euro 2004 or Expo 98 provoke a " multiplier effect " in terms of notoriety, leading to an increased number of tourists not only in the year in which the event is held but also in subsequent years.

> Development of infrastructures/content and regular events in order to respond to multiple motivations

Consumer behaviour has tended towards more complex preferences, with multiple motivations. In this context, destinations have tended to develop infrastructures and content that respond to new consumer behaviour patterns.

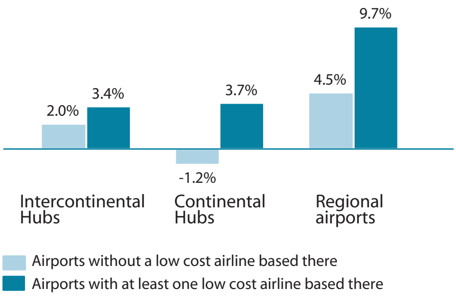
Provision of a calendar of events of international visibility is important in order to strengthen motivations and promote loyalty amongst tourists (e.g. regular events such as the Oktoberfest). This situation may be observed in some of Portugal's competing destinations, where great efforts are made in order to create regular events. The development of infrastructures that make it possible to attract more tourists to a region have also been important, the most obvious example being the Guggenheim Museum in Bilbao.

> Creation of conditions for the development of low cost flights and high-speed rail connections

Creating conditions for the development of low cost airlines is increasingly the key for strong tourism performance in Europe. As stated above, expenditure during the period of stay is gaining weight within total tourism expenditure, in contrast to a decrease in transport expenditure.

As a result, it is essential that low cost airlines have bases or relevant operations in Portuguese airports. This fact is illustrated by the traffic performance of airports where low cost airlines are based, compared to airports that do not have low cost carriers. In the period from 2002-2003, airports where low cost airlines were based had significantly higher growth rates.

Growth rate of traffic by type of airport (2002-2003; %)



Sources: AIA; AENA; ECA; ACI; Press articles

> Intervention at different levels, in order to improve the local experience, encompassing urban planning, environment, entertainment and cultural content

There is currently a major concern with the quality of urban planning and environment, and improvement of both cultural content and entertainment. Catalonia, for example, has specific laws designed to protect the landscape.

The Balearic Islands are another example of a destination where public policy reflects a growing concern on urban and environmental aspects. As a result of problems related to lack of territorial planning and excessive construction - as found in certain tourism zones in Portugal - the region took a series of measures in order to reverse this situation. For example, if a promoter wishes to construct a new real estate venture, one existing real estate venture must be destroyed. In the event of golf courses' construction, they must make use of residual wastewater.

II. VISION AND OBJECTIVES

> The moment to enhance and develop the national tourism sector

II.1. Vision for the sector

An ambitious but feasible strategic vision

Portugal should be one of the fastest-growing destinations in Europe, through development based on enhancement and competitiveness of the offer, transforming the sector into one of the key growth drivers of the national economy.

Vision for national tourism

> One of the fastest-growing destinations in Europe, driven by a value proposal based on the country's distinctive and innovative characteristics

> Development of tourism based on enhancement and competitiveness of the offer, geared by environmental and urban-planning excellence, training of human resources and both business and public bodies dynamics/modernisation

> Growing importance in the economy, constituting one of the key drivers of social, economic and environmental development at regional and national level

II.2. Value proposal for Portugal

Attractive value proposal based on Portugal's differentiating characteristics

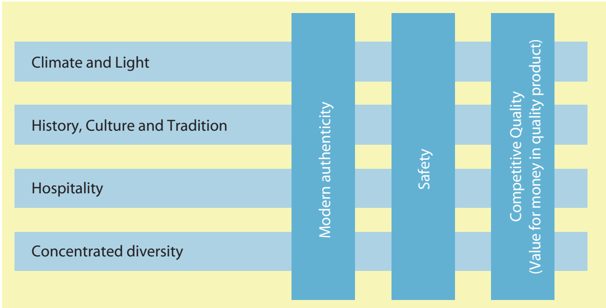
The value proposal for Portugal is committed to a combination of Portugal's differentiating and qualifying elements.

The differentiating elements constitute the tourism resources that distinguish Portugal from other competing destinations - climate and light; history, culture and tradition; hospitality; concentrated diversity.

The qualifying elements are necessary in order to rank Portugal highly within tourists' range of options - modern authenticity, safety and excellent price quality ratio.

Value proposal for Portugal – strategic guidelines

Differentiating elements
Differentiate Destination Portugal from other world destinations acting directly on the way in which tourism resources respond to the motivations of those seeking our country



Qualifying elements
Qualifies Destination Portugal for the range of tourists' options

> Four key differentiating elements:

- > Climate and Light
- > History, Culture and Tradition
- > Hospitality
- > Concentrated diversity

In terms of differentiation in comparison with other destinations, Portugal is distinguished by its climate and light, culture and tradition, hospitality and concentrated diversity.

Differentiating elements mentioned by tour operators and other market agents

Climate and Light

- > Southern European country, with mild temperatures throughout the year, with low rainfall levels outside the Winter period
- > High number of days of sunshine and hours of sunlight

History, Culture and Tradition

- > Strong preservation of traditions (popular festivities, regional dress, processions, traditional music, pilgrimages, academic traditions, 'fado')
- > Connection to the Atlantic/Discoveries

Hospitality

- > Deep relations (easy-going Portuguese character, affable, warm, communicative, receptivity to international tourists)
- > Gastronomy and wines
- > Quality of the tourist establishments and service quality

Concentrated diversity

- > Resort country (Atlantic, beach, plains, forest, rurality, city, golf, casinos)
- > Multiplicity of cultures that have influenced the country (Celtic, Roman, Arab, several cultures during Discoveries' period)
- > Multiplicity of regional sub-cultures (Minho, Douro, Lisboa, Algarve…)

> The qualifying elements of the value proposal should be modern authenticity, safety and quality, and an excellent price quality ratio

The qualifying elements of the value proposal are connected to three concepts:

> **Modern authenticity** - Portugal is a modern European country, with strong growth and a high level of sophistication in terms of services

> **Safety** - Portugal has a low crime rate

> **Competitive quality** - High quality services and professionalism provided at strongly competitive prices

II.3.Objectives

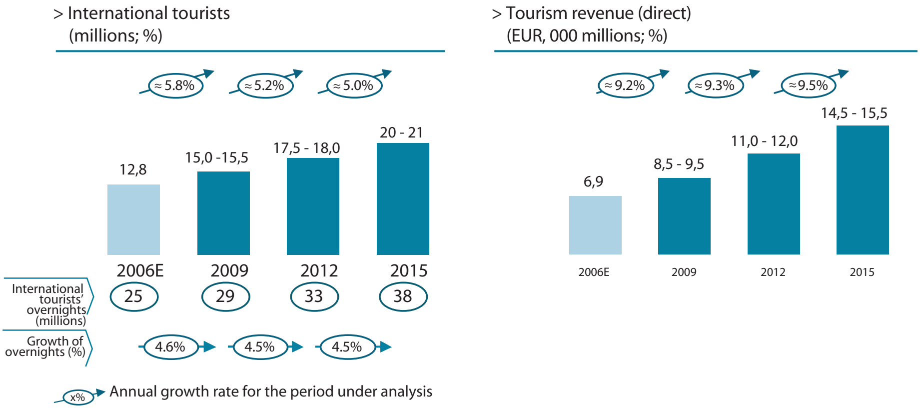
Sustained growth above the European average, especially in terms of revenues

> Annual growth in the number of international tourists above 5% and revenue growth over 9%

The objectives for international tourism in Portugal are to achieve 5% growth for the number of international tourists and 9% revenue growth. The objective is to attract between 20 to 21 million international tourists in 2015, in comparison with 12, 8 million tourists forecast for 2006, and attain a total revenue level from €14.5 to €15,5 billion in 2015.

These figures should be obtained through re-enhancement of the main regions, seasonality decrease and creation of tourism development poles, which will enable Portugal to become a more competitive destination.

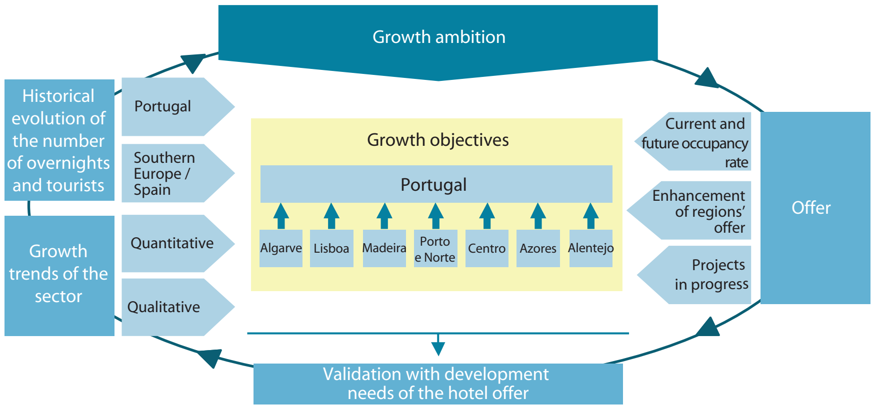
Objectives: number of international tourists in Portugal and respective revenue growth



Sources: INE; DGT; Eurostat; PEC – Roland Berger analysis

The objectives have been defined at the regional level, based on an interactive process, including expectations concerning the evolution of demand and supply, but primarily reflecting growth objectives.

Process of definition of growth objectives



Source: Roland Berger analysis

In order to determine overnights' growth objectives, historical evolution data was used, together with a benchmark of similar Spanish regions. Hotel projects that have already been approved and the need to install more beds in order to attain the identified objectives were also considered. Compliance with the objectives should increase the occupancy rate of the existing offer and presupposes various occupancy rates for new hotels in each region.

> Lisboa, the Algarve and Porto e Norte will provide the highest absolute contribution to growth

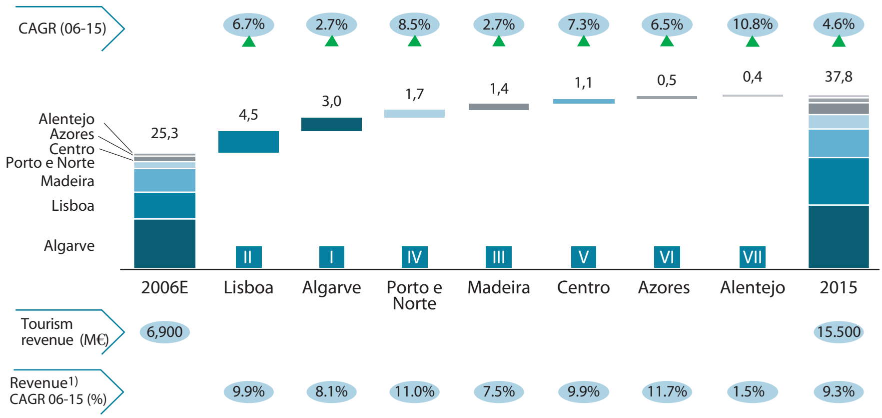
Lisboa should be the region of the country that provides the highest contribution to the international tourists overnights growth, foreseeing 6.7% growth per year, between 2006 and 2015, equivalent to over 4,5 million international tourists overnights.

The Algarve, while recording the lowest level of relative annual growth - only 2.7% - will contribute to an increase of 3 million international tourists overnights.

The region of Porto e Norte should be the national destination with one of the highest performances in growth terms, foreseeing annual growth rate of 8.5%, attaining over 1,7 million international tourists overnights in 2015.

Significant growth is also projected for regions that are currently less important in terms of tourism, such as the Azores, Alentejo and Centro, with growth higher than 6%.

Objectives: regions growth and weight in tourism (million international tourists' overnights; 2006-2015e)



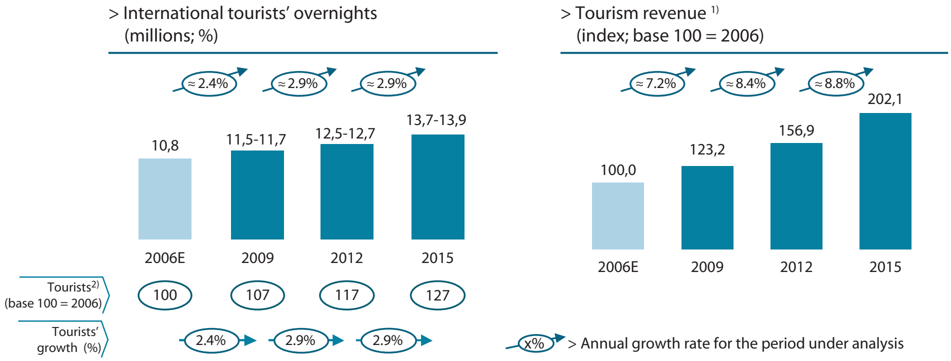
1) Index to be monitored by means of total income in hotels and similar establishments

Sources: INE, BP – Roland Berger analysis

Algarve

In 2015, the Algarve should attain between 13,7 and 13,9 million overnights, which corresponds to average growth of 2.7% per year. The number of tourists (international guests) should follow a similar growth pattern. Growth objectives in terms of revenues (total income from hotels and similar establishments) are higher, doubling the current value.

Objectives: number of international tourists and revenue growth in the Algarve (2006-2015e)



1) Index to be monitored by means of total income in hotels and similar establishments
2) Index to be monitored by means of international guests in hotels and similar establishments

Sources: INE; DGT – Roland Berger analysis

The objectives identified for international tourists' overnights are in harmony with the performance of Spanish regions with similar characteristics - mature destinations in the south of Europe, where the main product is Sun and Beach. Andalucía has enjoyed annual growth of 3% and Valencia 2%.

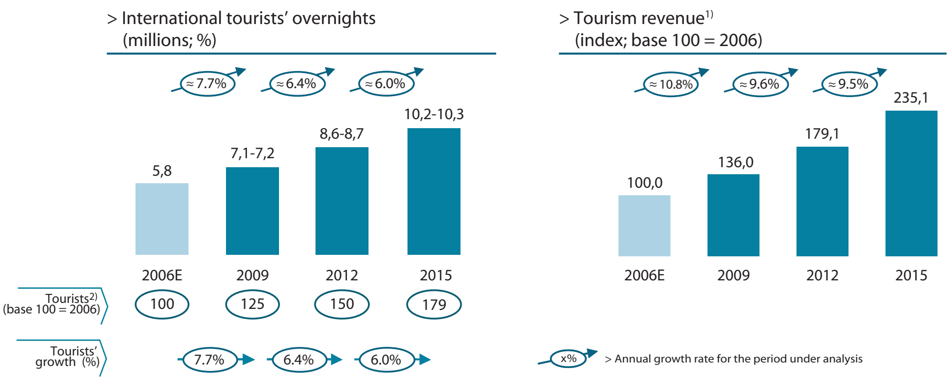
The Algarve's relative weight within national tourism is likely to fall. An annual growth of domestic tourists overnights of 2.5% between 2006 and 2015 is predicted.

The forecast performance should be based on re-enhancement and value growth, relying on multi-segmented Sun and Beach and reduction of seasonality, fostered by a commitment to Meetings and Congresses and Golf. The plan also aims to increase diversity, developing other products and fostering Integrated Resorts with an international-standard hotel offer.

Lisboa

The growth objectives for the Lisboa region up to 2015 are to exceed 10 million international tourists overnights (annual growth of 6.7%). The number of tourists (international guests) should increase by 80% in the same period. The growth objectives for revenue (total income from hotels and similar establishments) are higher, with a forecast of 10% average annual growth.

Objectives: number of international tourists and revenue growth in Lisbon (2006-2015e)



1) Index to be monitored by means of total income in hotels and similar establishments
2) Index to be monitored by means of international guests in hotels and similar establishments

Sources: INE; DGT – Roland Berger analysis

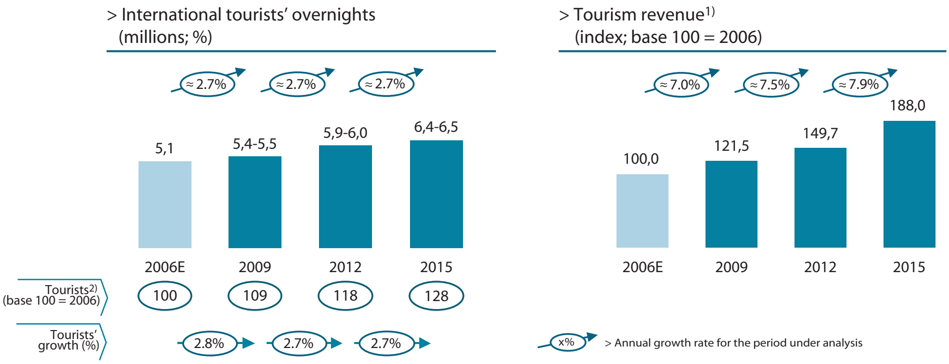
On the other hand, domestic tourists overnights should increase at an annual rate of 2.0%.

The Lisboa region is intended to become a showcase of an authentic, modern, diverse and dynamic Portugal, and growth relies on an increase in the number of leisure tourists (City Break) and business tourists, as well as cross selling with the Oeste pole and the Alentejo. In terms of the first class hotel offer, the aim is to increase specialisation and diversification.

Madeira

The objectives for Madeira lie between 6,4 and 6,5 million international tourists' overnights. The number of tourists (international guests) should increase by 2.7% per year in the period 2006-2015.

Objectives: number of international tourists and revenue growth in Madeira (2006-2015e)



1) Index to be monitored by means of total income in hotels and similar establishments
2) Index to be monitored by means of international guests in hotels and similar establishments

Sources: INE; DGT – Roland Berger analysis

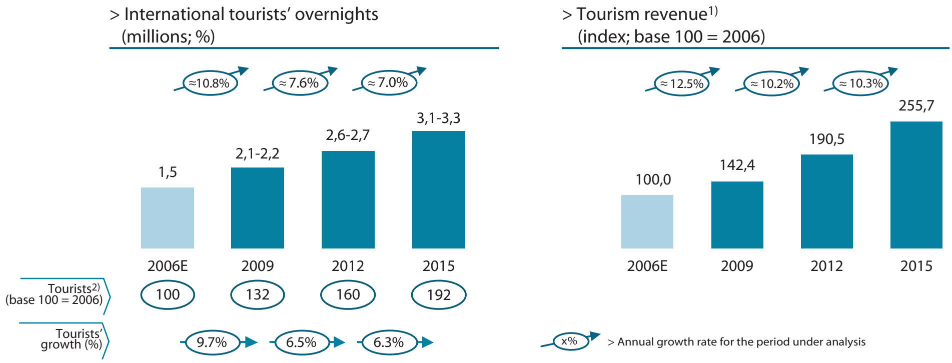
Madeira is a mature destination with international recognition. Growth will be based on enhancement of the island of Madeira and development of Porto Santo, rather than promotion of mass-market tourism to the destination. Even so, growth should exceed the recent performance of the Canary Islands (1.0%). Revenues (total income from hotels and similar establishments) should grow at an annual average rate of 7.5%.

Overnights of domestic tourists should grow in the same period at an annual rate of 2.1%.

Porto e Norte

The Porto e Norte region should attain between 3,1 and 3,3 million international tourists overnights, growing at an annual average rate of 8.5%, with an annual increase of 7.5% in the number of tourists (international guests), up to 2015. In this period, revenues (total income from hotels and similar establishments) should grow at an annual rate of 11%, increasing 155% in comparison with 2006.

Objectives: number of international tourists and revenue growth in Porto e Norte (2006-2015e)



1) Index to be monitored by means of total income in hotels and similar establishments
2) Index to be monitored by means of international guests in hotels and similar establishments

Sources: INE; DGT – Roland Berger analysis

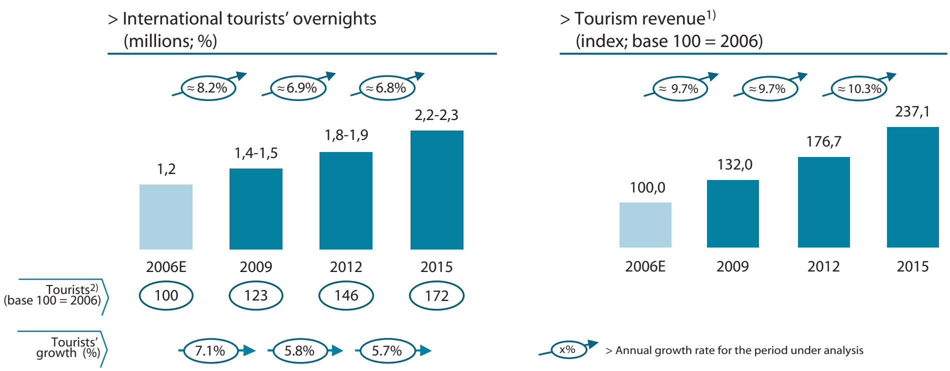
On the other hand, the number of domestic tourists overnights should grow at an annual rate of 2.9%.

The objective is that tourism in the region will grow in terms of both quantity and value. The objectives include a significant increase in leisure tourism in the city of Porto and development and protection of the Douro region, where growth is forecast in terms of quantity, accompanied by an increase in value. On the other hand, the Meetings and Congresses product should reduce seasonality in the region.

Centro

The growth objectives for the Centro region, up to 2015, predict between 2,2 and 2,3 million international tourists overnights in the region, growing at an annual average rate of 7.3%, and an annual increase of 6.2% in the number of tourists (international guests). In this period, revenues (total income from hotels and similar establishments) should grow at an annual rate of 10%.

Objectives: number of international tourists and revenue growth in Centro (2006-2015e)



1) Index to be monitored by means of total income in hotels and similar establishments
2) Index to be monitored by means of international guests in hotels and similar establishments

Sources: INE; DGT – Roland Berger analysis

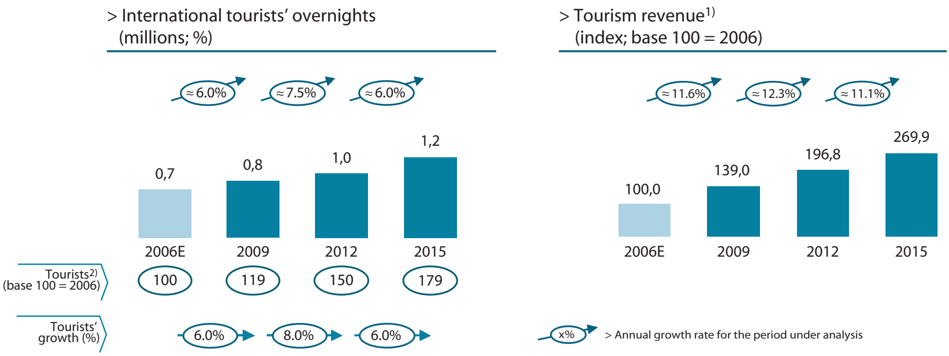
The growth objective for domestic tourists' overnights is moderate: 2.3% per year.

Tourism in the Centro region should grow in terms of the number of tourists and value. The strategy foresees cross selling with Lisboa and Porto e Norte regions. Touring and Nature Tourism products will attract international tourists.

Azores

The objective for the Azores is to obtain 1,2 million international tourists overnights in 2015, growing at an annual rate of 6.5%. In terms of the number of tourists (international guests), there should be a total of 80% growth over the period in question. Revenues (total income from hotels and similar establishments) should increase by 170% in comparison with 2006 corresponding to average annual growth of 12%.

Objectives: number of international tourists and revenue growth in the Azores (2006-2015e)



1) Index to be monitored by means of total income in hotels and similar establishments
2) Index to be monitored by means of international guests in hotels and similar establishments

Sources: INE; DGT – Roland Berger analysis

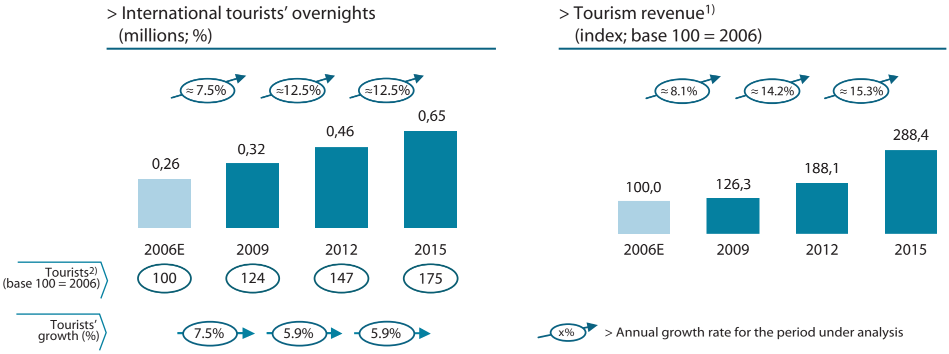
Growth should be achieved in the Azores in terms of the number of tourists and value, accompanied by diversification of markets. Nature Tourism and Health and Wellness are the key products identified for the region.

In terms of national tourism it is intended that overnights will grow at an annual rate of 3.3%.

Alentejo

International tourists' overnights in the Alentejo should rise to 650,000 in 2015, corresponding to annual growth of 10.8%. The number of tourists (international guests) will grow by 6.4% per year. In terms of revenues (total income from hotels and similar establishments) there will be a major increase, especially after 2009. Annual average growth of 12.5% will be recorded during the 10-year period.

Objectives: number of international tourists and revenue growth in the Alentejo (2006-2015e)



1) Index to be monitored by means of total income in hotel establishments
2) Index to be monitored by means of foreign guests in hotel establishments

Sources: INE; DGT – Roland Berger analysis

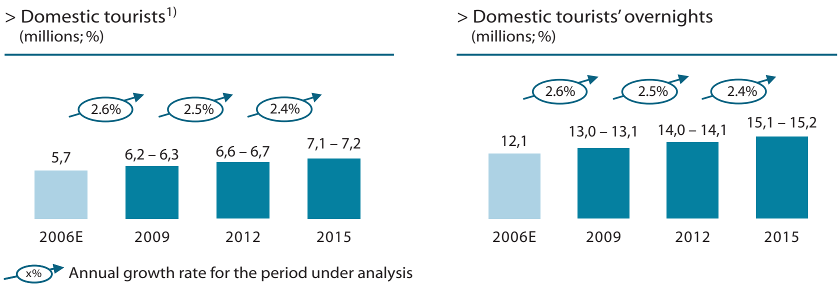
There should be 3.3% growth in overnights of domestic tourists.

The objective for the Alentejo region is to grow in terms of the number of tourists and above all in terms of turnover, fostering cross selling with Lisboa. The destination is intended to be associated to the contrast between tranquility and healthy entertainment. In terms of products, the region's growth will be based on Touring, Sun and Beach and Golf.

> Annual growth of domestic tourism of around 2.5%, fostering sustained development of the regions and poles, fighting seasonality

Domestic demand should reduce seasonality in tourism destinations, guaranteeing the sustainability of tourism growth. In this manner, the objective is that tourists (domestic guests) will increase from 5,7 million (forecast value in 2006), to a level between 7,1 and 7,2 million, equivalent to annual growth between 2.4% and 2.6%.

Objectives: overnights and number of domestic tourists growth (2006-2015e)

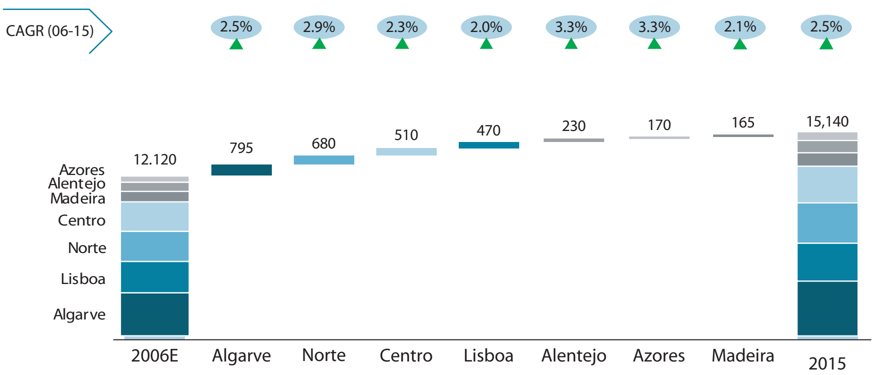


1) Indicator calculated by means of the number of domestic guests

Sources: INE; DGT – Roland Berger analysis

The regions with the highest absolute growth of overnights of domestic tourists should be the Algarve, Porto e Norte and the Centro region. It should also be noted that the Algarve is one of the regions - together with the Porto e Norte, Alentejo and the Azores - with the highest level of relative growth (2.5%).

Analysis: number of overnights of domestic guests by region (thousands; 2006-2015e)



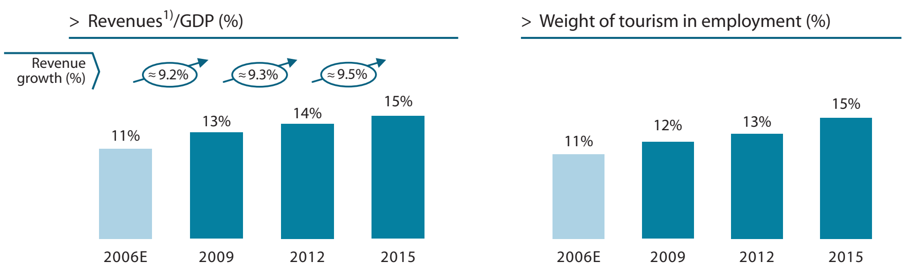
Sources: INE; DGT – Roland Berger analysis

> Increase the tourism sector's contribution to the national economy, thus constituting one of the key growth drivers of the Portuguese economy

It is intended that tourism will assume an increasingly important weight in the economy, becoming one of the main growth drivers.

In comparison with the growth objectives defined above, tourism expenditure in 2015 should represent 15% of GDP and the sector should contribute 14.8% of total employment within the working population.

Objectives: weight of tourism in GDP and employment (2006-2015e)



1) Considering direct and indirect revenues from domestic and international tourists; evolution of inflation between 2.0% and 2.5% of GDP, according to data provided by the Government and PEC (from 1.8% to 3%)

Sources: INE; DGT; Eurostat; PEC – Roland Berger analysis

III. STRATEGIC DEVELOPMENT LINES

> Implement an ambitious and innovative strategy for the tourism sector

III.1.Outbound markets

Make a commitment to attracting tourists from 20 international outbound markets and developing domestic tourism

> Develop a portfolio of international markets that will enable high growth of revenues in the short, medium and long-term, and guarantee presence in markets with a high medium/long-term potential, that will also capture proximity markets and contribute to reducing seasonality

Four criteria were used for selection and classification of the markets (valid for the period 2007-2009):

> **Potential revenue** - scaled for the purposes of addressing segmented distribution and promotion for each product

> **Growth** - future growth perspectives

> **Proximity** - countries within a three-hour flight distance (the distance up to which low cost airlines are most efficient) with the possibility of multiple trips during the year

> **Seasonality** -contributing towards reducing it

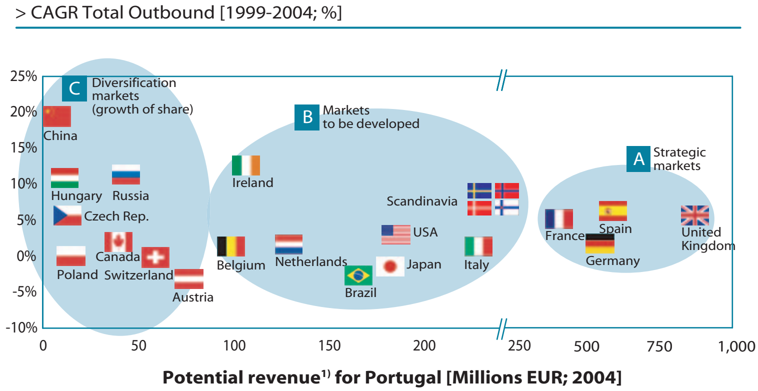
The domestic market constitutes a strategic market, par excellence. International outbound markets have been classified into three groups – strategic markets, markets to be developed and diversification markets - in accordance with their respective revenue potential:

> **Strategic markets** are mature markets responsible for a high proportion of Portugal's tourism revenues - potential revenues over 400 million euros

> **Markets to be developed** are markets that present a certain degree of importance for Portugal - potential revenues between 100 and 250 million euros

> **Diversification markets** (growth in market share) are attractive markets due to their large scale and/or growth, where Portugal currently has a marginal position that must be strengthened in the future - revenue potential of up to 100 million euros

Targeting international markets - target markets



1) Potential revenue = average expenditure per tourist trip multiplied by the number of guests in Portugal; average expenditure per trip excludes expenditure on transport in order to enter the Country

Sources: UNWTO; INE

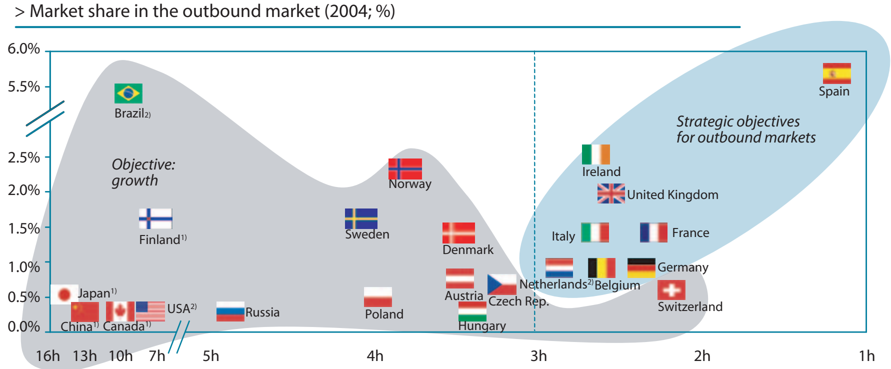
The analysis undertaken allows us to separate the countries into two groups, in terms of growth objectives for Portugal:

> **Growth and reduction of seasonality** - in the countries where Portugal already has a certain degree of notoriety, but with highly seasonal demand. The objective is to achieve strong growth (benefiting from Portugal's notoriety) accompanied by a reduction in seasonality of demand - United Kingdom, Spain, Germany, France, Italy, the Netherlands, Ireland and Belgium.

> **Growth** - in countries where Portugal already has some notoriety and demand is concentrated in the low season, together with countries where notoriety is reduced. The objective is to achieve growth and increase market share and strengthen notoriety - Scandinavian countries, Japan, United States of America, Brazil, Austria, Switzerland, Russia, Canada, Poland, Czech Republic, China and Hungary.

Strategic objectives for outbound markets

> Market share in the outbound market (2004; %)

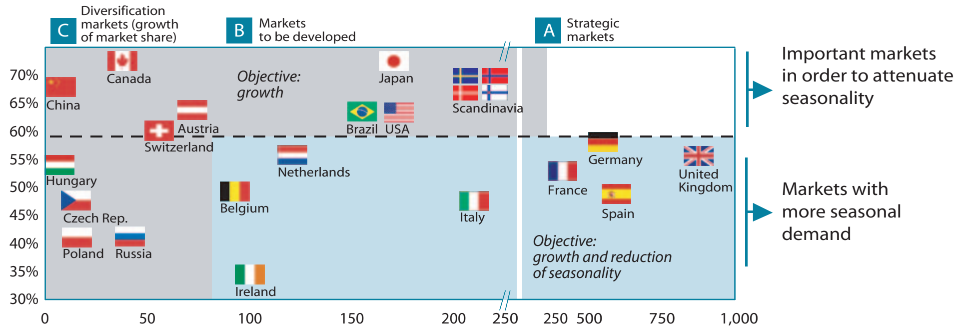


Proximity (flight between Lisboa and the outbound market's capital)

1) Finland, Japan, Canada and China all have stopover flights and therefore there are no direct flights
2) The following connections were considered: Lisboa-Amsterdam, Lisboa-NY, Lisboa-Geneva, Lisboa-Rio de Janeiro

Sources: UNWTO; INE; Airlines' sites

> International tourists' overnights in the low season[1] in Portugal [2005; % total]



Potential revenue[2] for Portugal [Millions EUR; 2004P]

1) October to May
2) Potential revenue = average expenditure per tourist trip multiplied by the number of guests in Portugal; average expenditure per trip excludes expenditure on transport in order to enter the country

Sources: UNWTO; INE

> In the strategic markets a major promotion and distribution effort should be made in order to guarantee an absolute and significant contribution to tourism: emphasis should be placed on initiatives aimed at achieving relative growth in the low season – October to May – greater than that achieved in the high season

The strategic markets - United Kingdom, Spain, Germany and France - present potential revenue over 400 million euros. These outbound markets are responsible for a high share of tourism revenues in Portugal, located at a short/medium distance where it will be easy to achieve significant revenue increases in the short term. The objective for the strategic markets is to achieve relative growth in the low season - October to May - higher than that achieved in the high season, thus fostering a commitment to products that involve less seasonality than the Sun and Beach.

> In the “Markets to be developed” there is also the objective to achieve considerable absolute growth, and four markets have been targeted - Italy, the Netherlands, Ireland and Belgium - where specific initiatives should be undertaken in order to reduce seasonality. Priority will be given to promoting the Destination Portugal brand and the regions/products that provide the greatest contribution to Tourism, except in more distant markets where the focus will be exclusively on Destination Portugal

Markets to be developed - Denmark, Sweden, Finland, Norway, Italy, United States of America, Japan, Brazil, the Netherlands, Ireland and Belgium - are markets with revenue potential between 100 and 250 million euros.

Considerable absolute growth is intended in the markets that focus their demand on the low season - Scandinavia, United States of America, Japan and Brazil. In outbound markets with a high degree of seasonality - Italy, the Netherlands, Ireland and Belgium – the objective is to achieve strong growth, accompanied by reduction of seasonality, and for this purpose a commitment should be made to products in addition to Sun and Beach.

In nearby markets where Portugal has a relevant market share and degree of notoriety - Scandinavia, Italy, the Netherlands, Ireland and Belgium - the main commitment will be the promotion of the Destination Portugal brand and the regions/products that make the largest contribution to tourism. In intercontinental markets promotion should be focused on Destination Portugal.

> In the diversification markets the objective should be growth of market share - priority of strengthening the notoriety of the Destination Portugal brand

Diversification markets - Austria, Switzerland, Canada, Russia, Poland, Czech Republic, Hungary and China - are markets that still represent a reduced revenue share below 100 million euros.

In these markets the objective is to grow/increase market share, without seasonality concerns but always guaranteeing a critical dimension of initiatives towards target segments/markets.

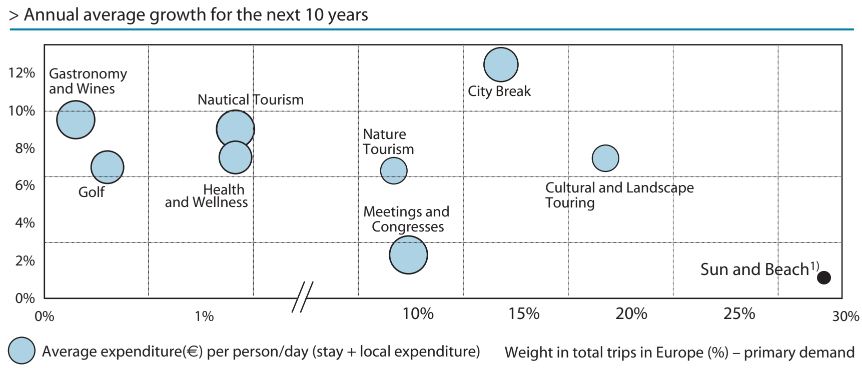
III.2. Product strategy

Consolidate and develop 10 strategic tourism products

Portugal has the necessary "raw materials" - climate, natural and cultural resources - in order to foster the development and consolidation of ten strategic tourism products - Sun and Beach, Cultural and Landscape Touring, City Break, Meetings and Congresses, Nature Tourism, Nautical Tourism (including Cruises), Health and Wellness, Golf, Residential Tourism and Integrated Resorts and Gastronomy and Wines.

All the strategic tourism products have been selected on the basis of Portugal's resources and distinctive factors, and also their future growth potential. In terms of leisure tourism products, annual growth above 5% is forecast, with the exception of Sun and Beach. The latter product was selected due to its high current importance for tourism in Portugal and its market share in world tourism.

Tourism evolution in the European market (strategic products for Portugal; 2004)



1) Average expenditure levels not available
Note: For Residential Tourism and Integrated Resorts there is no information on the weight in total trips in Europe, however we know that around 3 million Europeans own tourism accommodation property abroad and that this market has forecast growth of 8 – 12%/year

Source: Portugal National Tourism Authority

> Re-qualify the Sun and Beach product, especially in the Algarve, and make a commitment to complementary offers that strengthen the value proposal for the tourists

The European Sun and Beach market is mature. In 2004, it represented 69 million trips and, in 2015, it is estimated that it will represent 80 million trips. 41% of European consumers of the Sun and Beach product come from Germany (27%) or the United Kingdom (14%), with a high degree of amplitude of daily expenditure, varying between €80 in the regular segment up to values of around €600 in the upscale segment. 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 data collected in the summer of 2006 the Sun and Beach product represented 41% of the motivations of international tourists in Portugal, assuming special importance in the Algarve where the proportion was 88%. Consumers of this product in Portugal come primarily from the United Kingdom (27%), Spain (13%) and Germany (12%). In relation to competing destinations, Portugal is viewed as a Sun and Beach destination that is fairly similar to Spain (67%), with some similarities with Italy (11%) and Croatia (8%). International tourists also see Portugal as a destination with lower prices and offering better hospitality in comparison with Spain; on the other hand, tourists consider that Spain has a better price-quality ratio as well as better quality of available activities.

Portugal has good conditions for the Sun and Beach product, with over 800 km of coastline (it is the European country with the highest number of sunshine hours per year). The quality of the beaches is also high - 208 blue flag beaches, equivalent to 39% of the total. The country offers diversity of conditions for Sun and Beach - Portugal's western coast has beaches suited for sports such as surfing and kite surfing, whereas the Algarve has Mediterranean characteristics and higher seawater temperatures (in comparison with the Atlantic beaches). Porto Santo is a "tropical climate" destination and is only three flight hours from the centre of Europe.

The main challenge facing the Sun and Beach product is re-enhancement of the Algarve in order to counter competition from the Mediterranean, in particular new emerging destinations. In other regions it is necessary to foster the Litoral Alentejano area and Porto Santo as international destinations. It is also necessary to intervene in terms of protection of coastal rims and re-enhancement of towns/villages. Finally, it is fundamental to develop alternative "non-beach" activities in the Algarve.

The priority regions for fostering development of this product are the Algarve, Porto Santo and the Alentejo. Interventions should also be made in the Lisboa region.

> Foster the concentrated diversity of attractive resources available at a short distance, in comparison with other destinations in order to develop Cultural and Landscape Touring

In 2004, Touring was the primary motivation of demand, representing 44 million trips by Europeans. It is estimated that this value will rise to 79 million trips in 2015, equivalent to annual growth from 5% to 7%. The main outbound markets are Italy (18%), France (17%), Germany (15%) and the United Kingdom (12%), where the average daily expenditure varies between €110 and €200.

In the summer of 2006 Touring represented the second motivation of tourists visiting Portugal (34%). The main outbound markets were Spain (22%), the United Kingdom (17%) and Germany (13%). This product is especially important in Madeira (57%) and the Alentejo (56%). In the other regions, the values vary between 45% and 50%, with the exception of the Lisboa region (30%) and the Algarve that receives virtually no Touring visitors. The main competing destinations in the mind space of tourists are Spain (37%) and France (15%). Portugal is once again seen as a more friendly country with lower prices than Spain, but with weaker hotel infrastructures, a less favourable price quality ratio and lower quality of available activities related to Touring.

The size of the country, mobility conditions and diversity of resources and attractions available at a short distance, not only in the Portuguese mainland, but also in Madeira and the Azores, give clear comparative advantages to Portuguese destinations in terms of Touring. Portugal has a large number of natural parks, monuments and cities with a relevant historic past. Notwithstanding these conditions, Portugal occupies only 1.7% of preferences of European consumers of this product.

In the framework of this product, circuits that incorporate and foster locations that have unique natural, landscape, historical and cultural heritage value in Portugal should be promoted. Strengthening competitiveness requires the adoption of quality standards in the product's value chain, together with high levels of co-operation, and networking for the set of services associated to discovery of the territory in relation to a specific topic. It is also necessary to structure the offer: create thematic routes (e.g. world heritage, monuments, cultural landscapes and sites, religious routes developed around Fátima or related to the listed heritage monuments in Santarém). Enrich the experience in the main places of attraction (e.g. historical reconstitutions) and improve access and opening hours for the main cultural assets. Portugal has a wide range of opportunities for differentiation - the theme of the "Oceans", for example makes it possible to develop the cultural offer (Discoveries Museum) and leisure activities (Oceans theme park) offering vibrant experiences, together with the introduction of innovative proposals (a hotel chain based on an innovative adoption of the concept).

Touring should be developed in the regions of Porto e Norte, Centro, Lisboa and the Alentejo, with a lower degree of priority in Madeira and the Azores.

> Improve access to Lisboa and Porto, together with the tourist's experience in Porto, is the priority for fostering development of City Break

The European City Break market in number of trips has remained relatively stable, rising from 33 million trips in 1997 to 34 million trips in 2004. Nonetheless, this value is expected to rise to 120,6 million trips by 2015, equivalent to 13.5% growth per year between 2004 and 2015. The standard City Break consumer is British, German or Spanish (17%, 15% and 13% respectively) and spends at least €60 per day in the standard segment, in which case they will stay in boarding houses and use public transports. At the other extreme, the upscale tourist will spend an average of €450 per day, excluding the flight. The upscale tourist normally stays in upper range hotels, purchases meals in prestige restaurants and moves around in taxis or rented cars with a chauffeur.

According to a study made by IPK in 2004 Portugal is responsible for 900,000 trips within the European market, corresponding to a 2.7% market share. According to data collected in the summer of 2006 the City Break represents 7.2% of international tourists' motivations in Portugal - Lisboa (30%) and Porto (24%). Destinations that tourists considered to be similar to Lisboa and Porto are Barcelona (35%), Budapest (32%) and Madrid (28%). Portuguese cities are considered to have a similar price quality ratio to that found in Barcelona, however lie at a disadvantage in terms of hotel infrastructures. Once again, one of Portugal's strengths in comparison with Spain is the friendliness of the local people.

Lisboa has presented a good performance in terms of City Break, however transport access must be improved - above all in terms of low cost airlines. On the other hand, Porto needs to enhance its offer in terms of content. In effect, Lisboa exceeds the expectations of 54% of tourists, in comparison with Porto that only exceeds the expectations of 15% of tourists.

As a result, interventions should focus on the preservation and maintenance of heritage, cultural activities, public transport, safety, street cleaning and public spaces. It is also necessary to implement a local entertainment and events calendar.

It should be emphasised that City Break tourism has a low degree of seasonality.

> The Meetings and Congresses product assumes special importance due to the volume of trips made and mainly because it contributes towards reducing destinations' seasonality

The Meetings and Congresses product has fairly heterogeneous characteristics but may be divided into two segments: association meetings - normally with a high number of participants, high rotation in the location of the meetings and normally a low growth trend; and corporate meetings - meetings of companies, of variable scale with a strong growth tendency. In order to attract association meetings it is necessary to promote the destination to both event organisers and participants, given that they will ultimately decide whether or not to take part. On the other hand, for corporate meetings, the companies are the ones who decide who will take part, and therefore the key focus should be on attracting the prospective meeting to the desired location. In Europe, 1 million corporate meetings took place in 2004. Germany and the United Kingdom are the main outbound markets. In half of all meetings held, the intermediary used was the travel agency of the country of origin of the event organisers. Concerning association meetings, the sectors with the highest weight are medicine (28%), sciences (12%) and technology (10%).

Lisboa is the region with the highest capacity for attracting Meetings and Congresses events, and currently has large capacity conference centres. A new conference centre is planned for the Parque das Nações. The main infrastructures outside Lisboa are in Porto, the Algarve and Madeira.

Lisboa occupies a leading position in terms of Meetings and Congresses involving over 50 participants, but may still increase its market share for meetings involving over 300 persons. However, the international lack of expression of the rest of the country led to Portugal being ranked in 18th position in the ICCA, in contrast to the 11th position held by Lisboa.

Portugal has the potential to consolidate Meetings and Congresses activities in Lisboa (large scale) and also develop such activities in the Algarve. This product has a low level of seasonality and complements the Sun and Beach product, thus becoming essential for regions that have seasonality problems.

It is also necessary to structure the offer and prospecting, increasing coordination in terms of Convention Bureaux and rendering the offer more sophisticated, enriching participants' experiences beyond the meetings themselves. Attention should also be drawn to the fact that no Convention Bureau exists in Madeira.

The priority regions for intervention in the Meetings and Congresses product are Lisboa, Porto, the Algarve and Madeira in the small meetings segment.

> Nature Tourism in Portugal presents gaps in terms of infrastructures, lack of experience and know-how

The European Nature Tourism market has achieved sustained growth. In 2004, 22 million trips were made, having this product as main motivation, corresponding to 9% of all trips made by Europeans. In 2015 this product is expected to rise to 43,3 million trips, equivalent to 7% annual growth. The main outbound markets are Germany and the Netherlands that represent 25% and 21% of the market respectively.

According to data for 2006, Nature Tourism represented 6% of the primary motivations for tourists visiting Portugal. The regions where this product is most important are the Azores (36%) and Madeira (20%). Tourists consider that the countries which are most similar to Portugal in this product are Spain (33%), Italy (10%) and Switzerland (8%). In terms of tourists' perception of Portugal in comparison with Spain, its strengths lie in the friendliness of the local people and entertainment, although with lower quality of hotel infrastructures and available activities related to Nature Tourism.

Despite the fact that 21% of the national territory is considered to be a protected area, Nature Tourism in Portugal presents clear gaps in terms of infrastructures, services, experience and know-how, as well as lack of competitive capacity of the companies operating in this field.

The main challenge facing Portugal consists in developing an offer that respects the environment. The objective is to make it possible to sell the product to tourists, while preserving Protected Areas.

The regions where the priority investments should be made are the Azores, Madeira, Porto e Norte and Centro.

> Portugal should consolidate its strong international visibility as a Golf destination, establishing itself as the leading destination at European level

The European Golf market is estimated to be equivalent to one million trips per year (primary motivation). This value is expected to double by 2015. The main outbound markets are the United Kingdom and Germany that represent 25% and 23% of all trips respectively.

The Golf product has enjoyed major expansion in Portugal, not only in terms of quantity but also notoriety. This product represents 6.3% of the motivations of international tourists in Portugal according to data collected in the summer of 2006.

The Algarve is the region with greatest weight in the product with 31 golf courses - from a total of 70 - and now enjoys major international prestige and recognition (golf courses included between the finest at European and world level). The Lisboa region already has a significant offer of the product, but it is necessary to strengthen the Oeste pole - that currently has only one golf course that has achieved recognition at international level. Development of this product involves construction of more high-quality golf courses, investing in golf courses designed by renowned architects, developing a diversified offer (beginner - professional), together with hosting two annual tournaments of international visibility. It should also be noted that this product has a low level of seasonality, and is therefore extremely important for regions with problems in this regard, such as the Algarve.

The priority regions for investments in this product are the Algarve and Lisboa, together with the Litoral Alentejano and Oeste tourism development poles.

> The commitment to the Nautical Tourism product may have a major impact on tourism in Portugal, but requires the development of support infrastructures

Nautical Tourism represents 2,8 million trips/year in Europe and is expected to rise to 6,6 million trips in 2015, equivalent to annual growth of 9%. The main outbound markets for Nautical Tourism are Germany (24%), Scandinavia (15%) and the United Kingdom (9%).

In Portugal, Nautical Tourism represents 1.2% of tourists' motivations. The regions where this product is most important are the Azores (6.2%), Madeira (5.8%) and the Algarve (3.1%).

This product may be divided into three segments: cruises, yachts and nautical sports. The cruise market is experiencing growth. Europe has a 21% share of the world market, which has risen over time; however its market share is still considerably lower than the US market. Three groups (Carnival, Royal Caribbean Cruises, Star Cruise) control over 70% of the market. These groups have made a commitment to foster new destinations. Another trend is the emergence of the Atlantic as a destination, as a result of a certain degree of saturation in the Mediterranean market.

Considering yacht tourism it is fundamental to possess mooring capacity, primarily for large vessels, and support services in the marinas.

The critical success factor of the tourism-maritime segment, related to nautical sports and the use of small vessels is connected to mooring conditions (physical and economic).

Portugal has the potential to make a major commitment to Nautical Tourism - quality beaches and a vast coastline - but the country's infrastructures are still unsuitable for Nautical Tourism. For example, the number of marinas certified with a blue flag for each 1000 km of maritime coastline and rivers is only one third of the level recorded in Spain. In terms of cruise ports, Lisboa is the sixth largest Iberian port, with a 5.2% market share of passengers, enjoying one of the strongest growth levels at European level. Emphasis should also be placed on the importance of the ports in Madeira - Funchal and Porto Santo - that represent over half of all passengers in transit in Portugal. The ports of Funchal and Lisboa jointly represent an annual volume of around 400,000 passengers, which is the volume recorded by ports such as New York.

The main challenge for the cruise segment is to improve operating conditions in the terminals and create new routes, working in partnership with the three main operators. On the other hand, it is necessary to enrich tourists' experiences during their land trips.

For the yacht segment it is necessary to develop the regions of Lisboa and the Algarve, increasing the number of marinas, given that current marinas already have very high occupancy rates. It is also necessary to foster the creation of support services for marinas in order to transform Portugal into a destination where it is possible to leave yachts in marinas throughout the year, thus positioning Lisboa and the Algarve as an alternative for Nautical Tourism in the winter and summer, serving as the basis for yachts of tourists from northern Europe.

In the nautical sports segment it is necessary to invest in mooring infrastructures, improving the economic and operating conditions for development of the offer. It is also necessary to develop the Lisboa region, capitalising on the advantages of the Tejo estuary and the Algarve region, benefiting from the Ria Formosa estuary, and promoting nautical sports in the Azores.

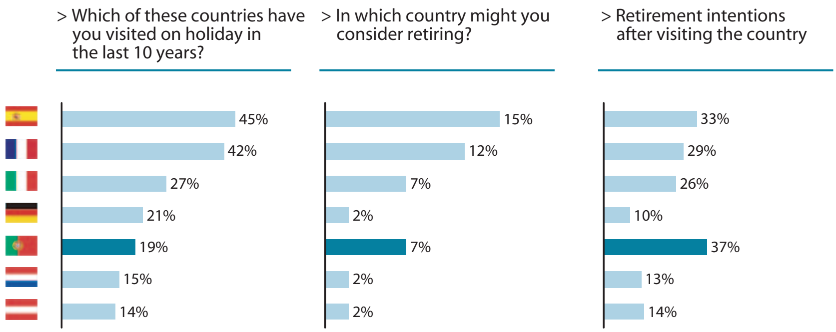
The priority regions for investments in Nautical Tourism are the Algarve, Lisboa and to a lesser extent the islands of Madeira and the Azores. It is also important to guarantee the existence of harbours in order to permit cabotage along the Portuguese coast.

> Residential Tourism and Integrated Resorts will be important for the development of tourism, especially in regions with less tourism expression such as the Alentejo and Oeste

It is estimated that around 3 million Europeans own some kind of tourism accommodation property abroad. Of these, around 1,2 million (30%) own a property in an Integrated Resort. Estimated growth rates are from 8% to 12% per year, supported to a large extent by the growth of Integrated Resorts (10%). In the last 5 years, individuals from the United Kingdom and Germany, for different reasons, have acquired 90% of dwellings. The Germans are primarily interested in acquiring holiday homes, while the British are more interested in acquiring a permanent place of residence or making investments.

The Portuguese market only represents 4% of the total Iberian market, equivalent to 70,000 homes. This amount is expected to grow in the coming years at an annual rate of 4.6%. Portugal has a high potential for this product - in a survey of persons aged 50 years and above conducted in the United Kingdom, Portugal had the highest retention capacity. Among the group of persons who visited Portugal in the last 10 years, 37% considered the possibility of retiring in Portugal. However, only 19% of all people stated that they had visited Portugal in the last 10 years compared to 45% of people who had visited Spain.

Results of the questionnaire - United Kingdom



Source: Dean & Associates

The main objective for Portugal should be to grow in terms of quality and not quantity, never confusing Residential Tourism with the real estate business. In all projects, tourism beds should be operating before any other aspects. The main focus should be on the creation of Integrated Resorts, with associated offers (e.g. golf, spa). Transport access and health facilities are also of decisive importance. As a result, the regions with greatest potential are Lisboa, the Algarve, the Alentejo and the Oeste pole, and those with the greatest need for short-term interventions are the Algarve, Madeira (Porto Santo) and Alentejo.

> Portugal may foster the ambition to become a Wellness destination, gearing the potential of the Azores and Madeira for the development of distinctive offers

Health and Wellness Tourism has progressively increased in Europe and current growth is forecast to continue in the future. In 2004, this product represented 3 million trips. Annual growth of 5% to 10% is forecast up to 2015, equivalent to 6,2 million trips. Germany is the leading outbound market with 64% market share. On average, consumers spend between €100 and €400 and stay four or more nights in the destination. This product is divided into three segments: thermal springs, spas and specialised clinics.

In Portugal, the Health and Wellness product represents 1.9% of tourists' motivations visiting the country. In terms of infrastructures, the country has thermal springs with antiquated installations, and a limited range of services and activities available to tourists. It should also be emphasised that only 18% of thermal springs are open throughout the year. There is also a reduced number of spas (11), insufficient in order to endow Portugal with visibility as a Health and Wellness destination. For these reasons, Portugal only has a 1.4% share of the European market for this product.

If suitably projected and structured, the segment of thermal springs, based on the quality of the mineral waters, may attempt to create offers with a high degree of differentiation. For this purpose, it is necessary to alter the business model based on health treatment towards wellness, especially in the Porto e Norte and Centro regions. It is also fundamental to capitalise on the conditions offered by Madeira, which was once a leading destination in this field, together with the Azores that has the conditions for exotic experiences mixed with great natural beauty. In terms of the spas segment all regions require quality infrastructures, associated to the hotel offer. In order to ensure the competitive development of this product, the existence of quality health facilities is also required.

The priority regions for fostering development of Health and Wellness Tourism are Madeira and the Azores, together with Porto e Norte and Centro regions. In the other regions, the priority is the development of facilities in hotel establishments.

> Portugal may become a destination of excellence for the Gastronomy and Wines product, benefiting from the conditions offered by the Douro and Alentejo

In 2004, the European Gastronomy and Wines market rose to 600,000 trips/year. In 2015 this market is expected to grow to 1,2 million trips/year, in other words 7% growth per year. The typical Gastronomy and Wines consumer is French (16%), Dutch (15%) and English (11%) and spends between €150 and €450 per day. Higher spending levels are normally associated to learning and knowledge gathering trips, due to the inclusion of thematic activities - for example courses and workshops.

At present, Portugal does not offer a structured product, due to the lack of suitability of the offer provided to tourists - museums/wine cellars have a low level of adaptation to tourism activities, with lack of qualified staff and unsuitable opening hours. The predominance of small-scale companies also makes it difficult to compete at international level.

Notwithstanding the current situation, Portugal may embrace the ambition of achieving an excellent position in this market, benefiting from the conditions of the Douro region, a World Heritage site, and the cultural and natural heritage of Alentejo, that will enable the country to structure products targeted at persons with a high socioeconomic level. It is also necessary to develop the product in regions where this does not constitute a primary motivation, given its importance for responding to secondary motivations and its weight in the return rates of tourists. Portugal also needs to use its content in order to create a stronger gastronomical identity, as occurs in Spain.

The priority regions for investments in the Gastronomy and Wines product are Porto e Norte, the Alentejo and Centro regions.

III.3. Guidelines for the regions

Develop distinctive offers for the regions, aligned with the value proposal for Destination Portugal, maximising the natural vocation of each region and developing enhancing factors

> The value proposal for each region should be aligned with the value proposal of Destination Portugal

The regions have a set of diversified resources, several of which constitute factors of differentiation.

Main resources by region (NUTS II)

NON-EXHAUSTIVE

II Lisboa
- > City of Lisboa
- > Estoril, Cascais and Sintra
- > Museums and Monuments
- > Golf courses
- > Conference centres
- > Quality hotel offer
- > Atlantic beaches
- > Cruise port in Lisboa
- > Natural parks (Sintra and Arrábida)

VI Azores
- > Nine islands (diversity)
- > Maritime and marine life
- > Landscape / Nature (cliffs, volcanoes)
- > Island of Pico (world heritage vineyards)
- > Lagoons (e.g. 'Lagoa das 7 cidades')

III Madeira
- > Nature – "levadas"
- > City of Funchal
- > Typical villages (Camacha and Santana)
- > Diversified flora
- > Beach in Porto Santo
- > Conference centres
- > Ports / Marinas
- > Quality hotel offer
- > Madeira wine

IV Norte
- > City of Porto
- > Gaia wine cellars – Port wine
- > Historic cities (Guimarães, Braga and Viana)
- > River Douro
- > Alto Douro wine region
- > Natural parks (e.g. Peneda-Gerês National Park)
- > Archaeological heritage (e.g. Foz Côa)
- > Gastronomy and wines (e.g. Port wine)

V Centro (incl. Oeste and Fátima)
- > Fátima
- > Churches, castles and monasteries
- > Typical and coastal towns
- > Beaches
- > Golf courses (Oeste pole)
- > Historic cities and villages
- > Mountains (e.g. Serra da Estrela)
- > Quality and diversity of mineral waters
- > Grottoes (e.g. grottoes in Mira D'Aire)
- > Gastronomy

VII Alentejo
- > City of Évora
- > Unspoilt beaches
- > Castles and fortresses
- > Architectural and archaeological heritage
- > Alqueva
- > Typical villages
- > 'Pousadas de Portugal'
- > Gastronomy and wines

I Algarve
- > Beaches and cliffs
- > Golf courses
- > Marinas
- > Diversity of the hotel offer
- > Hotel capacity available outside the summer season

The distinctive factors lead each region to establish a value proposal, aligned with the value proposal for Destination Portugal.

Distinctive factors by region (NUTS II)

Portugal's value proposal

Differentiating elements
> Climate and Light
> History, Culture and Tradition
> Hospitality
> Concentrated diversity

Qualifying elements
> Modern authenticity
> Safety
> Excellent price/quality relationship

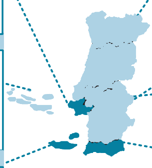
Which are the distinctive factors per region?

II Lisboa
> Modern authenticity (Belém, historic centre, Parque das Nações)
> Relationship with the river Tejo and the Atlantic ocean
> Historical riches
> Diversity
> Cross-seling with neighbouring regions

VI Azores
> Volcanic landscapes
> Marine life riches
> Calm and unexplored Nature
> Maritime life
> Diversity of islands and landscapes

III Madeira
> Concentration of resources
> Natural beauty and flora (flowers)
> Conditions for Sun and Beach in Porto Santo
> Typical architecture
> Hotel quality
> Madeira wine

IV Norte
> Douro vineyards / Port wine
> Historic centre of Porto
> Diversified offer for touring (History and Nature)
> Gastronomy and wines



V Centro (inc. Oeste and Fátima)
> Fátima and Coimbra
> Serra da Estrela
> Triangle - Óbidos-Nazaré -Alcobaça
> Relationship with Atlantic ocean
> Proximity to Lisboa and Porto

VII Alentejo
> Évora
> Abundance of archaeological heritage
> Landscape of rolling plains
> Beaches to explore
> Safe environment
> Gastronomy and wines
> Proximity to Lisboa

I Algarve
> Quality of the beaches (surrounding area, sand, water temperature)
> Quality of the golf courses
> Multi-segmented offer
> Beauty of the Ria Formosa estuary

Each region is intended to have a development concept, resulting from specific distinctive factors and the value proposal for Destination Portugal.

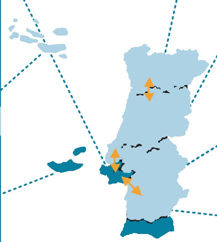
Concept/objective by region (NUTS II)

II Lisboa
> **Major growth of international tourists** (leisure and business)
> **Showcase of a modern, authentic, diverse and dynamic Portugal**
> Specialisation/diversification of the premier quality hotel offer (charm, design)
> Sustained development, in territorial terms, of tourism in the region
> Cross-selling with Centro (Oeste pole) and Alentejo

VI Azores
> **Growth in number and value, with diversification of markets**
> **Natural paradise, with authentic culture and people**
> Priority destination for **Nature Tourism** and Health and Wellness

III Madeira
> **Growth in value of the island of Madeira and premium positioning of Porto Santo**
> Atlantic island with tropical characteristics and tremendous diversity
> Prestige location for short and medium length of stay throughout the year
> Increased attractiveness through the offer of new qualifying products

IV Norte
> Growth in **quantity** (**city of Porto**) and value of the region (Douro) – growth of domestic and international tourism
> Foster the growth of tourism in the city of Porto – commitment to various products in order to increase occupancy rates
> Develop, while protecting, the region of the Douro – growth in value
> Commitment to Meetings and Congresses in order to reduce seasonality



Cross-selling between regions

V Centro (inc. Oeste and Fátima)
> Growth in **number of tourists and value** – more domestic than international tourists
> Region for **making trips and cross-selling with Lisboa (Oeste)** and Porto
> Attraction of international tourists by means of a commitment to **Touring** and Nature Tourism
> Priority destination for Touring, Nature Tourism and Gastronomy and Wines

VII Alentejo
> Growth in **number** and **above all value** of tourists – mixture of domestic and international tourism
> Cross-selling with Lisboa
> Contrast between tranquillity and healthy amusements - niche
> Commitment to Touring (Alentejo) and Sun and Beach and Golf (Litoral Alentejano pole) in order to foster the growth of tourism

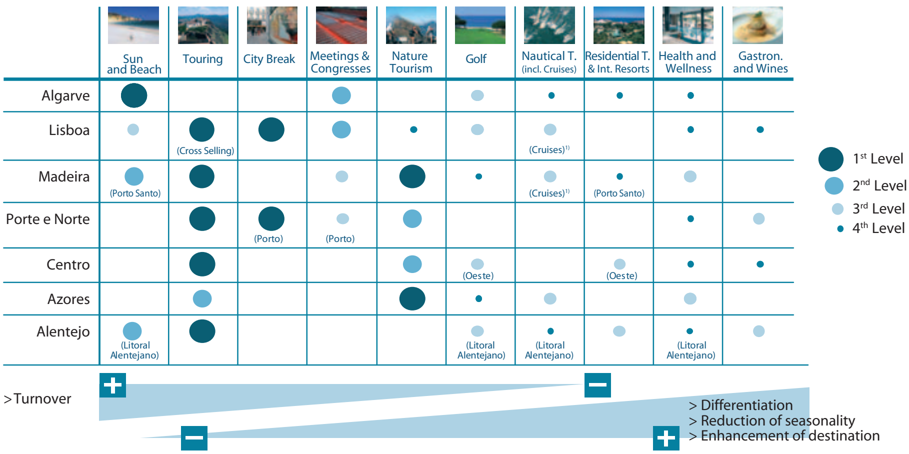
I Algarve
> Re-enhancement with growth and value (increase revenues per client):
- **multi-segmented Sun and Beach, with wider high season**
- **Reduce seasonality**, fostering Golf and Meetings and Congresses

> Develop **image-building** areas for Sun and Beach
> Increase diversity, developing other products
> Foster Integrated Resorts with international-standard hotel offer

> In the short term, Sun and Beach, Touring and the City Break, will be the products that foster the regions' growth

Given the resources and distinctive factors presented by each region, short/medium term performance will be geared by a set of specific products. It should also be noted that the products, which make the lowest contribution to global turnover, would have a positive effect in terms of seasonality levels, differentiation and enhancing the destination.

Products' contribution for each region

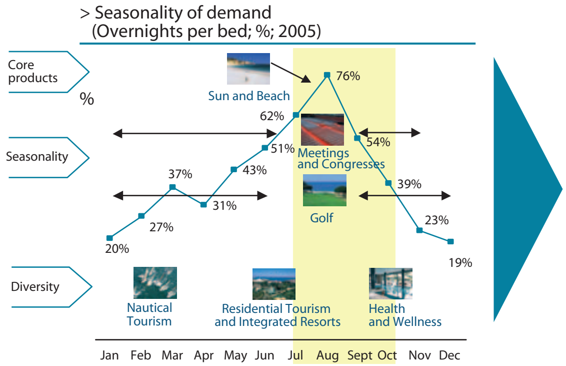


1) Relative Cruises' superior weight

Algarve

Short-term growth in the Algarve should be based on the Sun and Beach, Golf and Meetings and Congresses products. The core Sun and Beach product should have a multi-segmented offer and be able to widen the summer season. The commitment to Meetings and Congresses and Golf aims to reduce seasonality. The Algarve also has suitable resources to offer Nautical Tourism, Residential Tourism and Integrated Resorts, and Health and Wellness.

Products vs. seasonality – Algarve



> Re-enhancement with growth and value (increase revenues per client):

- **Multi-segmented Sun and Beach and widened high season**
- **Reduce seasonality** fostering Golf and Meetings and Congresses

> Develop **image building** areas for Sun and Beach

- Increase diversity, developing other products
- Foster Integrated Resorts with international-standard hotel offer

Source: INE – Roland Berger analysis

In order to improve the region's performance it is necessary to create a set of initiatives fostering products' development, together with transversal initiatives for all products, with emphasis on the importance of territorial planning and valorisation of environmental resources, protection of the coastal rim and heritage preservation.

Proposal of potential initiatives to develop further - Algarve

	> Sun and Beach	**> Meetings and Congresses**	**> Golf**	**> Nautical Tourism, Residential Tourism and Integrated Resorts, Health and Wellness**
Distinctive factors	> Quality of beaches and sea conditions > Gentle climate throughout the year	> Gentle climate > Quality hotel offer available in the high season of the product	> Concentration of quality golf courses > Number of daily hours of sunshine > Gentle climate throughout the year	> Network of nautical installations > Gentle climate throughout the year
Main actions to be developed	> Protect coastal areas > Beach areas' territorial planning and segmentation for provision of different services	> Develop infrastructures for conferences in the Faro-Albufeira area	> Foster the construction of golf courses designed by renowned architects in new resorts > Guarantee leading annual tournament in the region	> Guarantee the construction of a new marina in the East area and more mooring positions along the coast > Foster development of Integrated Resorts for upscale tourism > Foster the development of spas in leading hotels

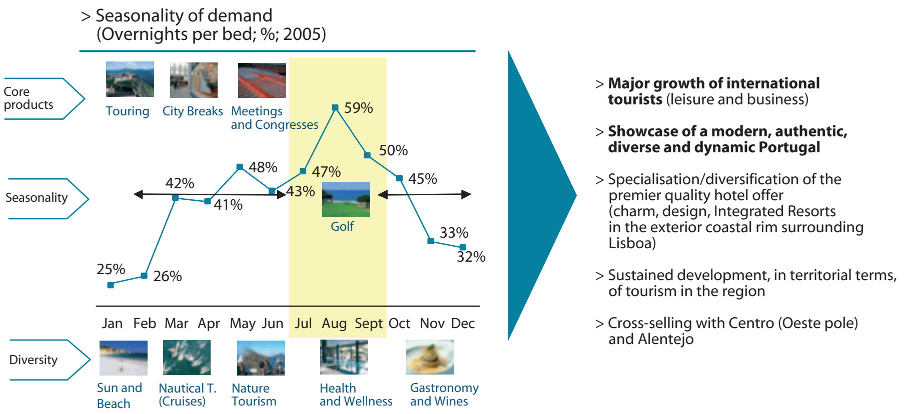
Transversal initiatives

> Develop ZTIs, enabling a multi-segmented medium-up scale offer, fostering urban re-enhancement of zones with greatest density and protection of the zone between Faro and Vila Real de Santo António
> Guarantee entertainment (daytime and night time) in a wider period
> Foster the creation of two integrated mega-resorts in the eastern Algarve with a diversified offer of hotels, marina, golf courses and other infrastructures and support services
> Intervention in terms of service quality and events
> Improve air access
> Foster re-enhancement of the hotel offer (renovation and increased services) and restaurants
> Develop the offer of complementary products (Culture and Nature) in the interior of the region

Lisboa

Lisboa's short-term growth should be based on the Touring and City Break products and to a lesser extent on Meetings and Congresses. Golf should contribute towards reducing seasonality. Lisboa has also good conditions for Sun and Beach, Nautical Tourism (Cruises), Nature Tourism, Health and Wellness and Gastronomy and Wines products.

Products vs. seasonality – Lisboa



Source: INE – Roland Berger analysis

Improvement of the offer in Lisboa should encompass a specific set of initiatives for the main products (e.g. City Break, Meetings and Congresses, Touring) and transversal initiatives.

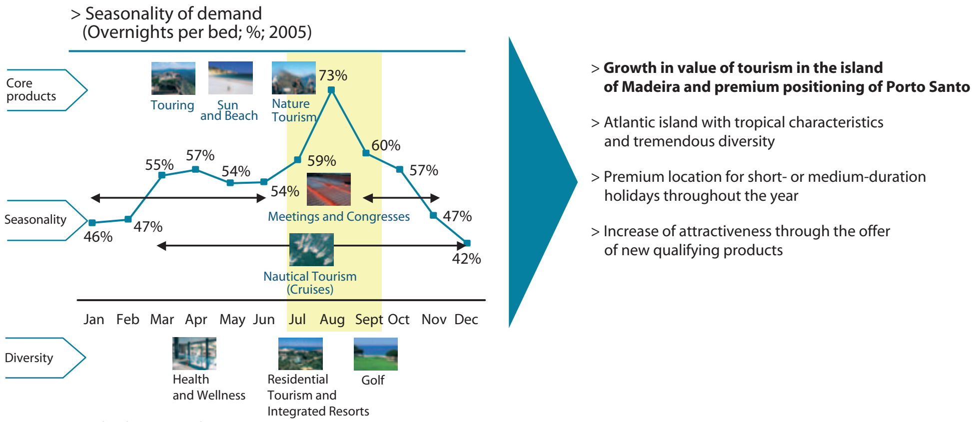
Proposal of potential initiatives to develop further - Lisboa

	> Touring	> City Break	> Meetings and Congresses	> Golf, Sun and Beach, Nautical Tourism, Nature Tourism, Health and Wellness and Gastronomy and Wines
Distinctive factors	> Landscape, cultural and monumental diversity	> City-resort and human scale > Modern authenticity > Safe city	> Good infrastructures for conferences and meetings (Lisboa and Estoril) > Good 4 and 5-star accommodation capacity	> Tejo Estuary and location > Diversity of the region surrounding the city (e.g. beaches, Natural parks, monuments, towns) > Diversity of golf courses
Main initiatives to be developed	> Cross-selling with neighbouring regions > Create thematic routes (e.g. Discoveries)	> Develop a group of ZTIs (Belém, historic centre, Parque das Nações and riverfront) > Foster DIY	> Create new conferences centre (Parque das Nações) > Improve prospecting activities	> Develop Cruise terminal > Develop marinas and support services > Improve conditions for Sun and Beach in the main beaches > Increase the number of leading golf courses > Annual top international tournament (golf) > Stimulate tourism enjoyment of seafront areas and Natural parks
Transversal initiatives	> Improve calendar of events > Improve air access > Improve urban spaces and enhance built heritage > Installation of Integrated Resorts surrounding the city			

Madeira

Madeira's short/medium term growth will be based on core products: Touring, Sun and Beach (in Porto Santo) and Nature Tourism. The Meetings and Congresses and Nautical Tourism (Cruises) should contribute towards reducing seasonality. The objective is to offer wider diversity of products with a commitment to Health and Wellness, Residential Tourism and Integrated Resorts (Porto Santo) and Golf.

Products vs. seasonality – Madeira



Source: INE - Roland Berger analysis

In order to develop these priority products it is necessary to implement a set of initiatives, with emphasis on the importance of improving access and local entertainment.

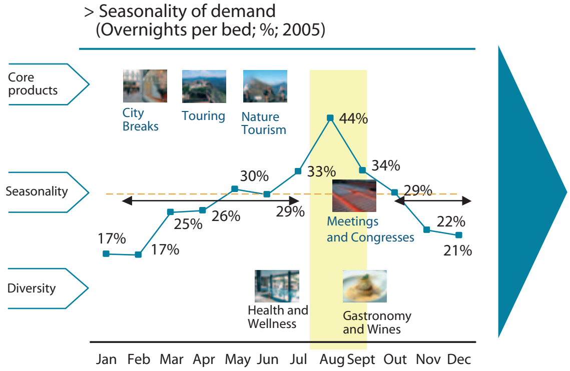
Proposal of potential initiatives to develop further – Madeira

	> Touring	> Sun and Beach	> Nature Tourism	> Meetings and Congresses	> Nautical Tourism (Cruises)	> Health and Wellness, Residential Tourism and Integrated Resorts and Golf
Distinctive factors	> Nature > Diversity of towns and belvederes > Landscape (mixture of sea-mountain)	> Gentle climate and sun throughout the year > Beach of Porto Santo > Swimming pools next to the sea	> Mountains and steep slopes > Luxuriant and varied vegetation > "Levadas" and "veredas" > Natural park – Laurissilva forest	> Conference centres > 4- and 5-star hotel offer	> Marina in the town centre > New Year's fireworks display	> Conditions and international recognition as site for health treatments > Sand's therapeutic properties in Porto Santo > Madeira wine
Main initiatives to be developed	> Improve signposting > Thematic routes (Madeira wine, embroidery, flowers)	> Improve access to the sea > Develop nautical sports > Territorial planning and segmentation of Porto Santo's beach	> Improve signposting, safety conditions in the "levadas" and information available	> Introduce calendar of events with international notoriety > Improve infrastructures' equipment	> Improve access from the port to the city > Development of mini-Cruises > Increase nautical services/activities	> Foster the expansion of golf infrastructures > Develop the hotel offer targeted at niches and fostering the development of spas > Increase offer of existing cable cars
Transversal initiatives	> Increase direct air connections > Improve local entertainment (calendar of events and nightlife entertainment in Funchal) > Protection of coastal rim (Porto Santo)					

Porto e Norte

The products with the potential to catalyse short-term growth in the region of Porto e Norte are the City Break, Touring and Nature Tourism. On the other hand, the region also has the potential to offer Meetings and Congresses, Health and Wellness and Gastronomy and Wines products.

Product vs. seasonality - Porto e Norte



> **Growth in quantity** (city of Porto) and value (Douro pole) – growth of domestic and international tourism

> Foster the **growth of tourism in the city of Porto** – commitment to various products in order to increase occupancy rates

> **Develop, while protecting, the Douro pole –** growth in value

> Commitment to Meetings and Congresses (Porto) in order to reduce seasonality

Source: INE - Roland Berger analysis

A set of initiatives for development of the region, per product, is suggested together with transversal initiatives. Emphasis is placed on commitment to Douro pole.

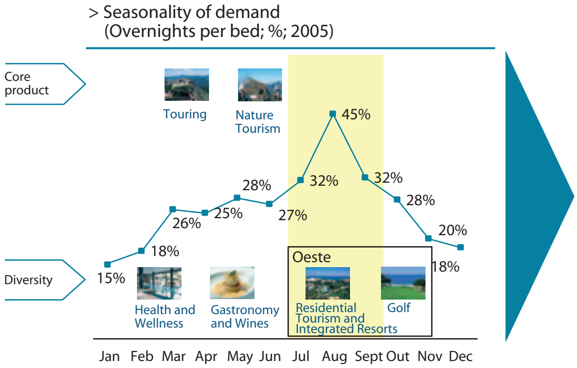
Proposal of potential initiatives to develop further - Porto e Norte

	> City Break	> Touring / Nature Tourism	> Meetings and Congresses	> Health and Wellness, Gastronomy and Wines
Distinctive factors	> Authentic cities with human scale > Port wine (cellars) > Contemporary architecture	> Cultural and landscape heritage > Port wine estates > River Douro > Cruises in the Douro > Natural parks > Côa Valley archaeological heritage	> Leading hotel offer centred in Boavista (Porto) > Cultural and wine and gastronomy interest in the city (Porto)	> Gastronomic quality > Notoriety of Port wine > Quality and diversity of thermal spa waters
Main actions to be developed	> Develop ZTIs in Porto (Ribeira, historic centre, Foz) > Enrich the content offer in museums and monuments > Marketing Port wine cellars	> Develop thematic routes (e.g. Port wine)	> Develop infrastructures for large-scale conferences (+ 1000 persons) in the city of Porto > Coordination of attraction of such events with other regions	> Foster the development of the Gastronomy and Wines cluster > Develop the Douro pole > Develop distinctive concepts of spas for the Douro region, using specific resources available in the region > Enhance and stimulate thermal spas
Transversal initiatives	> Increase the quality hotel offer > Foster the charm hotel offer in the Douro pole (rural hotels and estates) > Improve air access > Improve road access (secondary roads)			

Centro

The core growth products for the Centro region are Touring and Nature Tourism complemented by four products - Residential Tourism and Integrated Resorts and Golf in the Oeste pole, and Health and Wellness and Gastronomy and Wines in the region as a whole. Emphasis should also be placed on development of the Oeste region and Serra da Estrela, together with the importance of cross selling with Lisboa (Oeste pole), and with Porto, in order to increase the percentage of international tourists.

Products vs. seasonality – Centro



- > Growth in **number of tourists and value** – more domestic than international
- > Region for making trips and **cross-selling with Lisboa** and Porto
- > Attraction of international tourists through a commitment to the Touring and Nature Tourism products
- > Priority destination for Touring, Nature Tourism and Gastronomy and Wines

Source: INE - Roland Berger analysis

As in other regions, a set of initiatives to be developed is suggested, including the creation of thematic routes in order to foster the development of Touring.

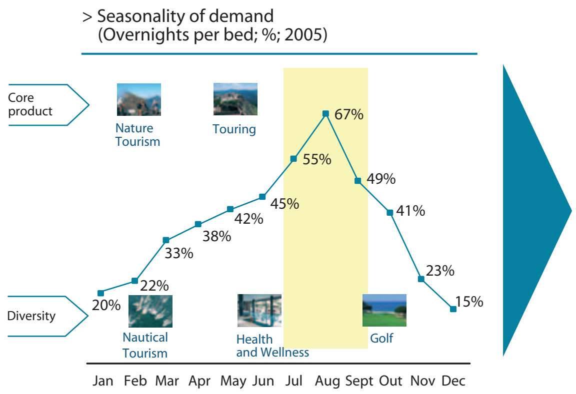
Proposal of potential initiatives to develop further – Centro

	> Touring and Nature Tourism	**> Health and Wellness, Gastronomy and Wines Oeste pole - Residential Tourism and Integrated Resorts, Golf**
Distinctive factors	> Natural heritage > Historical and religious monuments > Fátima > Typical villages > Natural parks > Grottoes	> Proximity to Lisboa (Oeste pole) > Golf courses (Oeste pole) > Quality and diversity of thermal spa waters > Gastronomy
Main actions to be developed	> Develop thematic routes (e.g. Cistercian monks, "Pastorinhos" of Fátima, Dão wine and fishermen) > Recover and enhance buildings, historical nuclei and natural landscapes > Foster the recovery and adaptation of listed buildings for accommodation units (charm hotels)	> Foster the development of Integrated Resorts in the Oeste pole > Develop the Serra da Estrela pole > Foster a modern thermal offer > Implement cross-selling with Lisboa (Oeste pole) and Porto
Transversal initiatives	> Enhance the hotel offer > Service quality, territorial planning and protection of the environment > Improve road access (secondary roads)	

Azores

The priority commitment for short-term growth in the Azores focuses on the Nature Tourism and Touring products. From the perspective of diversification, the region should base its offer on Nautical Tourism and Health and Wellness. Golf, a complementary product, will strengthen the overall value proposal of the destination.

Products vs. seasonality - Azores



- > **Growth in number and value with markets' diversification**
- > **Exotic and diversified paradise with culture and authentic people**
- > Priority destination for **Nature Tourism** and Health and Wellness
- > Golf, as a complementary product, reinforces the value proposal of the destination in order to reduce seasonality

Source: INE - Roland Berger analysis

A set of initiatives is foreseen in order to develop the region. Considering Touring the objective is to gear the offer on the basis of the region's natural conditions. Emphasis should also be placed on transversal initiatives that suggest the need for improvements in transport access and greater enhancement of the hotel offer.

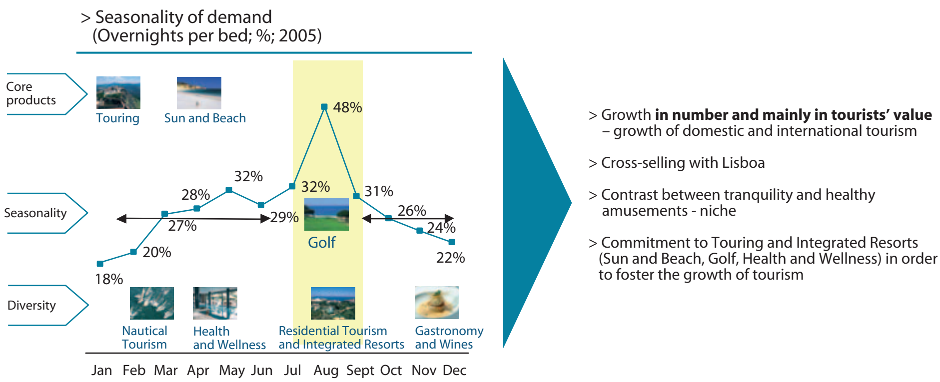
Proposal of potential initiatives to develop further – Azores

	> Nature Tourism and Touring	> Nautical Tourism, Health and Wellness and Golf
Distinctive factors	> Exoticism > Virgin natural heritage > Diverse marine fauna (e.g. whales) > Nine islands with different characteristics > Lagoons > Volcanoes	> Atlantic > Islands > Volcanism > Nature > Unique landscapes
Main actions to be developed	> Foster the creation of terrestrial and maritime routes (e.g. climbing up to Pico) > Develop belvederes > Develop maritime activities	> Foster Nautical Tourism – recreational sailing > Foster the development of thermal spas (e.g. volcanism theme) > Step up the development of golf courses in order to strengthen the value proposal of the destination
Transversal initiatives	> Improve direct access to the archipelago and between islands > Enhance the hotel offer, developing the charm and 5-star hotel offer	

Alentejo

The short-term development model for the Alentejo involves the contrast between a quiet environment and a playground region, with several open-air activities. As a result, the region's core product is Cultural and Landscape Touring, followed by Sun and Beach. The diversifying products are Golf, Nautical Tourism, Health and Wellness, Residential Tourism and Integrated Resorts and Gastronomy and Wines.

Products vs. Seasonality – Alentejo



Source: INE - Roland Berger analysis

Development of products in rural zones will be implemented in accordance with the national strategy for rural development, mainly tourism in rural areas.

Proposal of potential initiatives to develop further - Alentejo

	> Touring	> Sun and Beach	> Golf	> Nautical Tourism, Health and Wellness, Residential Tourism and Integrated Resorts, Gastronomy and Wines
Distinctive factors	> Évora > Castles and fortifications > Architectural and archaeological heritage > Typical villages > 'Pousadas de Portugal'	> Sudoeste Alentejano and Costa Vicentina Natural Park > Beaches/cliffs	> New golf courses in quality resorts > Gentle climate outside the summer season	> Alentejo wines > Gastronomy riches > Alqueva pole
Main initiatives to be developed	> Development of routes (wine, castles, sweets, Roman archaeology) > Enhance typical villages	> Protect the coastal rim > Territorial planning and enhance access to beaches > Foster the development of nautical sports (e.g. surf, kite surf) > Develop complementary offer (restaurants, shops)	> Foster the development of golf courses (Litoral Alentejano pole)	> Foster the development of Nautical Tourism in the Sudoeste Alentejano and Costa Vicentina Natural Park and Alqueva pole > Develop Integrated Resorts in the Litoral Alentejano pole > Develop the hotel offer in the Alqueva pole on a sustainable basis
Transversal initiatives	> Enhance the hotel offer > Foster the development of the daytime entertainment offer (trips, medieval games, balloon rides) > Develop nightlife entertainment (Tróia and Litoral Alentejano pole)			

III.4. Guidelines for poles

The tourism development poles make it possible to diversify the tourism offer in Portugal and respond to the main tourists' motivations, but it is also necessary to implement a model of sustained development

In addition to the Azores pole-region, six further tourism development poles have been defined - Douro, Serra da Estrela, Oeste, Alqueva, Litoral Alentejano and Porto Santo - whose creation is justified by their specific and distinctive content, from the perspective of developing international tourism (e.g. Douro, Porto Santo, Litoral Alentejano, Oeste) and domestic tourism (all poles).

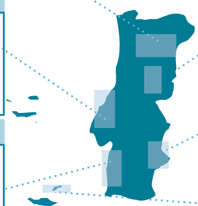
The poles will make it possible to diversify the offer and reduce the dependence on the three main tourism regions, and also respond to the main demand motivations. On the other hand, they will enable improvement of the overall image of the country, through the development of a high-quality offer and Touring content. Finally, the poles will foster domestic tourism and strengthen the regional economic framework.

Main distinctive factors per tourism development pole[1)]

1 Douro
> Port wine and gastronomy
> River Douro and vineyard slopes
> Winegrowing estates, manor houses and villages
> Natural/archaeological heritage
> Local culture
> Cross-selling with Porto

2 Serra da Estrela
> Excellent location in order to observe snow in Portugal
> Preserved villages
> Serra da Estrela natural park
> Gastronomy (e.g. Serra's cheese)
> Local culture

3 Oeste
> Castles, churches and monasteries
> Golf
> Gastronomy and wines
> Beaches
> Cross-selling with Lisboa



4 Alqueva
> Alqueva dam
> Gastronomy and wines
> Proximity to Évora
> Preserved historic villages

5 Litoral Alentejano
> Climate conditions
> Unexplored beaches
> Parks/nature reserves
> Cross-selling with Lisboa

6 Porto Santo
> Gentle climate
> Beach with excellent conditions for Sun and Beach and therapeutic properties
> Virgin natural heritage
> Golf
> Cross-selling with the island of Madeira

1) The Azores tourism pole-region main distinctive factors were presented in section III.3

> The Douro tourism pole has been created in order to take advantage of the tourism potential of the Alto Douro wine region, encompassing the world heritage zone and neighbouring cities

The intervention zone of the Douro pole, circumscribed by NUT III Douro, includes the entire Alto Douro wine region , listed as a world heritage site by the UNESCO, the cities of Vila Real and Lamego and the estuary of the River Côa, including Vila Nova de Foz Côa. Particular attention will be placed on the municipalities of the hydrographical basin of the River Douro, from Barca d'Alva to Porto and the respective riverbanks, from the perspective of mobility/proximity to the pole. The objectives involve transforming the Douro into a tourism pole of international visibility, and making the tourism sector a driving force of the region's socioeconomic development.

Three tourism products should be developed - Touring (including River cruises), Gastronomy and Wines and Nature Tourism. The target markets of the pole will include the domestic market and the main European outbound markets for the products offered. The pole will be primarily served by the Francisco Sá Carneiro airport (Porto), but it will also be necessary to guarantee good road, rail and river access. Considering the offer, building leading hotels should be fostered, suitable for tourists with high purchasing power, together with the provision of tourist support services.

> The Serra da Estrela tourism pole includes the entire area of the Natural Park and the surrounding territory, and has been created in order to become the leading snow destination in the Portuguese market, thus fostering economic development of a region marked by hinterland characteristics

The creation of the Serra da Estrela pole aims to foster development of a diversified destination associated to snow, nature and heritage for the domestic market, taking advantage of the Serra's resources, and also contributing to the economic development of the zone, and constituting a genuine alternative to the small mountain resorts in Spain. The pole is circumscribed by the NUTS III - Serra da Estrela, Beira Interior Norte and Cova da Beira - and covers the entire area of the Serra da Estrela Natural Park and surrounding municipalities with important natural, cultural and landscape resources.

Two products should be developed in the pole: Touring and Nature Tourism (with particular emphasis on the snow offer). The main target of the Serra da Estrela is the domestic market, where the pole is differentiated by the fact that it is the only snow destination in the country. The pole requires diversification and improvement of its access, in particular non-road access. A multi-segmented hotel accommodation offer should be developed, aimed at different types of demand for the pole and developing tourism routes and support services for tourists, taking advantage of the specific characteristics of the Serra da Estrela.

> A pole of tourism development has been created in the Oeste region in the wake of major private investment in the sector, thus fostering diversification of the tourism offer in Portugal

The Oeste pole, circumscribed by the Oeste NUT III area, encompasses the entire coastal zone between S. Pedro de Moel and Praia de Santa Cruz, including the fishing towns of Nazaré and Peniche, the towns of Óbidos, Alcobaça and Caldas da Rainha, and offering important heritage and natural attractions. In the medium-term the Oeste region is likely to become an attractive destination for European Residential Tourism and Integrated Resorts, endowed with a high quality range of hotels and services, based on the region's inherent potential, while avoiding mass-market tourism.

Priorities must be established in terms of the development of three tourism products: Residential Tourism and Integrated Resorts, Golf and Touring. The main target markets for this pole should be Portugal's principal outbound markets (Spain, United Kingdom, Germany and France) plus Sweden that is a major outbound market for golf tourists. In light of the region's excellent air and road access, the main priority should be to guarantee the quality of signposting. Concerning the tourism offer, the main areas for improvement are services provided to tourists and the development of tourism routes.

> The creation of a tourism pole in Alqueva is justified by the presence of key differentiating elements – Europe's largest "water mirror" – that will foster strong economic development and improve Portugal's image as a tourism destination

Municipalities incorporated within PROZEA, bounded to the North by Alandroal and to the South by Moura and also including differentiating elements – for example, the largest water mirror in Europe (Alqueva dam) and proximity to the world heritage city of Évora – constitute the Alqueva pole.

The Alqueva tourism development should be associated to the potential of the River Guadiana. The area has the necessary pre-requisites in order to develop a quality range of services of Touring, Residential Tourism and Integrated Resorts (including Golf), Gastronomy and Wines, nautical activities in the dam and diversified products. The priority markets are Spain and the domestic one. The pole should benefit from air connections to Lisboa airport and connections to the national motorway network. It is necessary to improve the signposting of roads inside the pole.

> The Litoral Alentejano pole stretches from the Tróia peninsula to Vila Nova de Milfontes, and has a set of distinctive content - climate, well preserved coastal rim and reserves/natural parks - that justify the creation of a tourism development pole

The Litoral Alentejano pole, circumscribed by the NUT III Alentejo Coastal area, covers the entire coastline, from the Tróia peninsula to Vila Nova de Milfontes and Alcácer do Sal and includes a coastline with blue flagged beaches and two nature reserves. The objectives for the pole are to achieve growth in terms of the number of tourists and value, accompanied by preservation of natural resources.

The Litoral Alentejano area has a set of resources that makes it possible to foster Sun and Beach, Touring, Golf and Residential Tourism and Integrated Resorts, targeted primarily at the domestic and Spanish markets. It is necessary to intervene in terms of road conditions within the pole - improving signposting - and also improve the operation of the ferryboat connection to Tróia. The quality hotel offer is currently reduced, but should be expanded in the short term, due to the construction of a 5-star hotel amongst other units.

> The Porto Santo pole is formed by the island of Porto Santo and was created in order to re-qualify and improve tourism services in the island, fostering economic and social development of a zone marked by isolation and insularity

The Porto Santo pole has been created in order to foster and preserve the island's tourism resources, while contributing to the economic development of the zone.

Considering the pole's tourism potential, priorities should be established in relation to the development of three products: Sun and Beach, Touring and Golf. The target-markets are Portugal, Spain, France, the United Kingdom and Germany. Given its insular geographic location, access plays a key role in the process of tourism development of Porto Santo. In this context, the role of access should be measured at three levels: connections from the archipelago to the European continent, access to the island of Madeira and internal access. Priority should be placed on the installation of high quality hotel establishments tailored to tourists with high purchasing power. Priorities for the pole should be establishing touring routes, together with Madeira, and the development of golf infrastructures.

III.5.Air access

Strengthen air access to the cities/regions that have greatest tourism potential in each market

> Strengthen direct air access to the main national airports

In order to evaluate the suitability of existing air access a comparative study was made between domestic airports and Spanish airports, located in identical regions from the tourism perspective.

This led to the conclusion that Portuguese airports need to improve their access, creating or expanding connections. As a result, it is necessary to create 13 regular routes to Lisboa airport and expand another 13 routes; Porto requires 4 new connections and the expansion of 3 existing connections; 6 new connections are required to Faro airport with the expansion of 8 existing connections; Funchal airport should capture 10 new routes and expand 10 pre-existing routes; it is also necessary to create 2 new regular connections to the Azores.

It should be noted that these should be the priority routes to be suggested to airlines. This study only analysed the connections that make sense from the tourism perspective and did not consider other flows (for example, immigration).

Considering strategic markets, France is the outbound market to which Portugal has best access. On the other hand, it is necessary to improve connections to the United Kingdom, Spain and Germany.

Flights to be created/expanded - Strategic markets (September 2006)

		Lisboa	Porto	Faro	Madeira	Azores
Strategic markets (Germany, United Kingdom, Spain and France)	To be created	**> Berlin** **> Hamburg** **> Birmingham** **> Manchester** **> Leeds** **> Glasgow** > Hannover > Dortmund > Liverpool	**> Dusseldorf** **> Valencia** **> Malaga** **> Bilbao**	**> Paris[1]** > Barcelona	**> Paris[1]** **> Glasgow** **> Barcelona[1]** > Madrid > Cologne	**> Madrid** > Barcelona
	To be expanded	**> London** **> Stuttgart** **> Munich** **> Dusseldorf** > Seville	**> Stuttgart**		**> Berlin** **> Stuttgart** **> Hamburg** **> Munich** **> Frankfurt** **> Dusseldorf** **> London** > Hannover > Manchester	
Recommendations (total routes)		Create 13 routes Expand 13 routes	Create 4 routes Expand 3 routes	Create 6 routes Expand 8 routes	Create 10 routes Expand 10 routes	Create 2 routes

Priority routes (highlighted; shown in bold)

1) City pertaining to a country with more than 5,000 passengers in charter flights per year

Considering markets to be consolidated with medium term potential, Faro and Lisboa are the regions that present the worst performance, and require new connections or strengthened existing connections, in particular to the Italian and Scandinavian markets.

Flights to be created/expanded - Markets to be consolidated and with potential over the medium-term (September 2006)

		Lisboa	Porto	Faro	Madeira	Azores
Markets to be consolidated (Netherlands, Belgium, Scandinavia, Ireland, Italy)	To be created	**> Helsinki** **> Gothenburg** **> Turin**		**Rome** **Milan**	**> Brussels**[1] **> Dublin**[1] **> Milan** **> Oslo**[1]	
	To be expanded	**> Dublin** **> Rome** **> Milan** **> Oslo**	**> Brussels** **> Milan**	**Amsterdam** **Rotterdam** **Stockholm** **Brussels** **Oslo** **Helsinki** **Copenhagen**		
Markets with mid-term potential (Russia, Austria, Switzerland, Hungary, Poland and Czech Rep.)	To be created	> Cracow		**> Zurich** **> Budapest**	> Basileia	
	To be expanded	**> Moscow** **> Zurich** **> Prague** > Basel		**> Vienna**	> Helsinki	
Recommendations (total routes) **Priority routes**		Create 13 routes Expand 13 routes	Create 4 routes Expand 3 routes	Create 6 routes Expand 8 routes	Create 10 routes Expand 10 routes	Create 2 routes

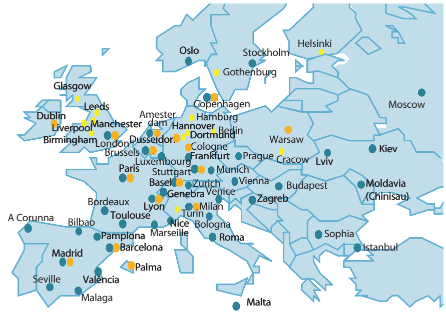
1) City pertaining to a country with more than 5,000 passengers in charter flights per year

> Access to Lisboa has several gaps in terms of coverage of the English, Italian and German markets, and also for the Scandinavian countries

Lisboa airport in comparison with Barcelona airport has few connections to the English, Italian and German markets. On the basis of the aforementioned criteria, it is thus necessary to improve access, mainly to the four strategic markets for Portugal. The creation of direct connections to Berlin, Hamburg, Birmingham, Manchester, Leeds, Glasgow, Hannover, Dortmund and Liverpool is suggested. On the other hand, it is necessary to strengthen some of the pre-existing connections to these markets: London, Stuttgart, Munich, Dusseldorf and Seville. In terms of non-strategic markets, it is necessary to create connections to Helsinki, Gothenburg, Turin and Cracow and expand current connections to Dublin, Rome, Milan, Oslo, Moscow, Zurich, Prague and Basel.

Direct international air connections to Lisboa and Barcelona (September 2006)

> Connections to Lisboa



> Connections to Barcelona

- Existing air connections (traditional airlines)
- Existing air connections (low cost)
- Connections to be created

Sources: ANA; AENA

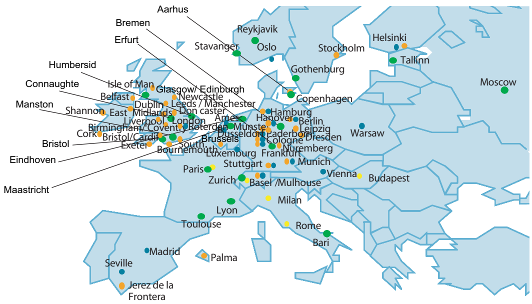
> Faro airport has several gaps in terms of connections to Spain, the Scandinavian countries and France. In the latter case, it has no regular connection

Considering Faro's access to strategic markets, it is necessary to create direct connections to Paris - which currently has charter flights to Faro with an annual volume of traffic over 5000 passengers - together with Madrid.

In relation to other markets, the cities with the greatest potential for the creation of new routes are Rome, Milan, Zurich and Budapest. Expansion of existing routes to Amsterdam, Rotterdam, Stockholm, Brussels, Oslo, Helsinki, Copenhagen and Vienna is also suggested.

Direct international air connections to Faro and Malaga (September 2006)

> Connections to Faro



> Connections to Malaga

● Existing air connections (traditional airlines)
● Existing air connections (low cost)
● Charter connections
● Connections to be created

Sources: ANA; AENA

> Madeira has a relative disadvantage in comparison with the Canary Islands in terms of connections to Germany and the United Kingdom. It is also necessary to create connections to the main Spanish cities

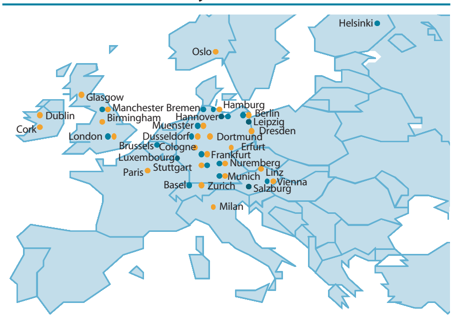
It is necessary to create connections between Madeira and the main cities of the strategic markets: Paris, Glasgow, Madrid, Barcelona and Cologne, and also expand connections to Germany and the United Kingdom - Berlin, Stuttgart, Hamburg, Munich, Frankfurt, Dusseldorf, Hannover, London and Manchester.

It should be noted that access to Madeira is currently fairly dependent on charter connections. In 2005, charter flights constituted an important part of air traffic, with around 300,000 arrivals of British citizens, 48,000 Swedish citizens and 34,500 Spanish citizens.

Direct international air connections to Madeira and Canary Islands (September 2006)

> Connections to Madeira

> Connections to Canary Islands



● Existing air connections (traditional airlines) ● Connections to be created ● Existing air connections (low cost)

Note: For the purposes of the analysis, the airports of Tenerife South, Tenerife North, Gran Canarias and Lanzarote were considered

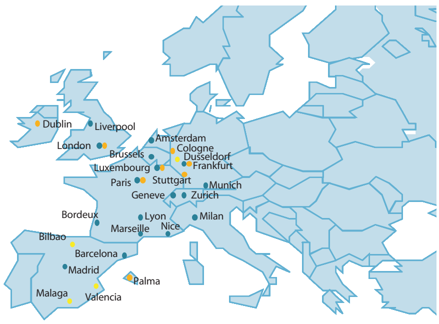
Sources: ANA; AENA

> It is necessary to strengthen connections between Porto and Germany, Italy and Belgium

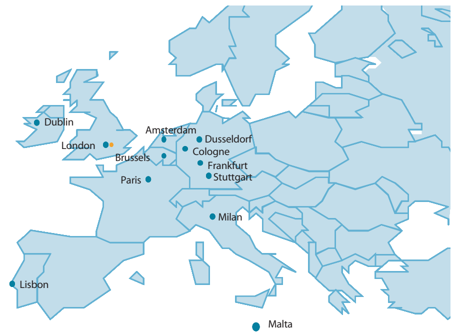
In relation to strategic markets, it is necessary to improve access to Germany - creating connections between Porto and Dusseldorf and expanding the existing connection to Stuttgart - and between Porto and secondary cities in Spain - Valencia, Malaga and Bilbao. In terms of markets to be consolidated, it is necessary to strengthen current connections to Brussels and Milan.

Direct international air connections to Porto and Bilbao (September 2006)

> Connections to Porto



> Connections to Bilbao



- Existing air connections (traditional airlines)
- Existing air connections (low cost)
- Connections to be created

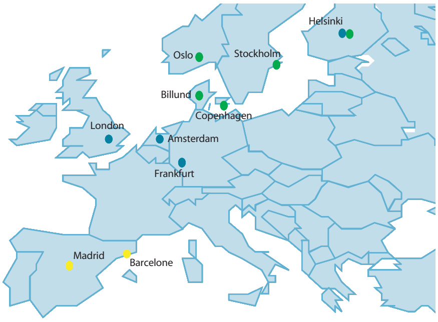
Sources: ANA; AENA

> It is necessary to create direct connections between the Azores and Madrid and Barcelona airports

The Azores has connections to the main European hubs - London and Frankfurt. However, it is also necessary to create a regular connection between the Azores and the main hub of the Iberian Peninsula - Madrid, and foster the creation of a regular route to Barcelona.

Direct international air connections to the Azores (September 2006)

> Connections to Ponta Delgada



- Existing air connections (traditional airlines)
- Existing air connections charter
- Connections to be created

Source: ANA

> Intervene proactively in partnership with ANA in order to establish the necessary conditions for the development of connections, mainly low cost connections

Low cost airlines have lower operating costs, and are therefore able to ensure the profitability of routes, especially for flights of less than three hours. There is also the aforementioned trend towards lower expenditure with trips, in comparison with greater expenditure on the period of stay.

For these reasons it is necessary to intervene in partnership with ANA in order to create the conditions for the development of new routes.

III.6. Events

Fostering a national calendar of events that will guarantee the destination's notoriety and enrich the tourist's experience

Each decade, Portugal should guarantee the organisation of mega events, with major international visibility and/or that restructure the offer. It is necessary to promote a calendar of events for the purposes of international promotion and to foster Meetings and Congresses. Finally, it is necessary to guarantee local entertainment, especially in ZTIs.

Type of events and obectives

1	Mega events	> Foster the organisation of one to two mega events each decade that will contribute towards restructuring the offer and/or give visibility to the destination > Continuous monitoring of international mega events and coordination with potential domestic promoters
2	Major promotional events	> Organise and promote a national calendar of 10-12 major events for international promotion (attraction of tourists and support for Meetings and Congresses) > Organise and promote a regional calendar with around 30 events
3	Local entertainment	> Guarantee and locally promote a calendar of local entertainment events in the main ZTIs

> Promote the organisation of one to two mega events each decade that may contribute to restructuring the offer and/or give visibility to the destination

It is necessary to promote one or two mega events each decade, comparable to Expo 98 or Euro 2004. These events contributed to urban re-enhancement and/or delivered major international visibility. Portugal National Tourism Authority is responsible for monitoring potential international mega events that will contribute to restructuring the offer and reinforce the destination's notoriety and also for identifying opportunities for implementation of such events in Portugal.

Mega events

> Objectives of Portugal National Tourism Authority

> Mega international events continuous monitoring (project/plan/call)

> Promote the organisation of mega events that may contribute to restructuring the offer and/or give visibility to the destination

> Coordinate potential national strategic partners

> Expo 98

> Re-enhance urban offer, transforming Expo into a major tourism interest area
> Promote Portugal's image as a City Break destination and re-enhance modernity
> Increase Meetings and Congresses offer
> International notoriety lower than mega sports events, although attracting high volume of tourists

> Euro 2004

> Sport event with major international notoriety, especially in Europe
> Promote main Portuguese cities
> Moderate impact as a re-qualifying event

> Organise and promote a national calendar constituted by major national and regional events

It is necessary to promote a national calendar of 10 to 12 events with international visibility. The financing priorities should be for events that engender major international visibility or guarantee re-enhancement of the offer. It should also be noted that regions with greatest weight in tourism should have a larger number of major events.

Promotional events

National calendar of events (10-12 events)

> Promotion of national calendar of major events (selection of 10-12 international events, guaranteeing an offer throughout the year)
> Priority financing for events of major impact in terms of notoriety or enhancement

Regional calendar of events (+30 events)

Algarve	Lisboa	Madeira	Other regions
> 6 to 8 leading events	> 8 to 12 leading events	> 6 to 8 leading events	> 1-2 leading events (in each region)
> 24 events with domestic appeal	> 24 events with domestic appeal	> 12 events with domestic appeal	> 6 events with domestic appeal

Thematic calendars

Organise and promote domestic calendars of events per theme

Culture	Music	Sport	Gastronomy and Wines	Religion	Trade Fairs

> Portugal National Tourism Authority should draw up a national and regional events' calendar in co-operation with the Tourism Regions and other bodies of the sector

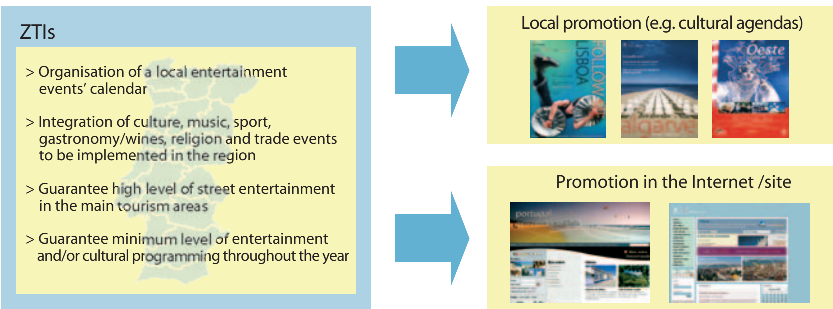
In order to draw up the events calendar, it is necessary to start by identifying existing events and then select those that present distinctive characteristics in order to be included within the national and regional calendar. The operating model should then be defined, involving implementation of contacts with potential organisers, investment in support infrastructures for events and definition of promotion investments. Finally, a promotion/implementation plan will be drawn up, defining the target market and promoting the events in the website, visitportugal.com.

The stakeholders in the project will vary, and Portugal National Tourism Authority should intervene in all stages of the process.

> Guarantee and promote locally - as well as via the Internet - a calendar of local entertainment events in ZTIs

It is necessary to organise a calendar of local entertainment in the tourism zones, duly promoted in the Internet, including events in the fields of culture, music, sport, gastronomy and wines, religion and professional events in order to guarantee a minimum entertainment level over the year. The objective is to build a busy local entertainment events calendar that makes it possible to enrich the tourist's experience and increase the destination's attractiveness for Meetings and Congresses organisers.

Local entertainment



Busy calendar of local entertainment events makes it possible to enrich the tourist's experience and boost attractiveness for Meetings and Congresses' organisers

III.7. Offer enrichment

Develop innovative traditional Portuguese content that may constitute factors of tourism differentiation

> Develop and innovate Portuguese traditional content, sharing passages from Portuguese history, culture, literature and music with the tourist, based on thematic action lines

Portuguese history, culture, literature and music should be platforms for dialogues that enrich and encourage content interpretation of museums, monuments and sites in distinct rural and urban areas. It is also necessary to increase foreign tourists' interest in Portuguese history and culture - for example, optimising monuments for public enjoyment, fostering their use for historical, artistic and cultural events.

Development of content - History and literature

> Objectives	> Guidelines for intervention
> Use Portuguese history and culture as the base material in order to reinforce the content of museums, monuments and urban areas > Increase international tourists' interest in Portuguese history and culture > Use Portuguese literature and music as the base material in order to reinforce the content of museums, monuments and urban areas	> Provision of information concerning Portuguese history and culture in monuments and museums > Celebrate key historical moments through events (e.g. Expo 98) and entertainment activities (e.g. historical reconstitutions) > Provide the historical context of the museum/monument and its role in the location, country or world history > Inclusion of literature in urban areas (e.g.: panels featuring Portuguese poetry at Entrecampos metro station)

> Develop and fine-tune elements of the cultural offer enabling distinctive experiences for the tourist

It necessary to ensure that cultural offers are suitable for enabling distinctive experiences for the tourist. Intervention should be based on three vectors: the use of Portuguese cultural elements for entertainment, the promotion of elements of Portuguese culture as part of tourism products and promotion of Portugal's maritime vocation as a differentiating element.

Development of content – Cultural offer

> Objectives	> Guidelines for intervention
> Use Portuguese cultural elements as content for entertainment, especially in music > Foster elements of Portuguese culture as an integral part of tourism products > Foster Portugal's maritime vocation as a differentiating cultural element	> Fado/regional music concerts in cities' historic centres – ZTIs > Foster tourism packages suited for specific cultural events (e.g. Coimbra during the "queima da fitas") > Foster events related to sea and navigation

> Improve marketing of the cultural assets' offer, ensuring the suitability of opening hours, accessibility and promotion

It is necessary to ensure the suitability of the cultural assets' offer to tourists (including those with special needs), either in terms of opening hours, the information and content provided, or access. The objective is to transform the visit into an experience, making the tourist an active element therein. The cultural assets' offer should be included within the overall offer (for example, through the creation and reinforcement of thematic routes) and a commitment should be made to museums that present distinctive content (for example, fado and azulejo museums). Finally, it is important to implement anchors of regional development, through available landscape and cultural assets, with a commitment to their integrated and sustained promotion including the creation of routes, itineraries and circuits.

Development of content – Cultural assets

> Objectives	> Guidelines for intervention
> Tailor the offer and activities of cultural assets to an international audience/tourists, including those with special needs > Transform the visit into an experience – the tourist as an active element in the visit > Integration of cultural assets' offer and promotion > Develop the museum offer with differentiating/unique content (e.g. Fado Museum, Azulejo Museum) > Define anchor museums per region	> Ensure the suitability of opening hours to the general public and access (in particular for the most highly visited cultural assets) > Ensure information availability in different languages, as well as tour guides with language training > Guarantee conservation, lighting and cleaning in cultural assets > Entertainment in the main monuments (e.g.: historical representations in castles) > Create routes for related monuments (e.g. Manueline architecture route) > Make a commitment to on-line promotion of museums through a presence in visitportugal.com and the local tourism site > Support the creation and development of museum content with a differentiating potential

> Strengthen the concept of the richness of Portuguese gastronomy creating reference dishes at national level, and fostering and promoting the quality of restaurant establishments

Portuguese gastronomy requires interventions in two aspects:

> **Notoriety** - international promotion of 4 to 6 typical dishes, using, in particular, certified quality products

> **Experience** - guarantee the quality of establishments and prepare restaurants to host international tourists

Development of content – Gastronomy/Restaurants

> Objectives

> Increase the international notoriety of Portuguese gastronomy

> Guarantee the quality of esplanades and establishments

> Prepare restaurants to host international tourists

> Guidelines for intervention

> 4 to 6 dishes that are considered to be representative of Portuguese gastronomy (available throughout the national territory) should be promoted, together with 4 to 5 specific dishes per region, using, in particular, certified quality products

> Certification of restaurant establishments – quality standards

> Organise and promote a list of leading establishments at national and regional level

> Support the enhancement of human resources and translation of menus

III.8. Urban, environmental and landscape quality

Transform urban, environmental and landscape quality into a core business of the tourism product in order to enhance/upgrade the Destination Portugal brand

Regarding urban planning interventions, it is necessary to preserve the architectural authenticity of cities' historical centres - for example conservation of buildings, maintenance and illumination of cultural assets - and create the conditions for walks or bicycle rides. It is also important to guarantee the existence of green areas.

Regarding environment, enhancement of natural and landscape heritage should be fostered, together with bio-diversity, in particular intervening in listed areas, including nature conservation policies and sustainability. Emphasis should be placed on the need for cleaning and de-pollution of the soil, sub-soil, water and air, control of noise levels, guarantee good sanitation conditions and the elimination of building rubble deposited on riverbanks in tourism areas.

The objective of landscape-related interventions will be reducing of environmental impact and ensuring the existence of green areas.

Urban, environment and landscape quality

Urban-planning

> Guarantee architectural authenticity in historic centres
> Increase pedestrian areas, especially in historic centres and regulate parking areas
> Foster the creation of cycle lanes
> Increase green areas, namely planting trees
> Foster the conservation of monuments and buildings
> Guarantee good lighting conditions of the main buildings and circulation routes
> Foster the creation of esplanades
> Quality of street furniture

Environment

> Guarantee cleaning and de-pollution of the soil, sub-soil, water and air
> Reduction of noise levels, in particular near hotels and similar establishments (e.g. building works, factories, aircraft)
> Guarantee good sanitation conditions (e.g. elimination of sewage discharges into rivers/beaches)
> Guarantee air quality
> Guarantee low levels of pollution, and avoid unpleasant smells
> Elimination of building rubble deposits in riverbanks in tourism areas

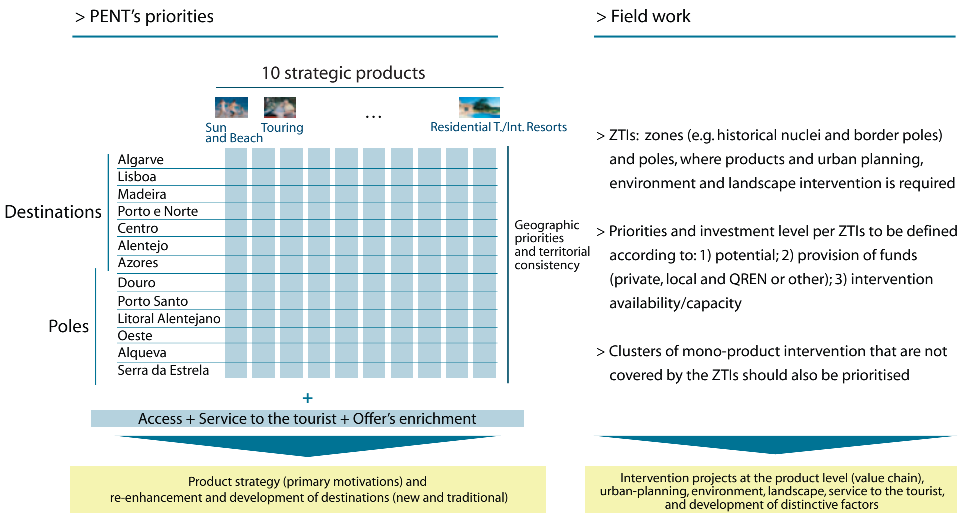
Landscape

> Reduce interventions that have an impact on the natural or urban landscape
> Foster the planting of trees in landscape areas

Actions in ZTIs

Urban, environmental and landscape quality intervention requires the establishment of ZTIs, in order to ensure the viability of implementation initiatives involving multiple entities.

Methodology for practical implementation of interventions



Intervention at the ZTIs should focus in urban planning quality, distinctive factors and tourism infrastructures development - for example, hotels and conference centres. It is necessary to strengthen access for persons with reduced or constrained mobility, cleaning, improving lighting and safety conditions, promote the development of support activities clusters for the priority products in the region, and intervene in terms of service quality.

III.9.Quality of service and human resources

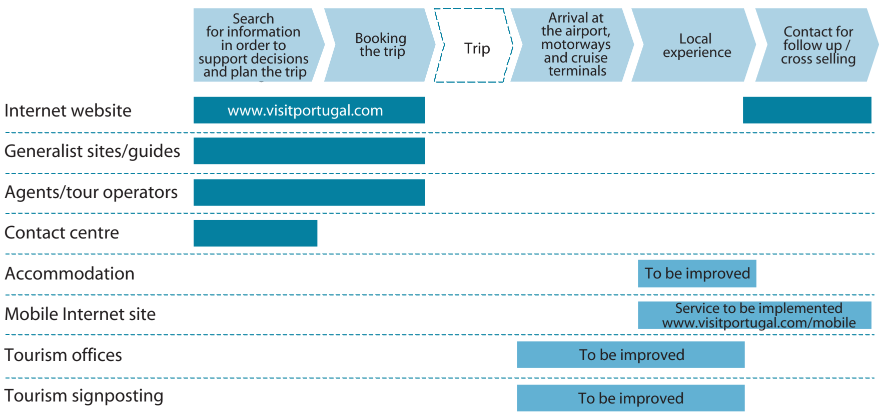
Strengthen the quality of Portuguese tourism over "moments of truth" through the implementation of a system of tourism quality, training and enhancement of human resources

Reinforcement of quality in tourism implies actions at the level of services provided to the tourist, quality of both offer and human resources.

> Assist tourists during the local experience, creating a mobile Internet site, improving the operation of tourism offices, the quality of tourism signposting, and guaranteeing the consistency of information provided

In terms of the service provided to the tourist, there are already several support mechanisms for retrieving information required for decision support and booking trips. However it is necessary to intervene in terms of the tourist's arrival at the airport, motorways and cruise terminals as well as the local experience, implementing a mobile Internet site (www.visitportugal.com/mobile) and improving tourism offices, the quality of information and pre-existing tourism signposting.

Tourist's interaction with tourism entities



The mobile Internet site should use information on the destination (obtained through a mobile phone's cell connection or GPS) in order to suggest activities, routes, and tour guide service, roadmaps and weather information for the region. Upon return, it will be possible to obtain data from the tourist and carry out a follow-up of the visit.

Develop the mobile Internet service – www.visitportugal.com/mobile

> Description of the service

- > The tourist registers for the service at visitportugal.com or accesses via WAP/3G
- > After recognition of the tourist's location (via cellular or GPS identification), activities in the surroundings/region are offered
- > Alternatively, the tourist may request information or services through access to the mobile internet site
- > Upon tourist's return, retrieval of information (mobile phone number) makes it possible to carry out a follow up of the visit

> Potential services to be included

- > Suggestion of attractions, routes and places to visit/entertainment activities
- > Guided tour service in the main cultural assets
- > Suggestion of dining locations, nightlife
- > Road maps/pedestrian trails
- > Weather information

> Requirements for implementation

- > Development of content (e.g. routes, museums, monuments)
- > Agreement with service providers
- > Definition of a solution that enables tourists to access the service at an affordable price (e.g. reduced roaming rates)

In order to improve the operation of tourism offices, their location should be optimised and the suitability of their opening hours should be guaranteed. It is also necessary to encourage cross selling, monitor quality, update information provided and develop the Destination Portugal brand's merchandising offer. It is also necessary to guarantee quality signposting in areas of interest, their standardisation, and reduce excessive signposting that has no interest for tourism.

> Launch a service quality programme along the value chain, which will certify those entities that comply with the required standards, and monitor maintenance of quality levels

Intervention should be made in the quality of service provided by entities that interact with tourists - airports, railway stations, cruise terminals, motorway service stations, hotels, restaurants, public transport, tourism offices and tourism services - developing quality standards.

A quality programme - Quality Portugal - should be launched in order to carry out certification throughout the value chain of companies that comply with service quality standards. The objective is to achieve positive discrimination for those who comply with the requirements, attributing a quality seal (paid and subject to annual audits), that should be publicised to tourists, and establish annual premiums that distinguish best performances.

Quality Programme

Q
Quality throughout the tourist's experience ("moments of truth")
Define service quality factors for each "moment of truth"
Define a quality seal (paid and subject to an annual audit)
Communication of the quality seal to the tourist and sector fostering cultural change
Annual quality premium in the different categories and regions / ZTIs
Positive discrimination of establishments with excellent service quality
Monitor quality standards' compliance

The quality programme should involve various entities along the value chain, from retrieval of information before the trip, up to the return to the point of origin.

Quality Programme - Entities to be involved

1 Search for information prior to the trip
- Official Internet sites
- Travel agencies
- Tourism offices
- Guides

2 Arrival
- Airport
- Train stations
- Service stations (motorways)

3 Transport to the accommodation site
- Public transport
- Taxis

4 Accommodation
- Hotels/hotel trade
- Tourist apartments
- Resorts

5 Local activities
- Service outlets
- Restaurants, cafes, bars and discotheques
- Cultural assets
- Shops
- Tourism services

6 Local transport
- Public transport
- Taxis
- Train stations
- Service stations (motorways)

7 Return transport
- Airport
- Train stations
- Service stations (motorways)

Specific quality criteria to be complied with should be defined for each product. For example, in Switzerland, there are specific quality criteria for Health and Wellness, taking into account the nature of hotel establishments that offer this product, defining three levels: transparency in the definition of the service, specialised advice, support activities and healthy eating. Establishments are inspected by three distinct entities.

> Transparency in service definition

- > Rooms' price includes use of available infrastructures
- > Provision of information concerning the establishment's Health and Wellness philosophy
- > Existence of daily exercise programmes and indoor swimming pool with facilities
- > Longer opening hours (10 hours/day)
- > Hotel rooms reserved for non-smokers
- > Bathing and sauna facilities comply with rigorous hygiene requirements

> Specialised advice and support activities

- > At least one Health and Wellness specialist available
- > Activities and courses administered exclusively by qualified professionals
- > An initial guided visit to the establishment will be mandatory
- > Daily provision of a selection of massage and beauty services
- > Relaxation and exercise activities available daily, and cultural activities available weekly

> Healthy eating

- > All menus should be healthy and balanced and vary throughout the year
- > Existence of low-calorie and vegetarian menus
- > Breakfast buffets should be healthy and varied
- > Availability of light snacks throughout the day
- > Diets and cures supervised by specialists

Guaranteed quality:
All hotels are inspected by 3 different entities and are differentiated by quality level

> Fine-tune the training of human resources to the sector's needs

In order to ensure that the training of human resources is tailored to the sector's needs, it will be necessary to mobilise existing higher education resources in order to organise an internationally recognised tourism management school, that offers international-standard courses and establishes partnerships with leading international schools and companies from the sector and promotes research activities in the area of hospitality management in accordance with international best practices. A regional school should also be selected in each region, in order to stimulate knowledge generation and offer tourism training. Finally, it is necessary to stimulate curricular development and student internships in various disciplinary areas (e.g. Architecture, Management, Engineering) in the tourism sector and foster specialisation in fields of interest for the sector.

"Knowledge Portugal" Programme

Create international tourism management school

- > International courses
- > Partnerships with leading international schools
- > Programmes with companies from the sector
- > Research in the area of hospitality management

Select a regional school as the generator of knowledge and tourism training

- > Standardisation of curricula
- > Technical training
- > Quality observatory at regional level in coordination with Portugal National Tourism Authority
- > Support for Portugal National Tourism Authority and the regions in definition of traditional regional content to be incorporated into tourism products
- > Programmes with regional companies (with incentives)
- > Hotel School

Stimulate curricular development in other disciplines and foster specialisation

- > Stimulate curricular development and internships for students from various disciplines (e.g. Architecture, Management, Engineering) in the tourism sector
- > Foster specialisation in fields of interest for the sector

III.10. Promotion and distribution

The need for an innovative approach - communication of a differentiated value proposal vision by outbound market/segment, greater focus on the Internet channel, proactive management of the relationship with intervening parties and Destination Portugal as a priority

> Align promotion with the value proposal

Communication should be based on key elements of the value proposal defined for the Destination Portugal brand and for each region, emphasising communication of the differentiating elements - "Climate and Light", "History, Culture and Tradition", "Hospitality", and "Concentrated diversity".

> 3 - year strategy per outbound market

The promotion and distribution strategy will be defined for a three-year period (annually revised) per outbound market. The vision per outbound market will make it possible to coordinate the promotion of Portugal, Regions and Products, customising the communication initiatives to specific segments of consumers in each market. For each outbound market, growth objectives will be defined for tourists, overnights and revenues for Portugal, Regions and Products.

Portugal National Tourism Authority is responsible for defining the strategy, aided by support panels, in each outbound market, formed by opinion leaders, and with the participation of ARPTs and Portugal's economic representatives abroad, taking into account data from consumer studies, and the strategy's results in previous years. While defining the strategy, particular attention will be placed on promoting Destination Portugal and the strategic products, the effectiveness of the use of resources (guaranteeing a minimum scale of investment in each target market) and incentives for cross selling and coordination between regions.

For each outbound market, the mix of resources to be used should be defined, together with the intensity of communication used for each of the distinctive factors of the value proposal.

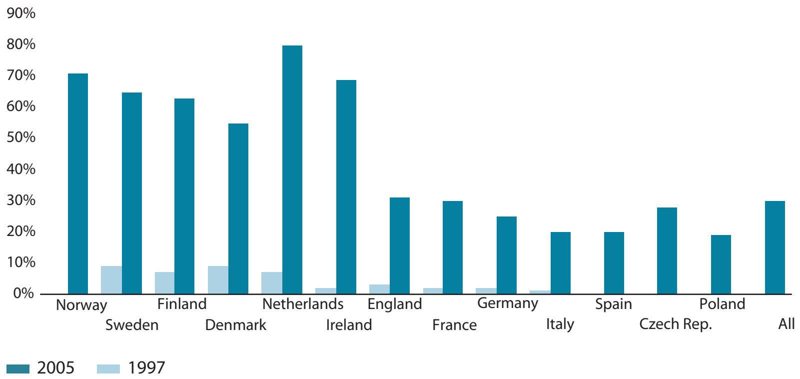
Preparation of the annual plan of promotion and distribution initiatives, including the calendar of promotional activities in each market, should be based on market studies and the expertise of the sector's agents. The budget will be defined upon revenue objectives established for the market in question.

> Strengthen the positioning in the Internet channel

It is necessary to strengthen positioning in the Internet channel, developing the website, visitportugal.com (aimed at end consumers and intervening parties) and Portugal National Tourism Authority's website (aimed at professionals of the sector, investors and businessmen) as points of contact and a virtual community for the sector's agents.

For the end consumer it should be possible to obtain information (both general and detailed) from the website, visitportugal.com, concerning Destination Portugal, the Regions and strategic products, as well as a calendar of events and information about access to the country. Information concerning accommodation and services should also be provided, together with a direct connection (link) to the respective company sites and the possibility of thereby making a booking. Finally it is necessary for the site to be connected to regional sites and interconnected with Portugal National Tourism Authority's contact centre.

Importance of the Internet as a source of information to assist trip planning (1997-2005; %)



Sources: Eurobarometer/"Changing Lives in Europe"; nVision

Intervening parties will have access through www.visitportugal.com to information for journalists, brochures for tour operators/agents, and information for Meetings and Congresses agents. Both the national site and regional sites should make it possible to access an e-learning platform for tourism operators.

For other tourism professionals' investors and businessmen Portugal National Tourism Authority's site should be the privileged source of information, supplying statistics and updated trends, development plans and legislation. Portugal National Tourism Authority's site should also enable sharing of experiences between the sector's agents (businessmen, trade representatives and Portugal's economic representatives abroad) through forums.

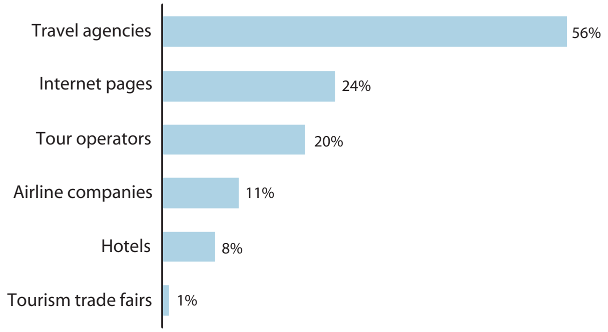
> Ensure that the promotion mix is suited to market trends

The promotion mix should reflect the need to address the end consumer, not only through direct communication, but also through other intervening parties.

For the purposes of direct promotion to the end consumer, in addition to the Internet channel, focus should be placed on specialised channels (e.g. thematic magazines, specialised television channels) and an innovative approach should be used (e.g. promoting Portugal's presence in films or television programmes of high notoriety as well as disseminating the presence of mediatic personalities in Portugal). Investment in trade fairs should be reduced, ensuring presence only in the main ones.

Regarding promotion to intervening parties: workshops and fam/press trips should be organised, disseminating the distinctive factors of the destination, products, quality hotel offer, always communicating the elements of the value proposal of Portugal, complemented by public relations initiatives addressed to opinion leaders. A commitment should be achieved to joint promotional activities between airlines and tour operators.

Sources of information on holidays (% of responses; summer 2006)



Note: Multiple response question – combined result exceeds 100%

Source: IMR

> Portugal National Tourism Authority will lead implementation of the promotion/ distribution strategy

Portugal National Tourism Authority will lead implementation of the promotion/distribution strategy, involving the ARPTs and Portugal's economic representatives abroad in the process.

The strategy's effectiveness and efficiency will be monitored by impact evaluation indicators for each initiative in order to fine-tune the promotion mix in each market.

Portugal should also have active participation in international tourism organisations, and seek to develop institutional relations with the Official Portuguese-speaking African countries (PALOPs).

III.11. Effectiveness and modernisation of public and private agents' actions

Facilitation of interaction between companies and the state, promote knowledge dissemination to the sector, stimulation of research and development, adoption of innovative practices by companies and business modernisation

Increased effectiveness of the actions of tourism stakeholders should be supported via four action lines: relationship with the state, knowledge, innovation and modernisation.

> Optimise the effectiveness of the relationship between enterprises and the state: creation of a single contact point for communication between businessmen and the state; revision of the licensing process for tourism projects

Businessmen's interaction with the public administration should be facilitated, increasing speed, eliminating red tape and ensuring greater agility in procedures involving tourists and businessmen, in particular promoting the creation of a single point of contact, thus reducing costs. It is also fundamental to monitor processes' implementation deadlines and define mechanisms designed to accelerate resolution of processes in priority areas or where legal deadlines have been exceeded.

The tourism licensing process should be reviewed, guaranteeing transparent and agile licensing for tourism projects, in particular those with higher potential for creation of value for tourism, namely by means of integration and simplification of legislation regulating access to and exercise of tourism activities; revision of deadlines and decision mechanisms, and the creation of an "express route" for projects of high added value, without prejudice to prevailing legislation and appropriate environmental and territorial insertion.

> Increase available knowledge to the sector, monitoring tourism activities and achieving more in-depth information on markets/segments of origin and Portugal's positioning

It is necessary to increase available knowledge concerning the sector, through the development of studies on markets/segments of origin - knowledge of motivations underlying the trip and their evolution, preferences concerning tourism activities, and consumer proposals offered by competing destinations. It is also necessary to create a network of opinion leaders in the outbound markets, which will swiftly make it possible to identify the sector's main international growth trends and contribute towards definition of the promotional strategy and initiatives.

Setting up a monitoring team for tourism activities will make it possible to generate knowledge for decision-making, thus creating key indicators structures for the sector's agents, and monitoring the results of promotional initiatives.

> Promote innovation in the sector, stimulating Research & Development and fostering the adoption of innovative practices by companies

Innovation should be promoted; stimulating R&D, creating mechanisms that will bring universities and companies closer together (partnerships) and provide support for the adoption of innovative practices. Tourism research may be stimulated via curricular development and internships in the sector for students from various disciplines (e.g. Architecture, Management, and Engineering) and specialisation in fields of interest for the sector.

> Create conditions for business management modernisation, fostering access to digital channels and management techniques of corporate performance and services

Initiatives should be implemented to stimulate management modernisation practices and upgrade the quality of services provided. Business modernisation also involves stimulation of partnerships for the provision of management software for performance and services - higher management efficiency and access to online platforms.

IV. IMPLEMENTATION PROGRAMME

> Successful execution of the strategic development guidelines will require rigour, innovation and a proactive attitude from both public administration and private sector - Implementation of 11 projects

IV.1. Projects for concretisation of PENT

PENT's implementation is structured around 5 action lines, based on 11 projects

PENT's implementation is structured around 5 action lines:

- > Territory, Destinations and Products
- > Brands and Markets
- > Enhancing of Resources
- > Distribution and Sales
- > Innovation and Knowledge

11 implementation projects have been defined:

- > I - Products, Destinations and Poles
- > II - Intervention in ZTIs (urban planning, environment and landscape)
- > III - Development of distinctive and innovative content
- > IV - Events
- > V - Air access
- > VI - Brands, Promotion and Distribution
- > VII - Quality Programme
- > VIII - Excellence in Human capital
- > IX - Knowledge and Innovation
- > X - Effectiveness of the State - Company relationship
- > XI - Business Modernisation

The projects encompass interventions over the entire tourism sector value chain.

Scope of the projects' intervention

I Products, Destinations and Poles

> Development of the offer/clusters of services for strategic products
> Re-enhancing destinations, with priority in the Algarve
> Concept and feasibility plan for tourism poles
> Sustained development of tourism poles
> Attraction of investment and leading investors

II Intervention in ZTIs (Urban planning, Environment and Landscape)

> Intervention in ZTIs, guaranteeing the offer and excellence of qualifying factors (e.g. conservation of monuments and buildings, cleaning and de-pollution of the soil, introduction of green areas)
> Facilitation of multidisciplinary/multi-entity intervention

III Development of distinctive and innovative content

> Development of distinctive factors of Portugal (e.g. history, culture, gastronomy, literature)
> Promotion of the distinctive factors in the main tourism attractions
> Development of content for the mobile website (information and monitoring/enrichment of the experience)

IV Events

> Hosting 1-2 mega events every 10 years
> Promotion of a calendar of 10 events with international visibility
> Organisation of a calendar of regional events (+ 30 events in total)
> Stimulation of local entertainment

V Air access

> Increase the number and ensure higher competitiveness of direct connections between national airports and the main outbound markets/regions

VI Brands, Promotion and Distribution

> Monitor and fine-tune the promotion and distribution strategy in alignment with PENT's objectives
> Integrated vision and actions, per outbound market, led by Portugal National Tourism Authority
> Promotion of domestic tourism
> Reinforced presence in the Internet channel
> Updating of content/offer in mass circulation media (e.g. guides, sites)

VII Quality Programme

> Promotion of quality throughout the "moments of truth" (interaction with the tourist)
> Development of an innovative concept for mobile Internet (accompany the tourist with information and content)
> Implementation of the quality seal
> Development of a quality culture
> Launch of excellence premiums
> Positive discrimination and promotion

VIII Excellence in Human capital

> Creation of an international Tourism Management School
> Development of a network of technical schools (one per region)
> Stimulation of curricular development related to the sector in other disciplines (e.g. Architecture, Management and Engineering)
> Foster specialisation in fields of interest for the sector
> Development of partnerships between Schools - Companies
> Valorisation of the sector's professionals and incentives for entrepreneurship

IX Knowledge and Innovation

> Reinforcement of knowledge related to tourists/outbound markets
> Monitoring tourism activities and implementation of PENT based on key-indicators
> Identification and dissemination of best practises and trends in Tourism
> Stimulation of research and development of innovation practises

X Effectiveness in the State-Company relationship

> Simplification of the process of State-Company relations (single point of contact)
> Strengthening of the efficiency and transparency of licensing process

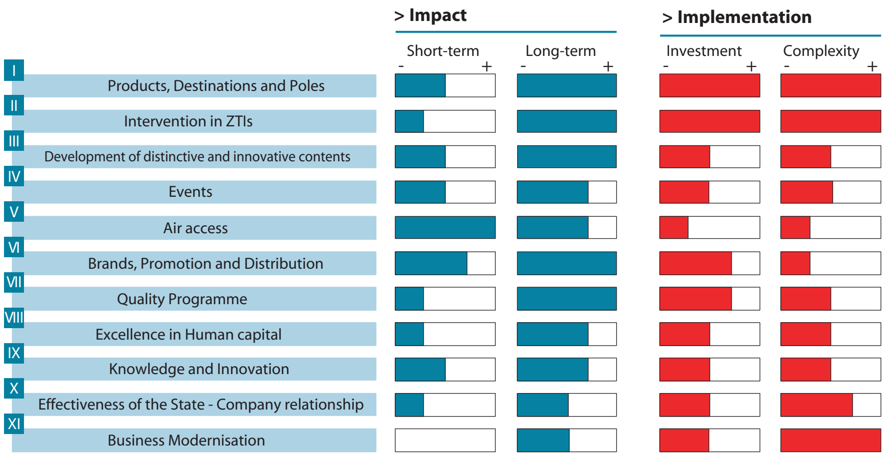
XI Business Modernisation

> Incentives for business modernisation
> Development of management capacity of the sector's companies
> Provision of access software to electronic distribution channels (installed capacity and services management)

Interventions in terms of air access, already in progress, will have a major short-term impact and a significant long-term impact. This project is also easy to implement in terms of investment and complexity.

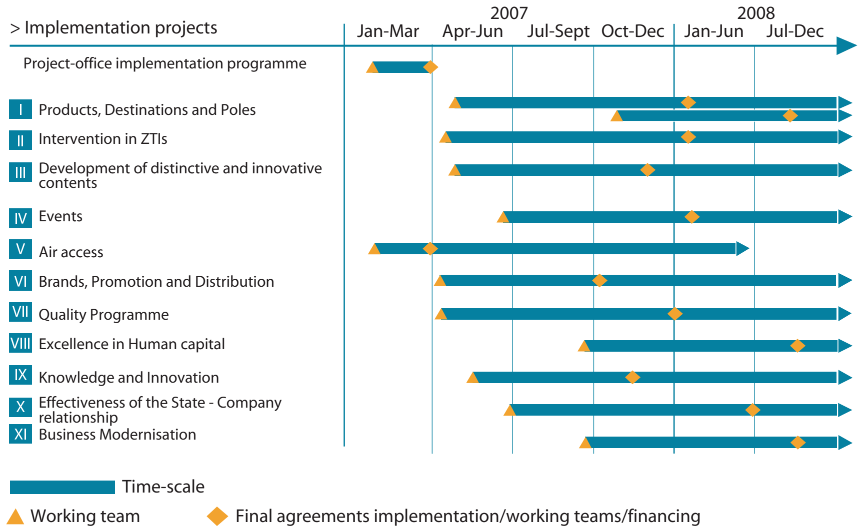
Over the long run, the major impact projects will be interventions in terms of products, destinations and poles, ZTIs, development of distinctive and innovative content, investment in promotion and distribution and launch of the quality programme.

Impact and complexity of project's implementation



Attainment of field results and involvement of the sector's agents require great intensity and strong leadership by Portugal National Tourism Authority.

Interventions calendar



The projects involve specialised teams, responsible for the mobilisation and execution of implementation initiatives.

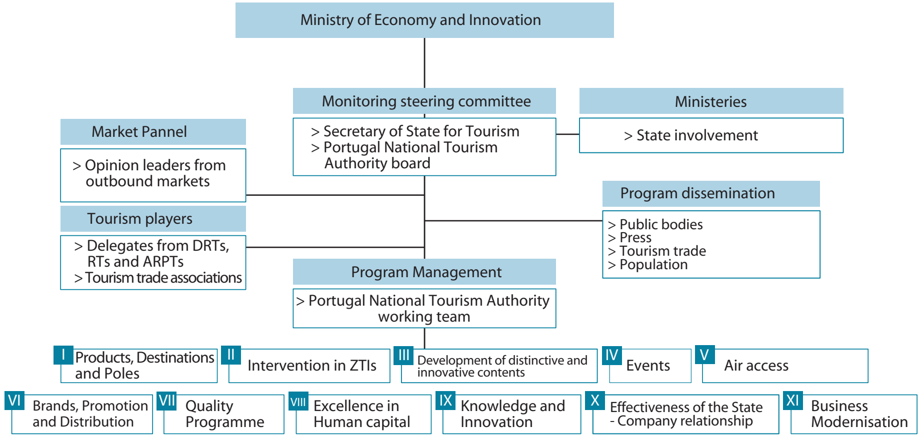
IV.2. Implementation management

Manage implementation on the basis of a Program Management structure and monitoring indicators

Implementation should be based on a structure composed by a monitoring steering committee that should accompany the process of projects' implementation, approve measures proposed for recovery of delays and guarantee the involvement of various entities - and also by a Program Management team, that is dedicated exclusively to programme management, with the mission to control execution in terms of objectives, deadlines and budget.

The project teams' objective will be to implement projects in accordance with available resources, guaranteeing compliance with the calendar, preparation of project reports and involvement of specialists.

Program management team



IV.3. Involvement of partners from the sector

Widened communication in order to mobilise the sector's financial and human resources

It is necessary to develop widened communication, intervening in three action lines: public agents, communication with the business sector and communication with the public.

> Ensure public entities' participation

It is necessary to raise public agents' awareness for the importance of tourism in order to involve relevant public entities of the sector, at national, regional and local level and other public-private agents.

> Strengthen the capacity to attract investments and develop a culture of excellence in the tourism offer

In terms of communication with the business sector, initiatives should be taken in order to attract leading international investors that will make it possible to re-enhance the offer and develop the regions and poles.

It is essential to create a culture of excellence of services in the tourism sector, either in terms of management or service providing professionals.

> Increase the receptivity of the local population to initiatives within the framework of tourism

Regarding communication with the general public, the objective is to develop a national tourism culture, in particular reinforcing the components of hospitality by the local population. For this purpose it is necessary to demonstrate tourism's importance for the national economy and its positive effects on the quality of life of local populations (urban planning and environment). An example would be the promotion of awareness initiatives in schools.

ANNEX – DETAILS OF PROJECTS IMPLEMENTATION

Each project implies the implementation of a set of modules.

I - PRODUCTS, DESTINATIONS AND POLES

Intervention in terms of products, destinations and poles implies the implementation of 10 modules designed to foster the development of strategic products, 1 module designed to re-enhance tourism in the Algarve and 6 modules designed for tourism development poles.

I.1 - Develop Sun and Beach

10 - year perspective

> Sun and Beach multi-segment in the Algarve includes leading European reference zones - development of an excellent, upscale offer, with differentiated standards (thematic areas)
> Porto Santo pole as a Sun and Beach destination, par excellence
> Litoral Alentejano pole as a Sun and Beach destination, par excellence, through the development of Integrated Resorts
> Growth above 2.5% per year and double the current level of tourist's loyalty

Scope

> Priority intervention in the Algarve, Porto Santo, Litoral Alentejano and Lisboa poles
> Detailed diagnosis of the product in priority regions; including clear identification of competitiveness shortfalls and gaps
> Protection of coastal rims and re-enhancement of towns/villages in the surrounding areas
> Territorial planning and segmentation of the beaches area for provision of support services to different segments
> Incentives to foster both the development of infrastructures and beach services
> Development of activities that offer an alternative to the beach
> Definition of indicators for quality standards
> Definition of intervention priorities
> Management of intervention in mono-product initiatives
> Proposal of ZTIs[1)] for interventions in coordination with other products, or involving urban planning, environment and landscape
> Definition of objectives and guidelines for promotion and distribution
> Others to be defined by the working teams

Entities to be involved	Financing resources
> Portugal National Tourism Authority > MAOTDR (CCDR's) and other Ministries > Municipal councils > DRT Madeira, Tourism Regions and ARPTs > Tourism sector associations > Others to be defined	> QREN > PIT > Municipalities > Others to be defined

1) Intervention coordinated by the ZTI manager, involving tourism products managers

I.2 - Develop Cultural and Landscape Touring

10 - year perspective

> Existence of at least 10 tourism routes with over 100,000 international participants per year, in Porto e Norte, Centro, Alentejo and Lisboa (gateways for routes' key attractions)
> Existence of at least 15 tourism routes with over 100,000 national participants per year
> Development of tourism routes in Madeira and the Azores (including inter-islands routes)
> Growth above 5% per year

Scope

> Priority intervention in the Porto e Norte, Centro, Alentejo, Lisboa, Madeira and Azores
> Detailed diagnosis of the product in priority regions including clear identification of competitiveness shortfalls and gaps
> Development of thematic routes enriching content in key points
> Marketing the routes and signposting in the field
> Re-enhancement of typical villages and other tourism attraction sites
> Definition of objectives and guidelines for promotion and distribution
> Definition of indicators for quality standards
> Definition of intervention priorities
> Management of intervention in mono-product initiatives
> Proposal of ZTIs[1)] for interventions in coordination with other products, or involving urban planning, environment and landscape
> Others to be defined by the working team

Entities to be involved

> Portugal National Tourism Authority
> MOPTC, Ministry of Culture (IPPAR, IPM), MAOTDR (CCDRs) and other Ministries
> Municipalities
> DRTs, Tourism Regions and ARPTs
> Tourism sector associations
> Others to be defined

Financing resources

> QREN
> LEADER
> PIT
> Others to be defined

1) Intervention coordinated by the ZTI manager, involving tourism products managers

I.3 - Develop City Break

10 - year perspective

> Lisboa as a reference city (Top 10) in the European City Break
> Porto in the Top 25 of the European City Break and Iberian Top 5
> Growth above 7% per year
> Double the current level of tourist's loyalty

Scope

> Priority intervention in Lisboa and Porto
> Detailed diagnosis of the product in priority regions including clear identification of competitiveness shortfalls and gaps
> Definition of interventions in central tourism areas in Lisboa and Porto. In Lisboa, in the Parque das Nações, Belém, Historic centre and riverfront zone; in Porto and Gaia, in Ribeira, Historic centre and Foz
> Requirements for activities/entertainment - calendar of local entertainment and events
> Definition of intervention priorities
> Management of intervention in mono-product initiatives
> Proposal of ZTIs[1)] for interventions in coordination with other products, or involving urban planning, environment and landscape
> Definition of indicators for quality standards
> Definition of objectives and guidelines for promotion and distribution
> Others to be defined by the working team

Entities to be involved

> Portugal National Tourism Authority
> Ministry of Culture (IPPAR, IPM), MOPTC and other Ministries
> Municipal Councils of Lisboa and Porto
> Turismo de Lisboa and ADETURN
> Others to be defined

Financing resources

> QREN
> PIT
> Municipal Councils
> Others to be defined

1) Intervention coordinated by the ZTI manager, involving tourism products managers

I.4 - Develop Meetings and Congresses

10-year perspective

> Lisboa as a reference destination for Meetings and Congresses (both association and corporate meetings) - European Top 10 and Top 5 for conferences over 3000 pax
> Development of medium-scale conferences (up to 3000 pax) in the Algarve
> Porto, the Algarve and Madeira in the European Top 30 of business meetings and small-scale conferences
> Growth above 4% per year

Scope

> Priority intervention in Lisboa, Porto, the Algarve and Madeira
> Detailed diagnosis of the product in priority regions including clear identification of competitiveness shortfalls and gaps
> Development of infrastructures (conference centres, venues, meetings rooms and respective technical equipment)
> Development of databases on potential targets (enterprises and associations) for prospecting
> Effectiveness mechanisms for actions and coordination between Convention Bureaux
> Effectiveness mechanisms for actions between Convention Bureaux, Municipalities, AIP and other bodies involved in the event organisation
> Standard Requirements for events calendar
> Definition of indicators for quality standards
> Definition of intervention priorities
> Management of intervention in mono-product initiatives
> Proposal of ZTIs[1] for interventions in coordination with other products, or involving urban planning, environment and landscape
> Definition of objectives and guidelines for promotion and distribution
> Others to be defined by the team

Entities to be involved	Financing resources
> Portugal National Tourism Authority > Ministries, Municipalities and AIP > Convention Bureaux, DRT Madeira, Tourism Regions and ARPT > PCOs/DMCs, Business associations and tourism sector associations > Others to be defined	> QREN > PIT > Business associations and tourism sector associations > Others to be defined

1) Intervention coordinated by the ZTI manager, involving tourism products managers

I.5 - Develop Nature Tourism

10 - year perspective

> Over 10 Natural Parks with over 50,000 international visitors/year per park
> Offer of a diversified range of activities in the Natural Parks and other Protected Areas/Natura 2000 Network
> Growth above 7% per year
> Double the current level of tourist's loyalty

Scope

> Priority intervention in the Azores, Madeira, Porto and Norte and Centro and other zones of the country
> Detailed diagnosis of the product in the priority regions including clear identification of competitiveness shortfalls and gaps (including regulation, training of guides)
> Development of accessibility conditions for tourists to nature reserves without posing a menace to the environment, creation of specific routes and development welcoming/interpretation and observation areas
> Marketing zones of natural/landscape interest (signposting, disseminating information, publishing guides)
> Definition of indicators for quality standards
> Definition of intervention priorities
> Management of intervention in mono-product initiatives
> Proposal of ZTIs[1] for interventions in coordination with other products, or involving urban planning, environment and landscape
> Definition of objectives and guidelines for promotion and distribution
> Others to be defined by the working team

Entities to be involved	Financing resources
> Portugal National Tourism Authority > Ministry of the Environment (ICN), MAOTDR and other Ministries > Municipalities > DRTs, Tourism Regions and ARPTs > Tourism trade associations and regional development associations > Others to be defined	> QREN > LEADER > PIT > Others to be defined

1) Intervention coordinated by the ZTI manager, involving tourism products managers

I.6 - Develop Nautical Tourism

10 - year perspective

> Lisboa and the Algarve as an alternative for Nautical Tourism in the winter and summer, bases for yachts owned by tourists from Northern Europe (winter mooring)
> Possibility of cabotage along the Portuguese coast
> Portugal as a reference destination for cruises in Europe - Ports of Lisboa and Madeira in the European Top 8
> Multiplicity of offer for nautical-sporting activities in the Algarve, Lisboa, Madeira (including Porto Santo), Azores and Alentejo (Alqueva and Litoral Alentejano poles)
> Growth above 8% per year

Scope

> Detailed diagnosis of the product in the priority regions including clear identification of competitiveness shortfalls and gaps (including regulation)
> International standard infrastructures and services for recreational sailing, in particular in Lisboa and the Algarve
> Infrastructures and support services for cruises
> Prospecting and incentives for cruise routes
> Development of excursions in the main cruise ports (Lisboa, Portimão, Funchal)
> Promotion of nautical events of mediatic projection
> Definition of indicators for quality standards
> Definition of intervention priorities
> Management of intervention in mono-product initiatives
> Proposal of ZTIs[1)] for interventions in coordination with other products, or involving urban planning, environment and landscape
> Definition of objectives and guidelines for promotion and distribution
> Others to be defined by the working team

Entities to be involved	Financing resources
> Portugal National Tourism Authority > PCM - Sport > MOPTC and other Ministries > Municipalities > DRTs, Tourism Regions and ARPTs > Others to be defined	> QREN > PIT > Others to be defined

1) Intervention coordinated by the ZTI manager, involving tourism products managers

I.7 - Develop Health and Wellness

10 - year perspective

> Madeira and Azores recognized as reference destinations for Health and Wellness, with offer based on distinctive and innovative concepts of spas (10% of inbound tourists for the region having Health and Wellness as their primary motivation)
> Porto e Norte, and Centro as leading areas for health treatments in the Iberian market
> Over 50% of 5-star hotels with a spa
> Presence of the world's leading brands of spas
> Growth above 10% per year

Scope

> Priority intervention in Madeira and in the Azores; other zones of the country as a 2nd priority
> Detailed diagnosis of the product in the priority regions including identification of competitiveness shortfalls and gaps (including regulation, professional training)
> Promotion of the development of spas as a means of leveraging re-enhancement of hotels
> Promotion of the re-conversion of current thermal spas (*termas*) as international-standard health and treatment centres
> Promotion of the development of innovative spa concepts in Madeira and the Azores, based on distinctive local elements
> Definition of indicators for quality standards
> Definition of intervention priorities
> Management of intervention in mono-product initiatives
> Proposal of ZTIs[1)] for interventions in coordination with other products, or involvingurban planning, environment and landscape
> Definition of objectives and guidelines for promotion and distribution
> Others to be defined by the working team

Entities to be involved	Financing resources
> Portugal National Tourism Authority > Ministry of Health and other Ministries > Municipalities > DRTs, Tourism Regions and ARPTs > Business associations and Tourism trade associations > Others to be defined	> QREN > PIT > Others to be defined

1) Intervention coordinated by the ZTI manager, involving tourism products managers

I.8 – Develop Golf

10 - year perspective

> Portugal (Algarve and Lisboa) as a reference destination (#1 in quality and #2 in flows) for golf ranging from beginners to professionals, and premium offers in the Algarve
> Over 80 golf courses in 2015 with quality standards (at least 40 in the Algarve)
> High level of tourist's loyalty (3-year return rate, higher than 50%)
> Growth above 8% per year

Scope

> Priority intervention in the Algarve, Lisboa and Oeste pole
> Detailed diagnosis of the product in the priority regions including identification of competitiveness shortfalls and gaps
> Promotion of the development of a balanced offer of golf courses ranging from professional handicaps to beginners, with support services
> Competitions with major international visibility - Algarve and Lisboa
> Definition of indicators for quality standards
> Definition of intervention priorities
> Management of intervention in mono-product initiatives
> Proposal of ZTIs[1)] for interventions in coordination with other products, or involving urban planning, environment and landscape
> Definition of objectives and guidelines for promotion and distribution
> Others to be defined by the working team

Entities to be involved

> Portugal National Tourism Authority
> Ministries
> Municipalities
> PCM - Sport
> Tourism Regions and ARPTs
> Portuguese Golf Federation
> Business associations and tourism trade associations
> Others to be defined

Financing resources

> QREN
> PIT
> Others to be defined

1) Intervention coordinated by the ZTI manager, involving tourism products managers

I.9 - Develop Residential Tourism and Integrated Resorts

10 - year perspective

> Over 10 Integrated Resorts (25,000-30,000 beds in total) in the Algarve, Alentejo and Oeste pole, with 5-star hotels, offering diversified experiences and integrated resort management
> High quality services associated to Residential Tourism (5% of properties classified as excellent standard and 50% with tourist quality standard)

Scope

> Priority intervention in the Alentejo, Algarve and Oeste pole
> Detailed diagnosis of the product in the priority regions
> Dissemination of the benefits of Integrated Resorts to real-estate promoters
> Ensure the suitability of the Resorts classification model (tourism complexes/tourism real-estate ventures)
> Revision of licensing requirements, defining obligations in terms of the hotel offer provision and support services in the initial stage of the investment, together with the obligation for integrated resort management
> Definition of indicators for quality standards
> Definition of intervention priorities
> Management of intervention in mono-product initiatives
> Proposal of ZTIs[1)] for interventions in coordination with other products, or involving urban planning, environment and landscape
> Definition of objectives and guidelines for promotion and distribution
> Others to be defined by the working team

Entities to be involved

> Portugal National Tourism Authority
> Ministries
> Municipalities
> Tourism Regions and ARPTs
> Business associations and tourism trade associations
> Others to be defined

Financing resources

> QREN
> PIT
> Others to be defined

1) Intervention coordinated by the ZTI manager, involving tourism products managers

I.10 - Develop Gastronomy and Wines

10 - year perspective

> Existence of a significant offer of activities associated to Gastronomy and Wines (e.g. winetasting, samples, culinary and enology courses) in the Douro pole and Alentejo
> Gastronomy and Wines as the main motivation (primary demand) for visiting Portugal especially for Porto e Norte, Centro and Alentejo (at least 5% of tourists that visit these regions)
> Over 100 chefs with international-standard training working in Portugal
> Recognition of 4-6 typical dishes as being representative of Portuguese gastronomy (30% of tourists should be familiar with at least 1 dish)
> Growth above 10% per year

Scope

> Priority of action as the main motivation in Porto e Norte, Alentejo and Centro
> Detailed diagnosis of the product in the priority regions including identification of competitiveness shortfalls and gaps (inc. training of specialised tour guides)
> Marketing wine cellars and wine production process, gourmet products and gastronomy routes
> Development of international-standard culinary courses
> Promotion of excellent chefs/restaurants
> Selection of leading dishes at the national level, using, namely, certified quality products and promotion of the quality of restaurant establishments
> Definition of intervention priorities
> Management of intervention in mono-product initiatives
> Proposal of ZTIs[1)] for interventions in coordination with other products, or involving urban planning, environment and landscape
> Definition of indicators for quality standards as well as definition of objectives and guidelines for promotion
> Others to be defined by the working team

Entities to be involved

> Portugal National Tourism Authority
> MADRP and other Ministries
> Municipalities
> Tourism Regions and ARPTs
> Business associations and tourism trade associations
> Hotels and Tourism Schools
> Others to be defined

Financing resources

> QREN
> LEADER
> PIT
> Others to be defined

1) Intervention coordinated by the ZTI manager, involving tourism products managers

I.11 – Re-enhance Tourism in the Algarve

10 - year perspective

> Over 13.8 million overnights of international tourists per year
> Duplication of revenues from Tourism
> Tourist's loyalty rate higher than 40% (in 2 years)

Scope

> Project articulated with the Sun and Beach, Golf, Nautical Tourism and Residential Tourism and Integrated Resort products, as priority products, as well as Health and Wellness and Meetings and Congresses (2nd priority)
> Definition of offer thematic zones
> Re-qualifying urban space, including preservation of typical towns and villages
> Surrounding areas of beaches (seafronts, access to beaches, including support and cleaning services, car parks, etc.)
> Re-enhancement of the hotel offer
> Reduction of non-licensed accomodation
> Proposal of ZTIs[1)] and intervention initiatives
> Main initiatives and action lines for connections used by tourists
> Others to be defined by the working team

Entities to be involved

> Portugal National Tourism Authority
> MAOTDR (CCDR) and other Ministries
> Municipalities
> Tourism Region of the Algarve
> Business associations and tourism sector associations
> Others to be defined

Financing resources

> QREN
> PIT
> PIPITAL
> Others to be defined

1) Intervention coordinated by the ZTI manager, involving tourism products managers

I.12 to I.17 - Create Tourism development poles

10 - year perspective

> Poles responsible for over 5% of international tourists' overnights
> Poles responsible for over 10% of domestic tourists' overnights
> Occupancy rate in the poles higher than 50%

Scope

> Sustained development of the poles
> Definition of each pole concept, based on the corresponding "portfolio" of anchor products
> Definition of infrastructures to be developed in each pole
> Evaluation of the economic-financial sustainability of tourism in the poles
> Implementation/development plan
> Evaluation of the social and environmental sustainability
> Development of the product mix and marketing mix
> Creation of pre-requisites in terms of human resources required for the activity
> Others to be defined by the working team

Entities to be involved

> Portugal National Tourism Authority
> MAOTDR (CCDRs) and other Ministries
> Municipalities
> DRT Madeira and Tourism Regions
> Business associations and tourism trade associations
> Others to be defined

Financing resources

> QREN
> LEADER
> PIT
> Others to be defined

II - INTERVENTION IN ZTIs

10 - year perspective

> Intervention in at least 50 ZTIs, of which over 30 in Lisboa, Porto e Norte, Algarve and Madeira
> Articulation between the various entities involved in project implementation
> Valorise the tourist's local experience based on the key components offered

Scope

> Prioritize offer improvement in the field (ZTIs to be proposed by product/destination)
> Development of attractive value proposals by means of the reinforcing content in the ZTIs
> Prioritize intervention in terms of urban planning, environment and landscape
> Alignment and coordination of field intervention
> Organisation of a local entertainment events calendar (whenever appropriate)
> Others to be defined by the working team

Entities to be involved

> Portugal National Tourism Authority
> MAOTDR (CCDR), Ministry of Culture (IPPAR, IPM) and other Ministries
> Municipalities
> Tourism Regions
> Business associations and tourism trade associations
> Others to be defined

Financing resources

> To be defined

III - DEVELOPMENT OF DISTINCTIVE AND INNOVATIVE CONTENT

10-year perspective

> Development of distinctive content
> High level of satisfaction with the offer/experience in cultural assets and other attractions (satisfaction levels higher than those in Spain, measured by surveys)
> Over 80% of international leisure tourists having visited at least one cultural asset and other tourism attractions

Scope

> Development and innovation of cultural content based on thematic framelines offering different proposals to the tourist based on the Portuguese, history, culture, literature, etc.
> Development and ensuring the suitability of elements of the national cultural offer, enabling distinctive experiences for the tourist
> Marketing improvement of the museum and patrimony offer, ensuring the suitability of operating hours, transports, access for people with reduced or constrained mobility and integration offer with promotion
> Development of content for mobile Internet – services to the tourist
> Proposal of intervention in the defined ZTIs[1)]
> Coordination of intervention in initiatives beyond the ZTIs' scope
> Others to be defined by the working team

Entities to be involved

> Portugal National Tourism Authority
> Ministry of Culture (IPPAR, IPM) and other Ministries
> Municipalities
> Tourism Regions
> Business associations and tourism trade associations
> Local development associations
> Others to be defined

Financing resources

> To be defined

1) Intervention coordinated by the ZTI manager, involving tourism products managers

IV - EVENTS

10 - year perspective

> Host 1 to 2 mega events in Portugal once every 10 years
> National calendar with 10-12 events of international visibility
> Regional calendar of events with around 30 events of national visibility (several of which with international visibility)

Scope

> Development and implementation of mechanisms for identification and attraction of mega-events for Portugal
> Definition of 10 events with major international visibility per year
> Definition of 30 events that make it possible to define regional calendars
> Evaluation of proposals of events made by the working teams responsible for products, destinations and poles both in the national calendar and regional calendars
> Promotion/evaluation of the development of thematic calendars
> Definition of criteria for financing and promoting events/calendars
> Others to be defined by the working team

Entities to be involved

> Portugal National Tourism Authority
> Ministries
> Municipalities
> Tourism Regions and ARPTs
> Business associations and tourism trade associations
> Others to be defined

Financing resources

> PIT
> Municipalities
> Others to be defined

V - AIR ACCESS

10 - year perspective

> Creation of direct connections in 100% of 1st priority routes (e.g. Lisboa to Berlin and Manchester; Faro to Paris, London, Madrid, Frankfurt), and in over 80% of 2nd priority routes (e.g. Lisboa to Gothenberg; Madeira to Cologne)

Scope

> Intervention in air access to Lisboa, Faro, Porto, Madeira and the Azores increasing frequency and number of air connections from Portuguese airports to the main outbound markets
> Identification of the constraints on attraction and development/reinforcement of routes (e.g. airports operationality , service level)
> Others to be defined by the working team

Entities to be involved	Financing resources
> Portugal National Tourism Authority > MOPTC and other Ministries > Municipalities > ANA and ANAM > ARPTs and Tourism Regions > Others to be defined	> Portugal National Tourism Authority > ANA > ARPTs > Others to be defined

VI - BRANDS, PROMOTION AND DISTRIBUTION

The project will be constituted by 6 modules.

VI.1 - Monitoring and evaluating the promotion and distribution strategy

10 - year perspective

> Increase of the effectiveness of investments made in promotion/distribution
> Duplicate revenues in 10 years

Scope

> Alignment of promotion and distribution strategy, by target market and in line with the matrix (destinations-products vs. markets-segments), towards PENT's goals, in particular with definition of:
> > Targets per target market
> > Items to be promoted (Brands and Products)
> > Tools of promotion (the best mix of initiatives)
> > Persons in charge of projects execution
> > Investment levels and financing model
> > Calendar for initiatives
> Definition of monitoring mechanisms of both effectiveness of initiatives and promotional impact
> Others to be defined by the working team

Entities to be involved	Financing resources
> Portugal National Tourism Authority > MEI (AICEP) and other Ministries > Municipalities > ARPTs and Tourism Regions > Others to be defined	> Portugal National Tourism Authority > ARPTs > Others to be defined

VI.2 - Implement brand identity system

10 - year perspective

> Destination Portugal with notoriety higher than 80% in the strategic markets, 50% in the markets to be consolidated and 30% in the markets to be developed in the medium term (measured once every 3 years)
> Lisboa, the Algarve and Madeira with notoriety higher than 50% in the strategic markets (measured once every 3 years)

Scope

> Definition of brands, base values and adjustment of the value proposal in articulation with the Destination Portugal brand
> Consistency of the brand architecture and communication content
> Definition of communication guidelines (items to be promoted, resources, investment, implementation model)
> Dissemination of the new brand identity system to the diferent players
> Others to be defined by the working team

Entities to be involved

> Portugal National Tourism Authority
> MEI (AICEP) and other Ministries
> Municipalities
> ARPTs and Tourism Regions
> Others to be defined

Financing resources

> Portugal National Tourism Authority
> ARPTs
> Others to be defined

VI.3 - Create e-learning platform for participants

10-year perspective

> Over 10,000 e-learning courses per year
> Existence of content in leading e-learning platforms at the international level
> Contents/single platform for Portugal National Tourism Authority and destinations

Scope

> Development of e-learning content concerning Destination Portugal (products, offer, etc.)
> Development of content access platform
> Partnerships with international e-learning platforms (travel agents) for provision of content
> Others to be defined by the working team

Entities to be involved

> Portugal National Tourism Authority
> MEI (AICEP) and other Ministries
> Municipalities
> ARPTs and Tourism Regions
> Others to be defined

Financing resources

> Portugal National Tourism Authority
> ARPTs
> Others to be defined

VI.4 – Define content updating mechanisms and decision support mechanisms (tourism guides, websites, brochures)

10 - year perspective

> Presence in the main tourism guides with updated information
> Presence in the main international tourism websites with updated and attractive information about Portugal
> Presence in the brochures of the main tour operators/agents with relevant and attractive information

Scope

> Definition of mechanisms to foster updating of tourism content about Portugal in guides, international websites and tour operators' brochures
> Setting intervention priorities – reference guides, websites and tour operators
> Others to be defined

Entities to be involved

> Portugal National Tourism Authority
> MEI (AICEP) and other Ministries
> Municipalities
> Tourism Regions and ARPTs
> Tourism sector associations
> Others to be defined

Financing resources

> Portugal National Tourism Authority
> ARPTs
> Others to be defined

VI.5 – Develop the visitportugal website (information/content and link to commercial enterprises' sites in order to book services)

10 - year perspective

> Over 50 million accesses to visitportugal.com per year
> Sales volume higher than 2 million services/accommodation per year, of which over 30% for micro and SMEs

Scope

> Development of the website, visitportugal.com, in articulation with Portugal National Tourism Authority's website, as the reference platform for Portuguese tourism in interaction with the general public, tourism operators, airlines and other players
> Development of the website, visitportugal.com, in order to provide contextualized content/information for mobile telecommunications networks
> Increase in the number of access channels to the website (e.g. mobile Internet, Digital TV)
> Structure information concerning destinations, products and events in aggregated content
> Provision of contextualised information/content on offer to mobile channels
> Facilitating tool to book hotels, accommodation and experiences through link to commercial enterprises' sites
> Details broadening the concept of the site/scope (e.g. channel for Meetings and Congresses agents, provision of online brochures and clippings of the main articles published on Portugal, forums for sharing experiences, etc.)
> Others to be defined by the working team

Entities to be involved

> Portugal National Tourism Authority
> Municipalities
> Tourism Regions and ARPTs
> Tourism trade associations
> Others to be defined

Financing resources

> QREN
> Portugal National Tourism Authority
> ARPTs
> Others to be defined

VI.6 - Establish strategic alliances with major online operators and search engines

10 - year perspective

> Destination Portugal and main regional destinations with key presence in the offer of the Top 5 European online operators (main pages)
> Website visitportugal.com in the leading Top 3 referral of search engines for, at least, 10 relevant key words for target markets
> Over 80% accommodation reservation made digitally

Scope

> Establishment of partnerships with search engine websites (in order to promote visitportugal.com)
> Establishment of partnerships with major online operators/agencies
> Others to be defined by the working team

Entities to be involved	Financing resources
> Portugal National Tourism Authority > Municipalities > ARPTs and Tourism Regions > Tourism trade associations > Others to be defined	> Portugal National Tourism Authority > ARPTs > Others to be defined

VII - QUALITY PROGRAMME

The project will be constituted by 2 modules.

VII.1 - Create tourism quality programme

10-year perspective

> High level of adhesion to the tourism quality seal within the national tourism offer, in particular in the ZTIs (80% of the tourism offer with quality certification)
> Notoriety/recognition of the value of the quality seal (more than 20% of tourists)
> Positioning Portugal as a high quality service destination (European Top 3)

Scope

> Definition of tourism quality standards for destinations, products, organisations/services and human resources
> Definition of quality levels for ZTIs[1)]/product
> Definition of mechanisms to foster attribution and dissemination of the quality seal
> Development of monitoring mechanisms of certification (e.g. implementation of mystery visits to at least 50% of certified establishments/year)
> Scheme of incentives based, amongst other elements, on positive differentiation
> Others to be defined by the working team

Entities to be involved	Financing resources
> Portugal National Tourism Authority > Municipalities > Tourism Regions > Business associations and tourism trade associations > Others to be defined	> QREN > PIT > Others to be defined

1) In line with the products project proposals

VII.2 – Optimise tourist services

10 - year perspective

> Over 60 tourism offices with excellent quality in the ZTIs
> Assist over 3 million tourists per year
> Guiding the tourist in the local experience (through the mobile Internet website)
> Provision of merchandising (Destination Portugal brand)

Scope

> Intervention throughout the country, in particular in the ZTIs[1)], airports, motorways, ports and railway stations
> Quality manual for the tourism offices
> Establishment of priorities and standardisation of tourism offices (location, image, information and training of human resources)
> Development of cross-selling initiatives between regional destinations
> Franchising model for merchandising the Destination Portugal brand
> Standardisation of tourism signposting (in particular in ZTIs and in their connections)
> Provision of information (push-pull) during the visit through the mobile Internet portal (visitportugal.com/mobile)
> Others to be defined by the working team

Entities to be involved	Financing resources
> Portugal National Tourism Authority > MOPTC and other Ministries > Municipalities > Tourism Regions > ANA Airports and port authorities > Others to be defined	> PIT > Municipalities > Others to be defined

1) Intervention in the ZTIs is to be implemented by the tourist service project manager, under the coordination of ZTIs managers

VIII - EXCELLENCE IN HUMAN CAPITAL

The project will be constituted by 2 modules.

VIII.1 - Create tourism training programme of excellence

10 - year perspective

> Existence of high quality tourism courses (management and professional experts) with international recognition (partnership with universities/leading international schools) with over 200 students per year, including foreign tourism students – leading international school
> Technical-professional schools network (one by region)
> Foster the curricular development of other disciplines in the tourism sector and specialization in fields of interest for the sector

Scope

> Creation of a leading international tourism training centre (management and professional experts) with training poles in the regions (technical-professional)
> Development of a network of technical-professional schools (one by region)
> Promotion of international exchange of human resources and the Enterprise-School link
> Stimulate curricular development in other disciplines and foster specialisation
> Development of teacher training
> Promotion of access to the training (e-learning platform)
> Others to be defined by the working team

Entities to be involved	Financing resources
> Portugal National Tourism Authority > Ministries > Municipalities > Tourism Regions > Universities/Hotels and Tourism Schools > Tourism trade associations > Others to be defined	> QREN > Others to be defined

VIII.2 – Motivate both sector and human resources and encourage entrepreneurship

10 - year perspective

> Portugal in the European Top 5 for the investment of international groups in the Tourism sector
> Portugal in the European Top 3 in terms of tourists welcoming

Scope

> Intervention in terms of prospecting key investors who will contribute towards re-enhancement of the offer and developing destinations/poles
> Creation of a culture of service excellence in the tourism sector (service providers and managers)
> Reinforcement of local population's hospitality by means of divulgation of tourism's contribution to the economy and wellbeing
> Implementation of initiatives intended to promote tourism's benefits in schools
> Fostering qualified entrepreneurship
> Others to be defined by the working team

Entities to be involved

> Portugal National Tourism Authority
> Municipalities
> Tourism Regions
> Universities/Hotels and Tourism Schools
> Business associations and tourism trade associations
> Trade-union associations
> Others to be defined

Financing resources

> QREN
> Portugal National Tourism Authority
> Others to be defined

IX - KNOWLEDGE AND INNOVATION

The project will be constituted by 4 modules.

IX.1 - Constitute monitoring team of tourism activities

10 - year perspective

> In-depth knowledge of motivations and consumer trends of the main oubound markets
> Access to indicators, by region and poles, necessary for monitoring tourism and projects implementation
> Over 5.000 entities registered as users of information generated by the Observatory

Scope

> Generation of decision-support knowledge, setting up a structure of indicators to be monitored/obtain information
> Development of market studies required for information retrieval about the consumer
> Development of information retrieval mechanisms about the sector agents
> Implementation of a benchmark with international experiences in order to monitor the level of results and ongoing strategies
> Development and sharing of conclusions concerning evolution of the sector and development factors
> Interface with observatories of ARPTs and official bodies
> Tracking the presence of the Portuguese tourism offer both in online and offline operators
> Implementation of an organisational structure for monitoring tourism activities

Entities to be involved

> Portugal National Tourism Authority
> Ministries
> Municipalities
> Tourism Regions and ARPTs
> Universities
> Tourism trade associations
> Others to be defined

Financing resources

> Portugal National Tourism Authority
> ARPTs
> Others to be defined

IX.2 – Develop more in-depth knowledge concerning markets/segments of origin and the positioning of Portugal

10-year perspective

> Knowledge of tourists from the main outbound markets - e.g. motivations underlying trips and their evolution, activities carried out in each destination (in particular in Portugal)

Scope

> Structuring an information retrieval programme on outbound markets (consumers and agents) from the perspective of development of the product and promotion/communication
> Annual implementation of studies in the main outbound markets and in Portugal (fieldwork during the four quarters of the year)
> Establishing opinion leaders networks of in the main outbound markets (set of 5-15 opinion leaders in each of the target markets)
> Others to be defined by the working team

Entities to be involved	Financing resources
> Portugal National Tourism Authority > MEI (AICEP) and other Ministries > Municipalities > Tourism Regions and ARPTs > Tourism trade associations > Others to be defined	>Portugal National Tourism Authority > ARPTs > Others to be defined

IX.3 - Stimulate research and development as well as adoption of innovative practices by enterprises

10-year perspective

> Increase the number of R&D projects apllied to tourism activities
> Portugal internationally recognised by opinion leaders as an innovative destination

Scope

> Creation of mechanisms to bring Universities closer to the tourism sector's enterprises
> Creation of support mechanisms to foster adoption of innovative practices by enterprises
> Others to be defined by the working team

Entities to be involved	Financing resources
> Portugal National Tourism Authority > Ministries > Municipalities > Tourism Regions > Universities > Business associations and tourism trade associations > Others to be defined	> QREN > Others to be defined

X - EFFECTIVENESS IN THE STATE-ENTERPRISE RELATIONSHIP

The project will be constituted by 2 modules.

X.1 –Review tourism projects' licensing process

10 - year perspective

> Fast, agile and effective licensing process of tourism activities
> Centralised and permanent knowledge of licensing projects
> Compliance with legal deadlines in 100% of cases and 50% of cases with decisions issued before expiry of the legal maximum deadline

Scope

> Integration and simplification of legislation governing access to, and exercise of, tourism real-estate ventures
> Revision of procedural deadlines, interfaces between entities and decision mechanisms
> Dissemination of legislative changes
> Creation of monitoring mechanism
> Simplification of the licensing of restaurant and bar establishments
> Simplification of licensing processes of tourism entertainment enterprises and travel and tourism agencies

Entities to be involved	Financing resources
> Portugal National Tourism Authority > MEI (DGAE), MAOTDR and other Ministries > Municipalities >Tourism Regions > Business associations and tourism trade associations > Others to be defined	> To be defined

X.2 – Facilitate interaction between businessmen and the Public Administration

10-year perspective

> Increase in the speed, simplification and agility of processes involving tourism businessmen (reduction of context costs) - one-stop-shop
> Instant business start-up procedures

Scope

> Creation of a one-stop-shop between the tourism businessman and the public administration
> Elimination of unnecessary bureaucratic costs
> Creation of tourism services website
> Monitoring process execution deadlines
> Dissemination of the new relationships model
> Others to be defined by the working team

Entities to be involved	Financing resources
> Portugal National Tourism Authority > Ministries > Municipalities >Tourism Regions > Tourism trade associations > Others to be defined	> To be defined

XI - BUSINESS MODERNISATION

10-year perspective

> Enterprises of the tourism sector with operating and management practices in line with European best practises

Scope

> Definition of initiatives to foster modernisation of enterprises' management practises
> Definition of initiatives to foster the quality of services provided
> Implementation of partnerships for provision of management software and access to electronic markets
> Training of enterprises' human resources in the use of software
> Others to be defined by the working team

Entities to be involved

> Portugal National Tourism Authority
> Ministries
> Municipalities
>Tourism Regions
> Business associations and tourim trade associations
> Others to be defined

Financing resources

> QREN
> Others to be defined

Editor's Note
This version of the PENT already incorporates the decisions taken by the Portuguese government in the Resolution of the Council of Ministers nº. 61/2007, of 13-02-2007.

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