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## **REGIONAL TOURISM AS A STRATEGIC SECTOR FOR PORTUGAL: SUN, SEA AND MUCH MORE**

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**Abstract:** For its overriding importance in employment, investment, and the development of other activities, tourism is presented as a priority strategic sector for Portugal. After many years during which Portugal's tourism industry focused mainly on the "Sun and Sea" product, there is now more diversification in product offerings in the country, ranging from green and beach tourism to health and well-being tourism, incorporating along the spectrum, sports, cultural, and business tourism. This diversification, and subsequent promotion of supply has allowed the development of the sector both qualitatively and quantitatively, and the emergence of touristic activities in new regions has leveraged not only greater uniformity in the use of available resources, but also helped to avoid the adverse effects of seasonality so characteristic of traditional tourism based on the "Sun and Sea".

**Key words:** Portugal, regional development, "Sun and Sea" tourism.

### **Introduction**

Tourism is presented as a key strategic sector for Portugal because of its ability to create wealth and employment. Indeed, currently over 10% of total employment in the Portuguese economy is provided by the tourism industry. And despite the fact that touristic activity in Portugal has passed through phases of lower growth in recent years, tourism supply has increased, both in quantity and quality, thereby contributing to the development of other economic activities and to the growth of public and private investment in the Portuguese economy.

In terms of infrastructure and human resources, Portugal has good capabilities. However, for a relatively long period of time the country's tourism industry has concentrated mainly on the "Sun and Sea" product, thus neglecting other opportunities.

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Now, new high quality tourism projects with high value added are emerging in various regions of the country, supplying an increasingly more diverse tourism product. For example new prestigious destinations in *Alentejo*, the *Costa do Estoril*, *Sintra*, *Porto*, and *Douro*, are developing in addition to the traditional touristic supply in the *Algarve*, associated with beach tourism. These new destinations not only increase revenues but also provide for more uniform and harmonious regional development.

Although continuing to be dependent upon factors such as seasonality, tourism in Portugal presents an enormous growth potential taking into account a number of factors which clearly differentiate the country from other competing destinations. Such factors are considered to be the “climate and light”, the “history, culture and tradition”, the “hospitality”, the “concentrated diversity”, the “modern authenticity”, the “security”, and “competitive quality” of Portugal (PENT, 2007), which combine to deliver competitive advantage to the country characterized by a wide range of options for tourists.

With this work we seek to gain a precise understanding of these new dynamics associated with a strategic shift in the traditional tourism supply in Portugal. Our main goal is to determine to what extent the supply of new touristic products has contributed to more balanced and uniform regional development, thereby enabling the country to be less exposed to seasonal phenomena, international competition, and changing tastes and paradigms.

The work is structured in four sections including the introduction. Section 2 presents and analyzes the six major types of touristic products currently supplied in Portugal, Section 3 analyzes Portuguese tourism from a regional perspective, and finally, Section 4 concludes the work, mentioning some prospects for future sector developments.

### **Touristic products supplied by Portugal: sun, sea and much more**

Since the 1960s, Portugal has focused its touristic supply primarily in the traditional product of “Sun and Sea”, best known as the three “Ss” (“Sun, Sea and Sand”). This strategy has exposed one of its main sectors of economic activity to strong competition from other countries such as, for example, Spain, France, Greece, and Tunisia, which offer the same type of product, but with a relatively more diversified touristic activity (Daniel, 2010). However, also other countries, namely from Eastern Europe and Latin America, have an important touristic activity at regional level, which reinforces the need for developing this activity in Portugal as a way to improve competitiveness (Pavlović & Đorđević,

2013; Terzić, Bjeljac, & Lović, 2013; Bukvić, 2014; Đurašević, 2014; Sánchez, 2014; Vujović, Vukosavljević, & Bjeljac, 2014).

Conscious of this reality and the strategic economic importance of the sector at local, regional, but mainly at national level, those responsible for promoting tourism in Portugal have tried in recent years to reduce the extreme dependence on the country's "Sun and Sea" tourism by effecting a more harmonious use of available resources throughout the Portuguese territory.

The designated "*Plano Estratégico Nacional de Turismo* - National Strategic Plan for Tourism" (PENT, 2007) is a good example of this shift, functioning as an essential element for the creation of favorable conditions for the diversification of touristic supply in Portugal. The new products envisioned within this Plan add value and quality, and reduce the risks associated with seasonality, which are so characteristic of the "Sun and Sea" product (Butler, 1994).

In fact, tourism in Portugal currently goes far beyond the supply of products associated with the "Sun, Sea and Sand" model, and in doing so, represents a key strategic area for growth and regional development of the country, especially when taking into account the economic weight of the sector. Current supply in the country can be aggregated into six major types of tourism: green tourism; seaside tourism; sports or active tourism; cultural and recreational tourism; business tourism; and health and wellness tourism (IQF, 2005).

Green tourism incorporates the dimensions of nature, ecology, and rural areas. It refers to touristic activity held in protected areas or national parks, as well as eco-tourism and tourism where the main reason is the accommodation and carrying out of activities that favor contact with the natural space, with few cultural landscapes, and the emphasis on rural sites.

Seaside tourism, in contrast, has a long tradition and is of regional economic importance, being associated with the exploitation of the "Sun, Sea and Sand" facilities, benefiting the extensive coastline of the Portuguese territory, but which in recent years has also integrated new products, such as river tourism and cruises, particularly along the *Douro* River. That product has shown a strong demand in recent years, representing a growing source of income and simultaneously allowing the dissemination of regional gastronomic products as well as the Port Wine, thereby functioning as a key strategic element for the sustainability of agricultural and hotel activity, particularly in the inner North of the country.

Offering a different experience, sports tourism, involves what is today referred to as adventure tourism (extreme sports), and active tourism (hiking, hunting, golf, and fishing). It is concerned with activities that typically require the movement of tourists, thus enabling the generation of significant revenues associated with their accommodation and subsistence.

Cultural and recreational tourism incorporates the patrimonial, religious, and ethnographic aspects of a country, and is seen to exist in short and city breaks, touring, thematic routes, and itineraries<sup>2</sup>. This type of tourism has been increasingly asserting itself in recent years on both regional and local bases as there is a great diversity of demand for such activities. Specifically, we highlight tours around the vineyards, to ceramics and glass manufacturers. There are also the various cultural festivals that are seen to have been attracting increasingly more tourists year on year.

Regarding business tourism, this is typically seen in attendance at business events/conferences/exhibitions, and includes a variety of components ranging from the management and organization of such events, to the provision of recreational opportunities. This type of tourism stimulates the catering, entertainments, and leisure providers, as social events are usually scheduled as part of the overall business underlying the event. Increasingly, this kind of tourism is becoming of strategic importance to Portugal, particularly in the large regions of Lisbon (*Lisboa*) and Porto, since it is able to generate substantial revenue through distribution and transportation activity, as well as via accommodation and hospitality. Indeed, some business agencies are seen to be giving much more attention to making travel arrangements for the business sector.

Finally, health and wellness tourism is increasing alongside the diversification of supply and the provision of higher quality services. Essentially, this type of tourism is seen in the supply of hydrotherapy, and physical maintenance activities, and it contributes to the increasing use of accommodation.

Given these developments in Portugal's tourism product, it is apparent that in recent years, important changes have taken place within the Portuguese tourism industry. Moreover, it is clear that such changes are not only in terms of the provision of new products, but also in the improvement of those products that have been traditionally offered. Through this strategy there is evidence of

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<sup>2</sup> In this regard, Cunha (2006) speaks of the existence of a "New Tourism" characterized by three new "Ss": Sophistication, Specialization, and Satisfaction.

harmonious regional development in Portugal, and what now follows is an analysis of the tourism sector from a regional perspective.

### Regional tourism in Portugal: characterization and numbers

Tourism in Portugal today increasingly displays a harmonious and uniform regional nature, since the supply of quality touristic products coupled with high demand is seen in virtually all regions of the country. This scenario is key in counteracting the adverse effects of seasonality, and avoiding dependence on the performance of the three regions where “Sun and Sea” tourism has traditionally flourished (*Algarve*, Lisbon and *Madeira*). The touristic supply in Portugal covers several regions of the country and various types of product, thus representing greater diversification of the tourist offering (Table 1).

Table 1. Regional tourism in Portugal

Product	Region of Portugal
Sun and Sea: priority touristic product to	<i>Algarve; Madeira and Porto (Douro River)</i>
Cruises: product of high value added	Lisbon and <i>Madeira</i>
City and Short Breaks: middle season product	<i>Porto</i> and Lisbon
Touring	<i>Porto and North of Portugal, Alentejo, Madeira and Açores Fátima</i>
Peregrinations: product with strong image; product where Portugal presents competitive	
Golf: product whose seasonality does not coincide with demand peak	<i>Costa do Estoril and Sintra, Costa Azul and Algarve</i>
Meetings and Events: product of high value added whose seasonality does not coincide with demand peak	<i>Porto, Lisbon, Costa do Estoril and Sintra, Algarve and Madeira</i>
Conferences: product of high value added whose seasonality does not coincide with	Lisbon and <i>Porto</i>
Gastronomy: product of valuation of destination image and up-grading of traditional	All regions of Portugal
Cultural Festivals	All regions of Portugal
Marinas and Ports: qualifier product of the image of the product sun and sea	<i>Costa do Estoril, Sintra and Algarve</i>
Thermal tourism: product of high quality and value added	<i>Porto and Aveiro</i>
Equestrian Tourism: important niche product to the interior of Portugal	<i>Lisboa e Vale do Tejo and Alentejo</i>
Water sports and Waves: niche product	<i>Lisboa e Vale do Tejo (interior of Portugal) and Alentejo</i>

Source of data: Adapted from DGT (2002)

This diversity and distribution of supply of touristic products throughout the various regions of the country has been reflected positively in the distribution of the number of guests (Table 2), who whilst continuing to be more significant in the Lisbon area, are nonetheless distributed relatively uniformly in other regions if we take into account also the number of respective available beds (except for the *Alentejo* region and *Açores*).

Table 2. Guests by region

Guests (10 <sup>3</sup> )	1 <sup>st</sup> Quarter	2014 Δ14/13	Abs.	Share
NUTS II		%		%
<i>Norte</i>	522.6	5.2	25.8	20.8
<i>Centro</i>	364.2	-0.7	-2.5	14.5
<i>Lisboa</i>	856.0	9.6	75.2	34.0
<i>Alentejo</i>	105.2	4.5	4.5	4.2
<i>Algarve</i>	402.7	5.1	19.4	16.0
<i>Açores</i>	42.8	-2.1	-0.9	1.7
<i>Madeira</i>	220.5	11.9	23.5	8.8
Portugal	2,514.0	6.1	145.0	100.0

Source of data: Turismo de Portugal (2014) using data from INE (Portuguese National Institute of Statistics)

Note: Guests in hotels, resorts, touristic apartments and other accommodation

Having as a reference the NUTS II in the 1<sup>st</sup> quarter 2014, 71% of guests (1.8 million) were installed in hotels located in the regions of Lisbon, the *Norte* and the *Algarve*. The Lisbon region recorded 856,000 guests, mostly foreigners (520,100, equivalent to 61%). The quarterly evolution of the region (+ 9.6%) was due not only to the 8.1% increase in the number of foreign guests (corresponding to an increase of 38,700), but also residents in Portugal who increased by 12.2% (+36,500). The *Algarve* received 402,700 guests of which are foreign 295,500 (equivalent to 73%). Despite the international crisis situation, the total number of guests in the region increased (+ 5.1%), which can be explained by the preference by foreign (+ 9.3% or + 25,200) visitors for a safe region and by the fact that the region has been able to supply high quality products, which whilst including the traditional ‘Sun and Sea’ product, also includes golf, marinas, and ports. In turn, the *Norte* region, with 522,600 guests, was ranked in the 3<sup>rd</sup> place, with the number of resident guests (346,600, or 66%) and foreign guests to register annual increases of 4.6% and 6.3%, respectively (Turismo de Portugal, 2014).

On the other hand, with regard to accommodation (Table 3), the regions of Lisbon, the *Algarve* and *Madeira*, with 4.8 million overnight stays, stood out

from all the other, representing 74% of the global movement of the country. The Lisbon region, with 1.9 million (29% of total room nights), recorded an annual growth of 8.5%, which represents an increase of 144,700 overnight stays. These values can be justified by the new touristic supply in terms of cultural festivals, sports events organization, and business. The improvement of the transport network, whether air or terrestrial, can also be seen to have contributed towards the positive recent developments in this region. With regard to the *Algarve*, with 26% of the country's share, this recorded 1.7 million overnight stays, which meant a decrease of 1.7% over the same period last year. On the contrary, *Madeira*, with 1.2 million overnight stays (about 19% of the country), showed a favorable evolution and an increase of 166,000 overnight stays (+ 10.5%).

Table 3. Accommodation by Region

Accommodation (10 <sup>3</sup> ) NUTS II	1 <sup>st</sup> Quarter	2014 Δ14/13 %	Abs.	Share %
<i>Norte</i>	848.3	6.0	48.1	13.1
<i>Centro</i>	583.7	-3.7	-22.7	9.0
<i>Lisboa</i>	1,852.8	8.5	144.7	28.6
<i>Alentejo</i>	175.7	4.7	7.9	2.7
<i>Algarve</i>	1,685.6	-1.7	-29.2	26.0
<i>Açores</i>	110.0	-2.0	-2.3	1.7
<i>Madeira</i>	1,222.7	10.5	116.0	18.9
Portugal	6,478.8	4.2	262.6	100.0

Source of data: Turismo de Portugal (2014) using data from INE (Portuguese National Institute of Statistics)

Note: Accommodation in hotels, resorts, touristic apartments and other accommodation

These tourism dynamics have shown a positive effect in terms of an increase in total incomes (Table 4). With the exception of the *Centro* region and the *Algarve*, and in a smaller proportion of the *Açores*, the performance of the hotels has been quite favorable if we take into account the current economic crisis.

Table 4. Total Incomes by Region

Total Incomes (10 <sup>3</sup> €)	1 <sup>st</sup> Quarter	2014 Δ14/13	Abs.	Share
NUTS II		%		%
<i>Norte</i>	38.6	4.9	1.8	13.4
<i>Centro</i>	25.2	-3.6	-0.9	8.8
<i>Lisboa</i>	101.0	5.8	5.5	35.1
<i>Alentejo</i>	8.3	2.3	0.2	2.9
<i>Algarve</i>	52.6	-1.3	-0.7	18.3
<i>Açores</i>	4.5	-0.6	0.0	1.6
<i>Madeira</i>	57.1	17.5	8.5	19.9
Portugal	287.4	5.3	14.4	100.0

Source of data: Turismo de Portugal (2014) using data from INE (Portuguese National Institute of Statistics)

Note: Total incomes in hotels, resorts, touristic apartments and other accommodation.

Given these numbers, we can say by way of conclusion that tourism in Portugal is currently presented as a true strategic sector of regional development, providing greater diversification in respect of its product offerings, and a more uniform distribution of these throughout the various regions of the Portuguese territory.

### Conclusion

After more than four decades of offering almost exclusively “Sun and Sea” tourism, Portugal has managed to diversify its tourism product to cater for six identifiably different markets, and has been able to bring tourism to the different regions within the country. The strategy followed to achieve this situation has allowed Portugal to more easily overcome the constraints resulting from seasonality, so characteristic of the traditional supply.

Touristic activity in Portugal is a key strategic sector for all the regions since it not only creates employment, attracts investment and brings added value, but the dynamics associated with this activity filter through to other sectors. Furthermore, despite touristic activity having passed through periods of low growth in Portugal, recent years have been marked by a diversification of supply and increased demand, resulting in a significant increase in the number of guests, overnight stays, and income.

Consequently, Portugal is emerging as one of the main touristic destinations in Europe, benefiting not only from its favorable weather conditions, the quality of its beaches, the country’s security, but also from a wide gastronomic heritage,



cultural and leisure activities, and the enormous potential for the development of golf, hunting, and boating activities.

Furthermore, new regional destinations of great quality such as the *Douro*, *Porto* and the *Alentejo* coast, are now flourishing as demand for their offerings has surfaced and is on the increase, although it remains the case that the Lisbon region, the *Algarve* and *Madeira* continue to be the greatest attractions.

In this context, it is clear that Portugal should continue to focus on efforts to increase diversification and to lend greater quality both to the product and its delivery. This requires the implementation of consistent and sustainable policies to promote the image of “Portugal and its regions”. In this respect, there is a need to improve accessibility by reducing the bureaucracy associated with the opening of new projects, and conveying a stronger and more image to customers such that they appreciate that regional tourism in Portugal has much more to offer than merely “Sun and Sea”.

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