

FROM DIGITAL INNOVATION TO “SMART TOURISM DESTINATION”: STAKEHOLDERS’ REFLECTIONS IN TIMES OF A PANDEMIC

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- 65 stakeholders participated in an online event, staged over two half-days, to discuss challenges, opportunities and needs of the Algarve region in the field of the digitalisation of tourism.
- **Lack of adequate skills, inadequate infrastructure** (communication and transport), **weak links** between tourism services and others economic activities and ineffective **data collection and analysis** were some of bottlenecks discussed.
- **Regional assets**, new **market trends** (more eco-friendly solutions) and the advantage of **big data** analysis were the main opportunities identified.
- Better **data management**, **diversification** of tourism offer, more **networking and cooperation** were some of the identified market needs.
- **Sustainability dimension** (circular economy and climate changes issues) in the tourism sector is one of the main themes of interest for future events.

This JRC policy insight presents the main findings of an online event that took place on 30th September and 8th October 2020, organised by the Regional Coordination and Development Commission (CCDR) of Algarve, Portugal, and the JRC Territorial Development unit, as part of the project “Targeted Support to RIS3 Implementation in Lagging Regions”. The workshop aimed to support the Entrepreneurial Discovery Process (EDP), a key feature of Smart Specialisation (BOX 1), with a focus on the digitalisation of tourism. The main objective was to stimulate entrepreneurs to share experience, identify obstacles, and suggest solutions to strengthen the innovative capacity of the region in this specific S3 priority. It brought together a range of actors in the territory, from business, research, and public administration to discuss issues relevant to the Algarve region.

1. Context

The tourism sector, mainly concentrated on the sun, sand and sea concept, is one of the main socio-economic pillars of the economy of Algarve region of Portugal. For instance, “accommodation and food service activities” alone represent more than 20% of the total regional employment [2]. Since 2007, “tourism diversification” has been an innovation priority in the Algarve’s Smart Specialisation Strategy. For the 2021-2027 programming period, innovation priorities for the tourism sector are strongly associated with societal challenges, such as, Circular Economy, Climate Change, Economy 4.0, Healthy ageing, Food security and Mediterranean diet.

The COVID-19 health crisis has accelerated the need to foster the digitalisation of the economy. Since March 2020, we have observed changes in business models, thanks to the intensification of the use of remote digital working tools, and the rise of online activities, as the result of mobility restrictions [3]. However,

BOX 1. What is Smart Specialisation Strategy? [1]

Smart Specialisation Strategy is a territorial governance model, combining aspects of industrial, innovation and regional policies. This place-based approach is based on the assumption that knowledge-based investment should concentrate on identified priorities, selected on the basis of the strengths and regional assets of the territory. The choice of priorities should not be a top-down process. It should centre on an inclusive and interactive process of stakeholder involvement: the so-called “Entrepreneurial Discovery Process” or EDP. As any strategy, it should also include a monitoring and evaluation system, together with a revision mechanism to adapt selected priorities to new market trends and needs.

Smart Specialisation has been an ex-ante conditionality under the 2014-2020 financial framework (and an enabling condition for the 2021-2027 period) for the ERDF investments in research and innovation and to ensure an effective and efficient use of funds.

digital transition in the European tourism sector seems to be faced with several challenges related to skills, infrastructures, access to finance and policy support[4].

Over recent years, several initiatives have been developed in Algarve to support digitalisation and innovation in the tourism sector [5], including:

- The RIA Project - Algarve Smart Region (2019), aiming to support digitalisation, through the development of an open data platform, for promoting business opportunities
- The Digital Innovation HUB, “Algarve Smart Destination” (2019), whose main objective is to support the digital transformation of the private and public sectors;
- The “Algarve Incubators Networks” (2019) where informal meetings and workshops are organised to discuss, share experiences and inform about several issues in a specific area of interest;
- The “Observatory of Sustainable Tourism for Algarve region” (2020) to analyse and monitor the performance of the tourist sector from an economic, social and environmental perspective.

In the coming years, Algarve has the ambition to move to a more integrated tourism strategy based on the

principles of a “Smart Destination”. This concept foresees ICT-based tools and other digital technologies being used for data collection, processing and analysing, to ensure a more efficient and effective use of resources, higher satisfaction of tourists, as well as the wellbeing of local residents [6]. Essentially it aims to develop a better management system for Algarve as a tourist destination, using Big Data and Internet of Things. Furthermore, improved understanding of markets and tourist preferences (and also anticipating them) allows for a more tailored visitor experience, creating a competitive advantage over a more ‘traditional’ destination.

2. Workshop Findings

The co-organised event (BOX 2) aimed to facilitate stakeholder involvement in policy design, by ‘discovering’ and identifying potential innovation priorities for the territory, based on (new) market trends. The results of the event will help the regional managing authority (CCDR-Algarve) to up-date the regional Smart Specialisation Strategy.

To make interaction between participants in the workshop more effective, the *World Café* approach (BOX 3) was adopted. On the first day of the event,

BOX 2. Methodological approach of the workshop



Source: Adapted from [7] Laranja et al. (2021).

participants were divided into small groups, each of 4-5 stakeholders, to discuss challenges, opportunities and needs of the territory for enhancing digital innovation and to make Algarve a “Smart Tourism Destination”. Solutions and innovative ideas for overcoming the identified problems were also listed by participants. The second day was dedicated to the presentation of the main findings of each working group and to debate them.

BOX 3. World Café Approach

The *World Café* approach brings together a small number of participants to discuss an overall topic followed by a small number of specific questions.

Participants need to be informed about the objective(s) of the session before its starts and know the “rules of the game”.

In each group a moderator and a rapporteur are nominated. The moderator is responsible for stimulating and guiding the discussion, while the rapporteur makes notes on the group's responses and proposals that are presented in a plenary session.

In the Algarve workshop participants tried to answer the following questions.

QUESTION #1

Identify market needs that enhance the development of “Tourism Digitalisation” and Algarve as a “Smart Tourism Destination”?

QUESTION #2

Characterize the market needs for the Digitalisation of Tourism:

- What are the problems?
- What new problems have been caused by the COVID-19 crisis?
- What are the causes of these problems?
- Who feels the problems?

QUESTION #3

Propose ideas, initiatives or projects that lead to the “discovery” of innovative solutions to the identified problem needs?

2.1. Challenges, bottlenecks and obstacles

Especially for smaller companies:

- › Cost of digitalisation
- › Challenges in accessing funding
- › Lack of open-minds to innovate among entrepreneurs
- › Digital innovation happens frequently by “doing-by-imitation”

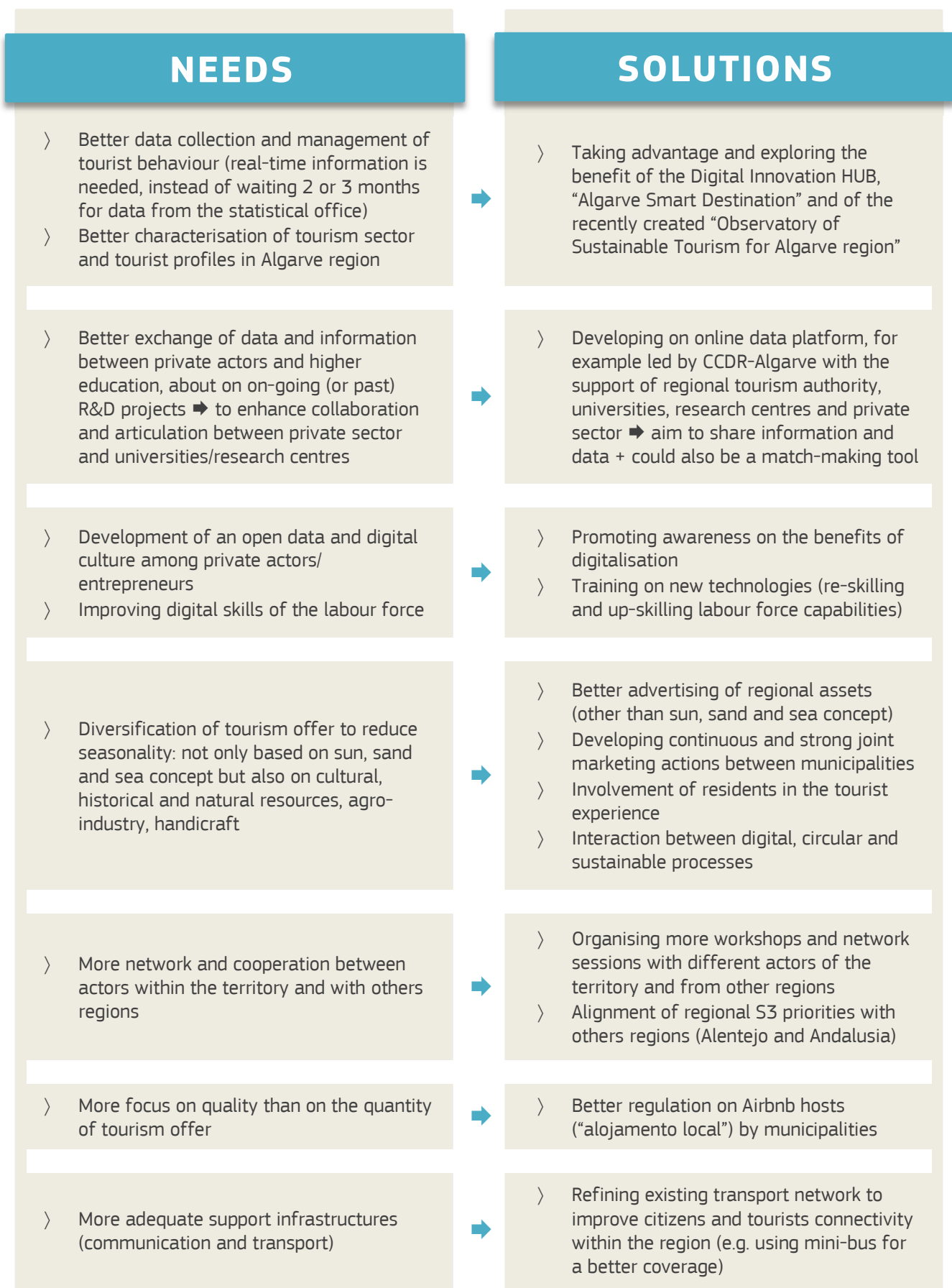
For all stakeholders (on average):

- › Data are not collected (or not effectively collected and analysed): data about tourist flow and preferences exist but it are not easy to access
- › Data sharing and access issues between private companies (confidentiality, data protection)
- › Lack of skills and knowledge to foster business digitalisation
- › Deficient broadband coverage in rural areas
- › Deficient transport network within the region to support tourist mobility
- › Difficulty in advertising the regional assets
- › Lack of an integrated management planning of the territory
- › Few links between tourism services and others economic sectors (e.g. agro-food)

2.2. Opportunities

- › COVID-19 is an opportunity to create / reinvent a different destination
- › Digital innovation has been stimulated by the COVID-19 crisis
- › Regional assets: natural and cultural resources of the territory
- › Advantage of new market trends (more sustainable, local and eco-friendly tourism)
- › Existing virtual platform (online reservation) to collect data and detect trends
- › Big data are a key element for sustainable tourism development

2.3 Needs and solutions



3. Event evaluation and feedback

Over the two half-day event 65 stakeholders participated in the EDP workshop; some of them only for one of the days (Figure 1). At the end of the second day, an online survey was launched to assess the satisfaction, leading to the following results:

- › The overall satisfaction of participants in the EDP workshop was 4.3 out of 5 (Figure 2).
- › About 88% of the participants consider 1h30 adequate for a group discussion in day 1, however, 13% suggest having more time (Figure 3). Additional comments received by participants indicated having between 30 and 60 minutes more for group discussion.
- › Almost all participants revealed preferences for mixed events, online and in person (48.5%), or only on-line events (48.5%) for future similar workshops. Few of them have preferences for exclusively in-person events (Figure 4).
- › Circular economy (27%), post-COVID economic recovery (23%), inter-regional cooperation (16%) and climate change issues (16%) are

the themes most voted for future EDP workshops (Figure 5).

Figure 1. Number of participants in the workshop

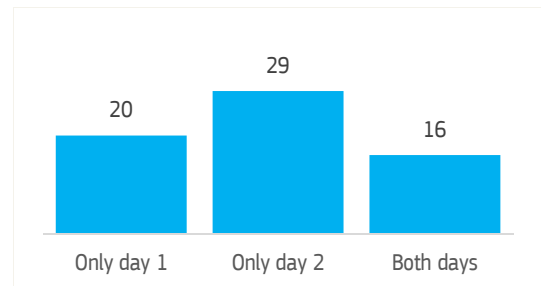


Figure 2. Overall satisfaction about the EDP workshop
Note: Number of respondents = 34

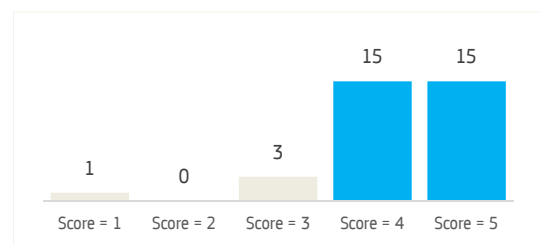


Figure 3. Satisfaction on the duration of the World Café session in day 1 (1h30)
Note: Number of respondents = 24

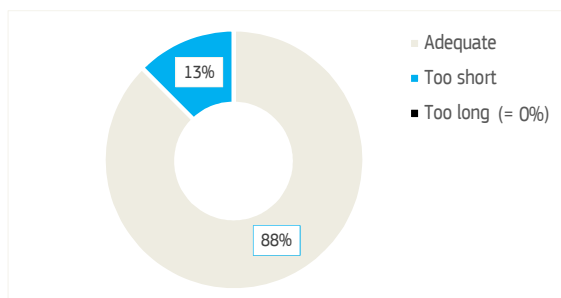


Figure 4. Format preferences for future EDP workshops
Number of respondents=33

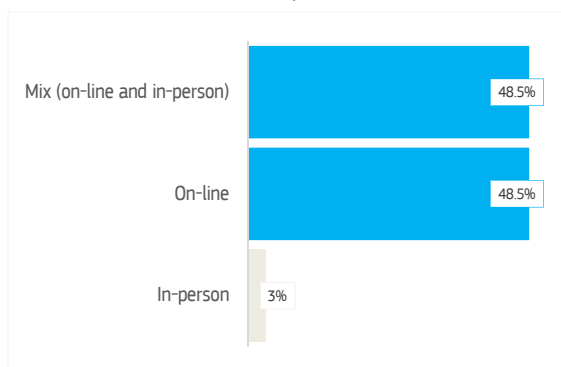
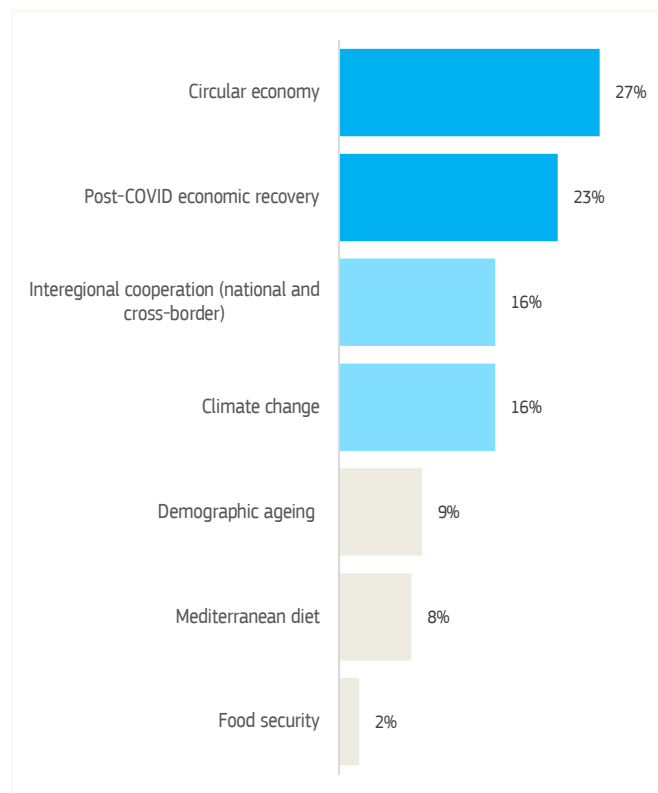


Figure 5. Themes for future EDP workshops
Number of responses = 93 (respondents can select more than one option)



4. Some reflections

The workshop in Algarve is the second co-organised by JRC-B3, following the pilot action developed with the Alentejo region of Portugal. This second event provides further evidence on how EDP can be continued and improved, even in difficult circumstances. Indeed, almost all participants in the workshop revealed preferences for future events to be organised on-line or in a mixed format. Therefore, such findings could suggest that participation of different stakeholders in the EDP can be improved thanks to digital tools. Some conclusions of this workshop could be useful in regions with similar characteristics, not only regarding the methodology used but also concerning the conclusions of the discussion between stakeholders.

Although the Algarve is one of the Portuguese regions most affected by COVID-19, due to its highest tourism intensity and high dependence on foreign tourists [8; 9], most of the participants see the health crisis as an opportunity for rethinking the economic priorities of the territory. They also recognise that digital innovation has been stimulated by the COVID-19 crisis; pushing and forcing entrepreneurs to innovate and reducing their resistance to change. However, moving from an “individual-digital-user” in tourism sector to a “Smart Destination” concept implies better data collection and management, strong networks and cooperation within the territory, together with the training and qualification of stakeholders. Such elements are also crucial to help the post-COVID recovery and for making the tourism sector more resilient.

The workshop also represents a good example on how Smart Specialisation Strategies can help in the recovery, through stakeholders’ involvement, under the so-called Entrepreneurial Discovery Process. It shows how governance of the S3 approach is an instrument to be further exploited to foster entrepreneurship and industrial transition. Furthermore, market trends emerging from the crisis are also shaping the recovery around the Commission’s headline objectives of a more green and digital Europe.

The conclusions and findings of this workshop should be used as a step in a cyclical and continuous process

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(as described in BOX 2). Discovery cannot stop with a single event on a topic. The next step consists of implementing the proposed solutions, together with continuous interactions, thereby creating a more dynamic and co-responsible innovation ecosystem.

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