

**Project Sustainable and Inclusive Urban Prosperity in the State of Alagoas:
An Integrated Initiative**

**EXPECTED ACCOMPLISHMENT 4:
IMPROVED PUBLIC FINANCING AND LOCAL ECONOMIC INITIATIVES**

Integrated Executive Summary
Tourists' profile and perceptions
Report on the tourism value chain
Strategies for tourism development

Maceió
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INTRODUCTION

This **Integrated Executive Summary** brings the main conclusions of three outputs produced by the United Nations Human Settlements Programme (UN-Habitat) in partnership with the Government of the State of Alagoas in the project **Sustainable and Inclusive Urban Prosperity in the State of Alagoas: An Integrated Initiative**, whose objective is to improve sustainable urban development policies in the State of Alagoas.

The outputs summarized here are:

1. Tourists' profile and perceptions;
2. Report on the tourism value chain;
3. Strategies for tourism development.

These are outputs of the above-mentioned project's Expected Accomplishment 4 **Improved public financing and local economic initiatives**. The documents focus on the tourism sector, one of the drivers of economic development in Alagoas. Their objective was to produce a set of evidence-based diagnosis and strategies to promote tourism in Alagoas from a multidisciplinary and sustainable urban development perspective.

The studies' geographic scope encompasses municipalities of different sizes and from different regions aiming to capture the diversity of the tourism in Alagoas. They represent two main categories of tourism in the state:

- Areas with sun and sea tourism: municipalities of Maceió, Maragogi and São Miguel dos Milagres;
- Areas with high potential for historical, heritage and cultural tourism: municipalities of Penedo and Piranhas.

It is worth mentioning that these outputs were produced **before the Covid-19 pandemic crisis**, which severely affected the tourism sector in 2020. The interpretation of the findings require a contextualized reading that takes into account the subsequent effects of the current crisis in the sector and in the municipalities studied.

1. PROFILE AND PERCEPTIONS OF TOURISTS

Prompted by the lack of updated and disaggregated data about the profile and perceptions of tourists in the cities of Maceió, Maragogi, Penedo, Piranhas and São Miguel dos Milagres, this report presents the results of a survey with approximately 250 tourists in these cities. The objective was to guide and support public policies for promoting tourism in Alagoas.

Methodology

This research adopted a non-probabilistic methodology of exploratory nature consisting of 250 face-to-face interviews - 50 in each of the five municipalities – carried out in busy touristic private and public areas. The research design allowed a descriptive and comparative analysis of the produced datasets.

Source of tourists' flows

Maceió, Maragogi and São Miguel dos Milagres received mostly tourists from the Southeast and South regions of Brazil, although in Maragogi there was a significant representation of tourists from the Northeast region itself. On the other hand, tourists from the Northeast made up the majority of the interviewees in Penedo and Piranhas. Moreover, the regional flow was more relevant in Piranhas, and the intra-state flow was more prominent in Penedo.

In Maceió, Penedo and Piranhas, most of the tourists came directly from their municipality of residence and would return directly to it. In regard to Maceió, despite its size and the fact that a significant amount of the tourists expressed interest in getting to know the neighboring towns (mainly in the Metropolitan Region), the city did not function as an entry point for longer trips to more distant towns within the state. Maragogi and São Miguel dos Milagres served as intermediate destinations within longer itineraries. Most of the tourists who arrived there did not come from and would not return directly to their hometowns.



Expected length of stay

Maceió had the longest average expected stay (7.2 days), followed, in that order, by Maragogi, Penedo, São Miguel dos Milagres and Piranhas. The data pointed out that the answers in Penedo and Piranhas had less variance, with most tourists declaring an interest in staying only two or three days. In Maragogi and São Miguel dos Milagres, on the other hand, answers varied to a much greater degree.

Motivation, recommendations and companions

In all five cities, leisure was the most common purpose of the trip; in Penedo, visiting relatives and friends was also frequently mentioned as the main motivation. Friends and the Internet were the main sources of recommendations for the five destinations. Travel agencies also played a relevant role in Maceió and Piranhas. Family members - including partners/spouses, children and others - were the main travel companions in all destinations, especially in Maceió and São Miguel dos Milagres. Traveling with friends was a significant reason only in the cities of Maragogi, Penedo and Piranhas. The latter two also presented a small but significant amount of lone tourists.

Lodging and transportation

The survey showed different patterns of lodging and transport choices in each city. Maceió was the only city where hotels were the preferred choice of accommodation; air transportation was the main mode of arrival in the capital (as in São Miguel dos Milagres) and intra-city trips were mostly done by taxi/ ridesharing apps and travel agencies' shuttles. In all other municipalities, guesthouses were the most common accommodation, and the transportation choices were more diverse. In Maragogi and São Miguel dos Milagres, there was a great diversity of travel modes both to get to and from the city; in the latter, the most frequently mentioned travel modes were private vehicle, travel agencies' shuttles, and rented cars. In Penedo and Piranhas, private vehicle was the most used means to get to and from the city. The data shows that i) the rental of seasonal houses was not widely mentioned by the interviewees; ii) there was a predominance of private transportation over public alternatives in all the

municipalities; and iii) with the exception of Maceió, there was a predominance of individual over collective transport modes (such as travel agencies' shuttles).

Booking and organizing a trip

Most tourists in Maceió had their trips organized by travel agencies. In the other cities, however, most of the interviewees have chosen to plan their own trip. This result reflected on the channels used to book accommodation and/or transportation tickets. In Maceió, travel agencies packages corresponded to a significant number of transportation and lodging reservations. In the other destinations, there was a diversity of solutions, especially the use of the hotels' own websites and specialized booking websites (Decolar.com and Booking.com). This second option was used more often to book accommodation than transportation. In Penedo and Piranhas, the reservations made directly with the establishment or by phone were also relevant, showing a more direct contact of the customer with the establishments.

Average daily expenses

In Maceió, most the most common daily spending range mentioned was "up to R\$ 150.00". In the other cities, most of the tourists indicated a daily spending between R\$ 150.00 and R\$ 300.00. The spending range between R\$ 300.00 and R\$ 600.00 also represented a considerable percentage of respondents in the cities of Penedo, Piranhas and São Miguel dos Milagres. Gastronomy was the most cited spending category in all destinations. Also, many tourists from Piranhas and Penedo mentioned expenses with museums, contrasting with Maceió – in spite of the city's largest concentration of museums in the state.

Evaluation of the interviewees

The tourists' experience were systematized in two indexes that gathered their evaluations on the following elements:

1 - *Infrastructure and urban services*: street cleanliness; cleanliness of the beach or river shore and sand strip; quality of sea water, rivers, streams, creeks, ponds etc.; maintenance of squares, sidewalks and other public spaces; ease



of getting around in and around the municipality by public or private transportation; quality and quantity of routes to get to the municipality from other places, including roads and airports; public lighting; and sense of security.

2 – *Touristic infrastructure and attractions*: natural attractions; historical and cultural sites; tourist signposting; lodging facilities; restaurants; bars; nightlife; tours with tourism companies; tour guides; tourist information; prices; and hospitality.

In general, all the elements assessed by the survey scored relatively high, and the five municipalities had overall scores between "excellent" and "regular". Piranhas and Maceió stood out in the evaluation of urban infrastructure and services, with scores between "excellent" and "good". This same range was obtained by almost all the municipalities in the evaluation of touristic infrastructure and attractions. The exception was Maragogi, which had a slightly lower overall performance, between the "good" and "fair" categories.

Finally, tourists were asked about the elements they liked best and liked least about their trip. The most mentioned positive elements were: natural attractions, gastronomy, hospitality, tourist facilities and cultural attractions. The most mentioned negative elements were: general infrastructure (urban/tourism), prices, mobility/accessibility, basic sanitation and basic public services.

2. REPORT ON THE TOURISM VALUE CHAIN

This report presents the results of a survey with approximately 240 stakeholders operating in the cities of Maceió, Maragogi, Penedo, Piranhas and São Miguel dos Milagres. The goal was to better understand how the links in the tourism value chain work in these localities aiming to contribute to the formulation of public policies capable of promoting sustainable socio-economic development through tourism.

Methodology

This study is the result of the interviews conducted with a structured questionnaire with 240 stakeholders representing eleven sectors of the tourism value chain in Alagoas: 1. local government; 2. lodging facilities; 3. food and beverage services; 4. travel and tourism agencies; 5. leisure and entertainment; 6. tourism transportation; 7. event organization; 8. tourist guiding; 9. handicraft; 10. civil society organisations; and 11. support services. The definition of the interviewees was based on a non-probabilistic purposive sampling methodology, defined according to the structure and specificities of the tourism value chain in each municipality in the research.

The value chain analysis summarised here comprises an integrated analysis of the interviews with local authorities and four transversal topics arising from the interviews with other actors:

Local government

The analysis of the institutional framework from the perspective of the local authorities of the tourism sector brought diverse results, showing a heterogeneity of policies, governance and institutional structures, management and partnerships in the public sector among the five cities.

All the municipalities have secretariats focused on tourism, as well as policies and initiatives exclusively focused on promoting tourism, with different levels of complexity and integration with other policies.

The main policies are related to the improvement of tourism and urban infrastructure, education for tourism, training and professional qualification for the sector, destination marketing strategies, and fiscal incentive to the sector. Maceió presented a minimal structure dedicated to the analysis of the economic, social and/or environmental impacts related to tourism - the Observatory of Tourism of Maceió (*Observatório do Turismo de Maceió*). With regard to instances of active governance, all the public managers interviewed affirmed that they are part of a municipal



tourism council and participate in the State Tourism Forum. Only Maceió and Maragogi have representatives in the State Tourism Forum.

Municipalities have a rich partnership portfolio, but with a lack of coordination in the state/regional level. Each municipality has a range of partnerships with other municipalities and other levels of the federation, universities and private companies and institutions, associations and non-governmental organizations. Regardless local particularities, in general all the municipalities pointed out the need for more support and better coordination among entities and levels of government.

Finally, local authorities of the tourism sector raised concerns regarding urban infrastructure bottlenecks and the implementation of new tourism ventures. In the case of urban infrastructure, the main consensus is that the current situation of basic sanitation in all of the destinations does not contribute positively to tourism. Regarding the barriers for new ventures, high land cost and rentals and the lack of trained personnel in the municipality were highlighted (with the exception of Penedo).

Dissemination and commercialization of goods and services

The industry has shown itself to be aligned with the trends of an economy based on information sharing and innovative modes of communication, especially in the dissemination of goods and services. Instagram, Facebook, and WhatsApp are the most cited means of dissemination, respectively, by 81.2%, 70.2%, and 68% of respondents. For marketing, more traditional means are still relevant: physical stores, social networks, telephone and websites were mentioned respectively by 58.6%, 50.8%, 35.9% and 28.2% of respondents.

The variations in the market penetration of new technologies are due to variables such as company size and industry sector. National surveys indicate that larger companies tend to use more of their own websites for dissemination and marketing than small companies and individuals, who make more use of profiles on social networks. This specificities are

seen differently in each municipality: in Maceió, 59.1% of the interviewees declared that they use their own website to advertise their products and services, while in Penedo, this figure is only 5%. On the other hand, Penedo is the municipality where the highest percentages of use of Instagram, Facebook and Twitter were registered.

The marketing strategies proved to be less diversified than the advertising ones, especially among small businesses - artisans, tourist guides and tourism transport services -, which are more dedicated to social networks. Policies to provide training programmes on the use new technologies and digital marketing techniques may be beneficial for the development of these subsectors.

Finally, specialized websites and online travel agents (OTAs), a new trend in the sector, proved to be relevant in only a few sectors: while TripAdvisor was the OTA most cited by travel agencies and accommodation businesses as a means for promotion (followed by Trivago, Expedia and Booking.com), Booking.com was the most popular OTA for commercialization in these sectors, followed by Decolar.com and HotelUrbano.com. Finally, even though Airbnb is geared toward individuals offering rooms and vacation homes, the platform was cited as a sales channel by 16% of the accommodations.

Labour, qualification and training

Both public - and their partners - policies and initiatives to offer qualification in the sector and training programmes within the companies were analysed. There is a general lack of coordination in the offer of qualification programmes and actions promoted by the Ministry of Tourism, the S System, higher and technical education institutions, and municipal and state governments.

With regard to corporate training programmes, there is a huge potential for foment policies. Only half of the respondents offer at least one training course given by a professional or specialized institution to their employees. Among those who did, the most common topics addressed were customer service (56.6%) and



operations (41.9%). These data vary considerably between sectors and municipalities. While in Penedo and Maceió, respectively 58.5% and 54.7% of the interviewees offer at least one training activity, this figure reaches only a little more than a third (34.3%) in São Miguel dos Milagres. In addition, only 26% of the lodging facilities offer some training, the worst performance among all segments.

Supply chains

The study presents a picture of the supply chains of goods and services, showing the role of the municipalities, of the state of Alagoas, and other states in the supply of goods for the tourism sector, and indicating the flows of income brought by tourists expenses.

In general, the data showed that the supply of goods mobilizes primarily the local and other municipalities' economies within Alagoas. Only a small portion of the products come from outside Alagoas. There are, once again, sectorial and regional variations. For example, Penedo is almost self-sufficient, with 80.7% of the analyzed items supplied by local companies. In the other locations, most of the suppliers of products are located within the municipality or the state. Maragogi had the highest percentage of suppliers from outside Alagoas: 23.5%. The sector with the highest percentage of local supply was leisure and entertainment (87%), while events organization, restaurants and food services, and travel agencies had the highest percentage (around 14%) of goods coming from outside Alagoas.

The municipalities analysed played an even greater role in the supply of services and specialized labour; a large part (over 69%) of the analyzed services was found locally. Penedo was again the closest to self-sufficiency; Maceió and São Miguel dos Milagres were relatively more articulated to other municipalities in the state; and Maragogi and Piranhas had the highest percentage - although not over 5% - of services provided by other states.

Urban infrastructure and services

Considering the role of cities for tourism development and for the sustainable development of these communities, the study also investigated how the urban infrastructure and services of each location influence - positively or negatively - local tourism. To this end, an index was designed to compare the interviewees' scores attributed to ten elements of urban infrastructure and services. The elements evaluated were: street cleanliness; cleanliness of the beach or river shore and sand strip; water quality in the sea, rivers, streams, creeks, ponds, etc.; maintenance of squares, sidewalks and other public spaces; local transportation within the city and surrounding areas; easy access to the city from other cities; public lighting; electricity; water supply; and safety perception].

In general, the historic cities of Penedo and Piranhas performed well, followed by the capital Maceió and Maragogi. São Miguel dos Milagres had the highest number of negative evaluations of its urban infrastructure. The themes that concentrated the most negative scores were the conservation of public spaces, such as squares and parks, and the quality of transportation in and around the municipalities. These are themes directly linked to the planning and urban development of the municipalities. By receiving more attention from public authorities, these aspects can bring positive impacts to the tourists' perception and the local population's life quality. Still, it is worth noting that the quality of the sea water, rivers, streams, creeks, ponds, etc. and the water supply services were the best evaluated.

3. STRATEGIES FOR THE DEVELOPMENT OF TOURISM

This report presents a series of proposals for actions, goals, and indicators based on the data and diagnoses produced in the two previous reports. It aims to qualify the actions of local stakeholders and policies from a multidisciplinary perspective to promote sustainable urban development in the



municipalities of Maceió, Maragogi, Penedo, Piranhas, and São Miguel dos Milagres.

Methodology

The strategies presented in this report were designed based on (i) primary and secondary data and diagnoses produced or collected by the two previous reports and (ii) five workshops with various institutional actors in the municipalities of Maceió, Maragogi, São Miguel dos Milagres, Penedo and Piranhas. The workshops sought to identify problems and propose actions and strategies to promote tourism in these destinations. Even though the actions proposed here are relevant to the interest of all local players, they focused on the role of the government of the state of Alagoas to support and coordinate with municipal governments, especially in themes that transcend the municipal territorial borders and competences.

This report is composed of a brief section that contextualizes the tourism sector in Alagoas and a section divided into four thematic axes containing strategies for the sector. Each axis presents a set of actions broken down into short, medium and long-term goals, each with their respective monitoring indicators.

Axis 1: Institutional strengthening and information systems

The first axis discusses the role of institutions in fostering tourism, focusing on the role of the governance framework, capacity building of government staff, and the production of data and information. Regarding governance, in spite of the performance of the State Tourism Forum - whose annual meetings deal with the sector's agendas - the proposal for the creation of a state council specifically dedicated to tourism aims at a more effective coordination and strengthening of the municipal Tourism Councils. The capacity building proposals aim at developing and strengthening the mechanisms for monitoring the actions promoting the sector. Finally, the production of timely data and information by a constantly updated system aims to map the fluctuations of tourism demands so that policies and strategies can be adequately tailored to the sector and for the local realities according to evidence. These actions aimed at improving

governance can result in consistent gains in tourism policies management and in the tourists' experience. The actions proposed for this axis are:

- Action 1: Creation of the State Tourism Council;
- Action 2: Strengthening the Municipal Tourism Councils;
- Action 3: Building capacity of the tourism staff of Municipal Secretariats;
- Action 4: Implementation of the Tourist Information System.

Axis 2 - Qualification of the tourism supply

This thematic axis approaches the qualification of the tourism supply owing to investments in various areas, such as the municipality's infrastructure, services, touristic products, the sector's businesses and labour force. The qualification of the tourism supply as a whole - and workers, more specifically - has the potential both to promote local development and to improve the tourists' experience, increasing the average length of stay in the city and the average spending of tourists. However, an obstacle for the action planning in this axis is informality. The absence of formal records hinders the production of information necessary for a more accurate dimensioning and orientation of investments. Furthermore, the planning in this theme also raises the need for a systematization of the municipalities' knowledge about their tourism products and production chains by means of tourism inventories. The actions proposed for this axis are:

- Action 1: Qualification of the local labour force to improve the tourists' experience;
- Action 2: Support the formalization of entrepreneurs in the tourism chain;
- Action 3: Update the tourist inventory of the municipalities.

Axis 3 - Promotion of tourist destinations

Promotion plans for tourist destinations aim to increase the visibility of touristic attractions and require a knowledge of the demand, that is, the profile of the tourists of each destination: what they look for, where they look for information, and how they travel. For example, data show that online channels are playing an increasingly



predominant role over travel agencies in this process, so that marketing plans and digital presence are key to promote destinations. Seasonal variations are another relevant variable, i.e. changing tourist flow throughout the year. In the case of the municipalities studied, there is a decrease of tourists inflow in the rainy season in Maceió, Maragogi and São Miguel dos Milagres, and in the summer in Penedo and Piranhas. Given that a low diversification of the tourism supply decreases the average time a tourist stays in a place and exacerbates the effects of seasonal variations, an integrated state marketing plan that connects routes from different municipalities as a single product, mitigates both the effects of a limited variety of touristic attractions and services, and seasonality. In this effort to create touristic routes, guided tours are also appealing to the resident population, reinforcing their engagement with the local historical, cultural, and natural heritage. It can also strengthen the residents' sense of affection and pride, and, as a consequence, create more favorable conditions for the preservation and promotion of these tourist attractions. The actions proposed for this axis are:

- Action 1: Elaboration of a marketing, promotional and digital presence plan;
- Action 2: Creation of tourist routes and guided tours;
- Action 3: Development of integrated (inter-municipal) tourist routes.

Axis 4 - Integrated territorial public policies

The achievement of positive and lasting results from actions to promote tourism depends both on specific policies for this sector and on intersectoral and articulated public policies with the territories, such as basic sanitation and transportation and mobility infrastructure. This articulation favors the reduction of regional and local inequalities, the strengthening of the local economy, and a greater engagement and participation of the civil society in the tourism sector. To this end, it is necessary to establish a formal governance framework and on the implementation of inclusive and participatory mechanisms. Thereby, it is possible to reduce duplicated efforts, optimize the action of public spending, and promote cooperation among all

levels of government. In this sense, the actions proposed for this axis are:

- Action 1: Development and implementation of integrated policies at the appropriate level;
- Action 2: To define priority urban policies for tourism;
- Action 3: Define effective, innovative, and sustainable financing structures and instruments that strengthen municipal finances and local fiscal systems.

CONCLUSION

This Integrated Executive Summary presented the main findings of the three reports produced in the scope of the outcome "Public Financing and Improved Local Economic Initiatives" of the project "Sustainable and Inclusive Urban Prosperity in the State of Alagoas: An Integrated Initiative", a partnership between the United Nations Human Settlements Programme (UN-Habitat) and the Government of the State of Alagoas.

Final message

Cities are more important than ever to the tourism industry. In the past, urban centers grew exclusively as commercial and industrial sites dedicated to the production and exchange of goods and services; nowadays cities have increasingly become objects of consumer interest. Their **public spaces, historical, natural and immaterial heritage, and their service and leisure infrastructure are now engines for local economic development** based on their attractiveness not only to residents, but also to tourists who move the local economy and generate employment and income opportunities.

In this context, the concept of **prosperity** is fundamental to formulate incentives for tourism not as a predatory activity, but as one that is sustainable over time and for the territory. Prosperity is a **multidisciplinary concept** that goes beyond traditional metrics of economic performance and includes aspects of infrastructure, welfare, environmental sustainability, social equity, and legislation and



governance. Therefore, **sustainable tourism is a tourism that contributes to urban prosperity in all its aspects.**

The **prosperity of a territory does not occur by accident**, but it is a result of a complex arrangement of policies and governance coordinating various actors. In this sense, the **tourism sector must also be coordinated through public policies with other territorial development policies** - such as transportation, mobility, sanitation, environmental conservation, public spaces and others - in order to become a prosperous and sustainable activity.

Therefore, a tourism sector structured by evidence-based policies has an enormous potential **to contribute to the economic, social and environmental balance of the territory** and to the prosperity of the cities of Alagoas.

