

WHEN OUTDOOR SPORTS STAND AT THE **CORE** OF YOUR INDUSTRY

Andorra's Case

Table of Contents

Background.....	3
OBJECTIVE OF THE REPORT.....	3
METHODOLOGY.....	3
BEHIND THE REPORT	4
WHAT TO EXPECT.....	5
 Introduction.....	 6
A UNIQUE SPORTS ECOSYSTEM.....	6
 4 Cornerstones Of Andorra's Sports Industry Progress.....	 10
SUSTAINABILITY – 3 FUNDAMENTAL PILLARS.....	12
MOBILITY – A PARTICULAR CHALLENGE.....	16
SPORTAINMENT – NOT AS SIMPLE AS IT SEEMS	19
SPONSORSHIP – ATTRACTING THE OUTSIDER.....	24
 Conclusion.....	 27

Background

Objective

The main objective of this report is to examine the four cornerstones of progress of the sports industry in Andorra and connect them to highlight the essential strategies that both the public and private sectors have established to propel the industry forward. Additionally, the document aims to provide a useful reference for other territories with similar topography and positioning strategies to Andorra, even if they are not considering investing or establishing themselves in the country.

Methodology

The methodology of the report is based on a comprehensive approach that involves collecting the insights and contributions from over 40 stakeholders of the Andorran sports ecosystem and similar areas, following a process of four key steps:

- 1** An **introductory online workshop** to identify the 4 cornerstones of the sports' industry progress in Andorra.
- 2** **Follow-up interactive online workshops in 2 groups** – dividing actors into their areas of more expertise – to granulate the 4 identified cornerstones:
 - a. Mobility and Sustainability
 - b. Sportainment and Sponsorship
- 3** **Solution brainstorming and prioritization** in the **live** interactive sessions at the **2024 Andorra Sports Innovation Forum**.
- 4** **Complementing final insights** with expertise and know-how from the collaborating entities, strategic partners, and secondary sources.

Behind the report

This report has been developed by a collaborative effort between key entities driving Andorra's economic and innovation landscape:

Andorra Sports Innovation Hub

Established in 2019, it brings together the expertise and strategic objectives of AB and AR+I, specifically focused on the country's sports industry – establishing as core sport areas winter, mountain, and cycling. It seeks to position Andorra's sports innovation, business, and tourism industries on the global stage. This has been implemented through content, participation at international fairs and congresses, conversation groups and events, startup and scaleup challenges, and technical reports, among many other activities.

Andorra Business (AB)

Andorra's economic promotion and development agency. Promoting key sectors for the diversification of the economy, attracting and accompanying foreign and local investment, supporting Andorran companies to be more competitive, and facilitating the landing of new companies in the country, are some of their priorities.

Andorra Research + Innovation (AR+I)

A private foundation whose mission is to generate knowledge and develop innovative solutions that respond to current and future challenges, both locally and globally. It is a model based on the synergy of four areas and two transfer vectors: Mountain, Sustainability, Society, Technology – Classroom and Innovation Agency

The document has been constructed by the **Global Sports Innovation Center powered by Microsoft** and **SPSG Consulting**, AB's and AR+I's strategic partners in the launch and development of the Andorra Sports Innovation Hub.

What to expect

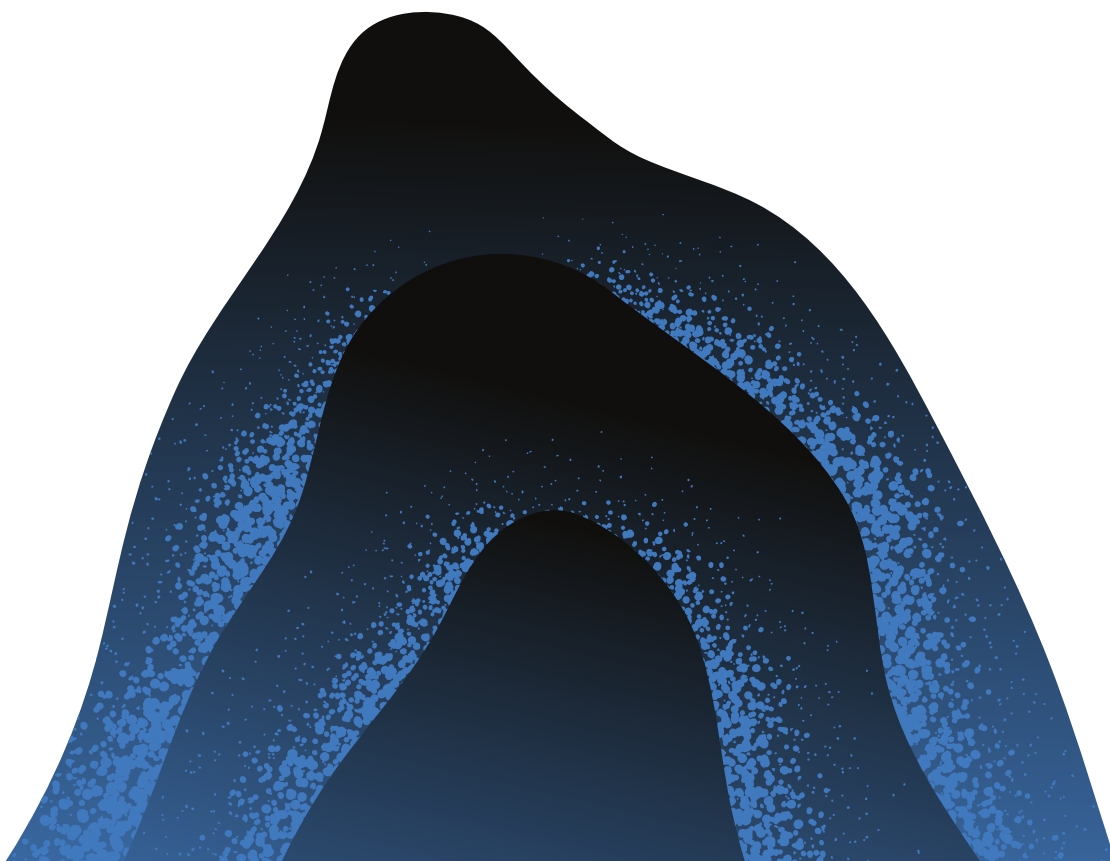
This report is an initial exploration of four very complex areas of Andorra's sports industry. Using this document as a stepping stone to continue propelling the industry forward through the following actions:

Sharing – With the international community of destinations and actors in the outdoor, premium sports sphere.

Continuing the Conversation – with internal and external actors, public and private, to transform these insights into actionable solutions.

Delving deeper – this report is the first step in a long road towards continued progress in the industry. Each of the four cornerstones will be explored further individually throughout the coming years.

The first step has been taken. We hope the content in the following pages sparks reflection, insightful debate, and motivates actors to seek and implement solutions.



Introduction

Andorra is Europe's 6th smallest independent state, spanning only 468km, 92% of which is 'untouched' by civilization. Despite its small size, the country has positioned itself as a winter, summer, mountain, and cycling sports hub. In 2021, the country declared sports as a sector of National Interest, which evidences the importance of this industry at a public and private level.

With a local population of just over 80,000, and receiving over 9 million visitors – 4 million of which are overnight tourists – every year, the tourism industry accounts for around 50% of the country's GDP. The median in Europe stands at 10%. Similarly, the sports industry accounts for around 8% of Andorra's GDP, with the continent's average standing at around 2%.

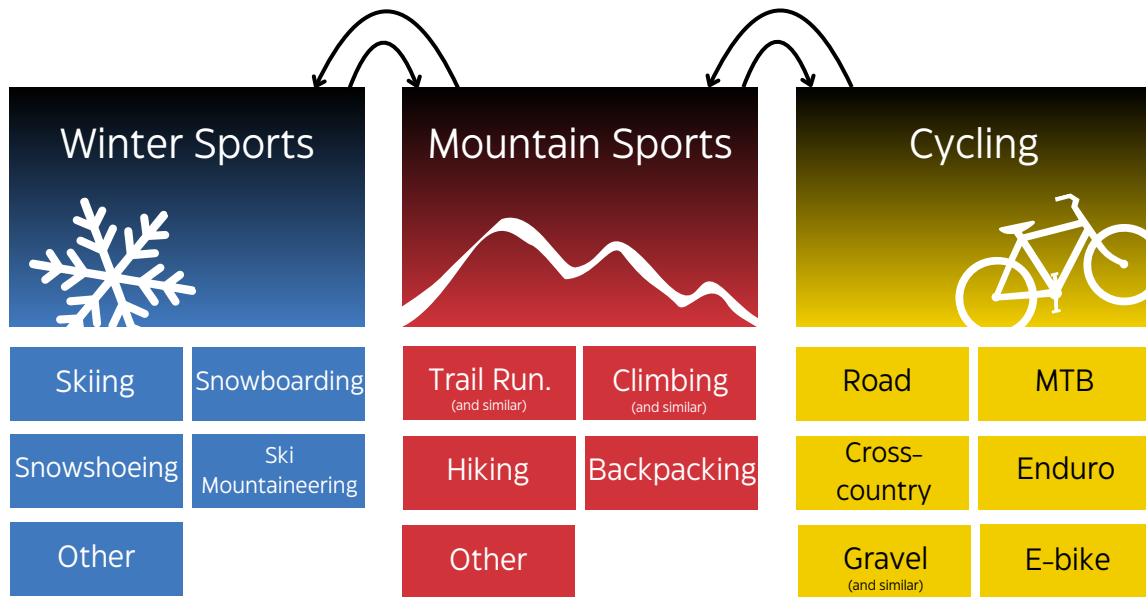
It is no surprise then, that this report is tourism and sports focused. The small country serves as an ideal case study of an evolving sports industry in a compact environment. Even if you're not thinking about investing or establishing yourself in Andorra, this document is a useful reference point for territories – small and large – that have a similar topography and positioning strategy to that of Andorra.

The document aims to examine the four cornerstones of Andorra's Sports Industry Progress, connect them, and highlight what the national public and private sector fabric have established as essential strategy points to propel the industry forward.

A unique ecosystem

Until recently, Andorra was perceived mostly as a winter sports and cycling destination (apart from a paradise for shopping, wellness, outdoor and other leisure activities). After extensive collaboration between private and public sports industry actors, a third category has emerged to the masses: mountain sports. The three categories are closely related, with the mountains being the unifying factor. Unsurprisingly, these are the core areas of the Andorra Sports Innovation Hub.

3 CORE AREAS OF ANDORRA'S SPORT INDUSTRY



Andorra positively leverages its size to foster open, quick communication between public and private actors, which accelerates public adaptation to private demand. Two clear examples of this are:

- The Law on digital economy, entrepreneurship and innovation
- The E-sports Law

Public entities benefit from private innovators' initiative, and two bodies are key to promote and support sports innovators and investors coming into the country to complement the innovations and challenges of local stakeholders:



Launch, grow, internationalize

AB supports and advises **entrepreneurs, investors, and companies** in the pertinent areas.

They partner with international organizations, clusters, and similar government agencies to provide **holistic support**, as well as networking opportunities.



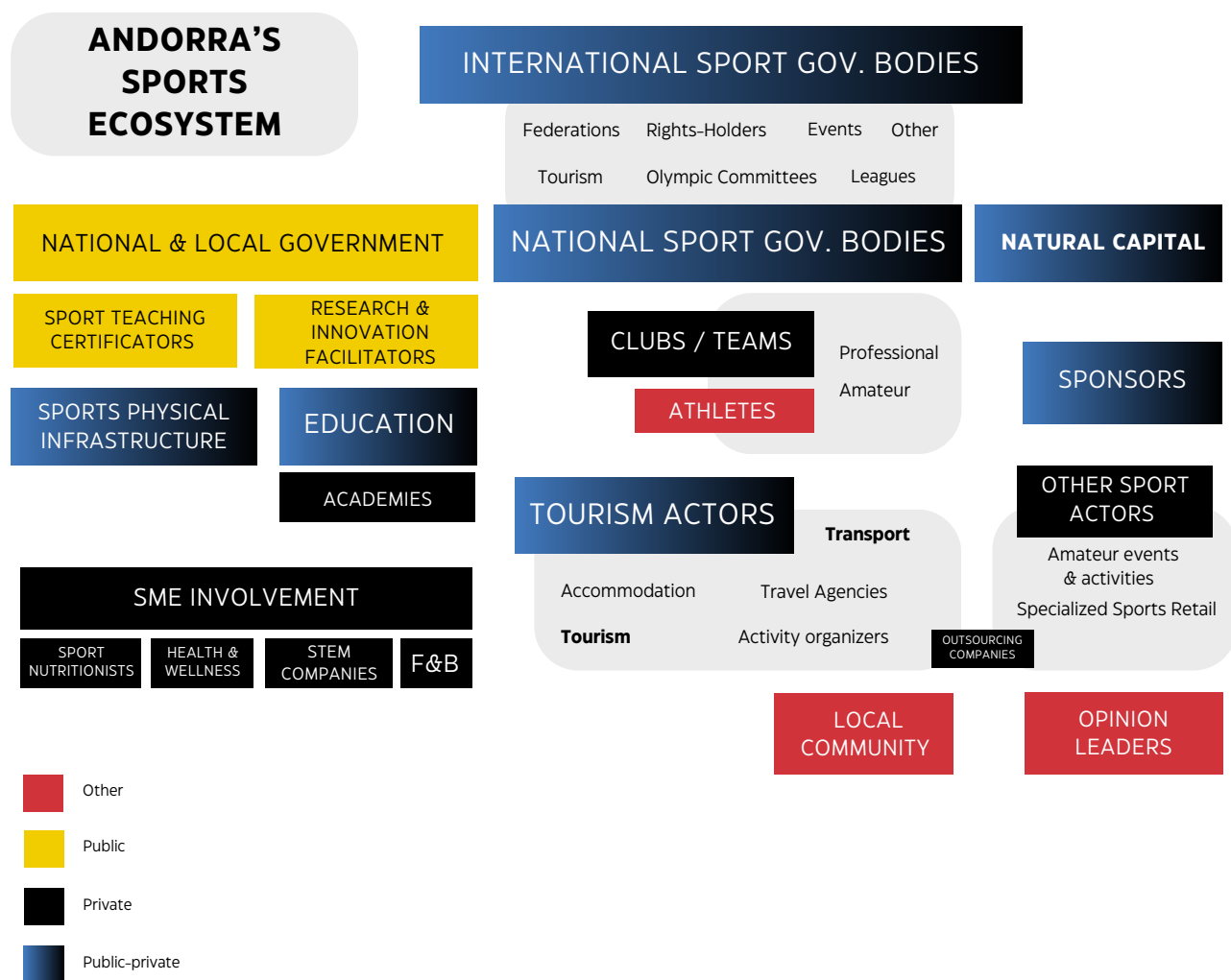
Research, learn, innovate

AR+I helps researchers and innovators execute **evidence-based** projects. It facilitates the **Andorra Living Lab** testing environment for interested entities, the first to be country-scale, certified by ENoLL (European Network of Living Labs)..

It specializes in **innovation, mountain, society, and sustainability**.

These two entities bridge communication between private and public actors, serving as both messengers and implementation support. Their role within sports is vital to connect and coordinate the complex, multi-stakeholder industry, which accounts for around 8% of the national GDP, much higher compared to the 2,12% boasted by the European Union in 2019.

Like most national sports industries, the ecosystem requires extensive public-private balance and communication to grow, at both local and international levels.



The local community of the country is unique: due to its small size, communication and coordination are easier. It is one of the countries with the highest rate of national sports practice worldwide. Favoring sports as an industry from the bottom up elicits positive sentiment in the local population when it also stands at the core of the country's tourism strategy. This does not come without its challenges.

The 4 Cornerstones

During the first workshop of the Andorra Sports Innovation Forum working group, as part of the Andorra Sports Innovation Hub activities, stakeholders identified four main challenge areas critical for advancing the sports industry in Andorra. These challenge areas, known as the "4 Cornerstones," serve as a strategic framework to drive innovation and growth within the sector:

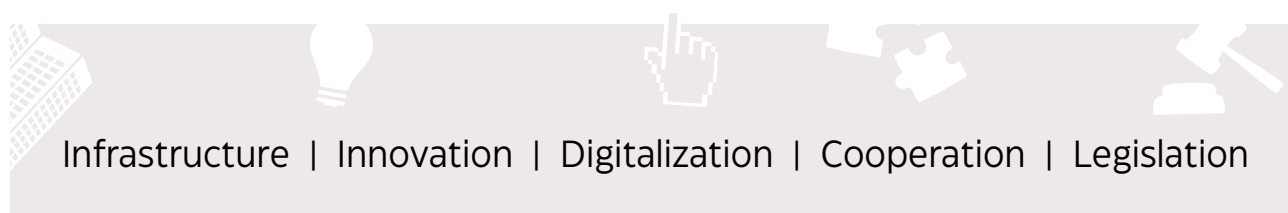
1. **Mobility** - Addressing the transportation needs to ensure seamless access for athletes, fans, and visitors and tourists.
2. **Sustainability** - Focusing on environmentally friendly practices to minimize the ecological footprint of sports events and activities.
3. **Sponsorship** - Enhancing financial opportunities and partnerships to secure long-term investments for the industry.
4. **Sportainment** - Combining sports and entertainment to elevate audience engagement and create memorable experiences.

These cornerstones reflect a collective vision for shaping Andorra as a global leader in sports innovation and sustainability.



To enable progress across these cornerstone areas, stakeholders identified five transversal “toolbox items” that provide the means to address these challenges:

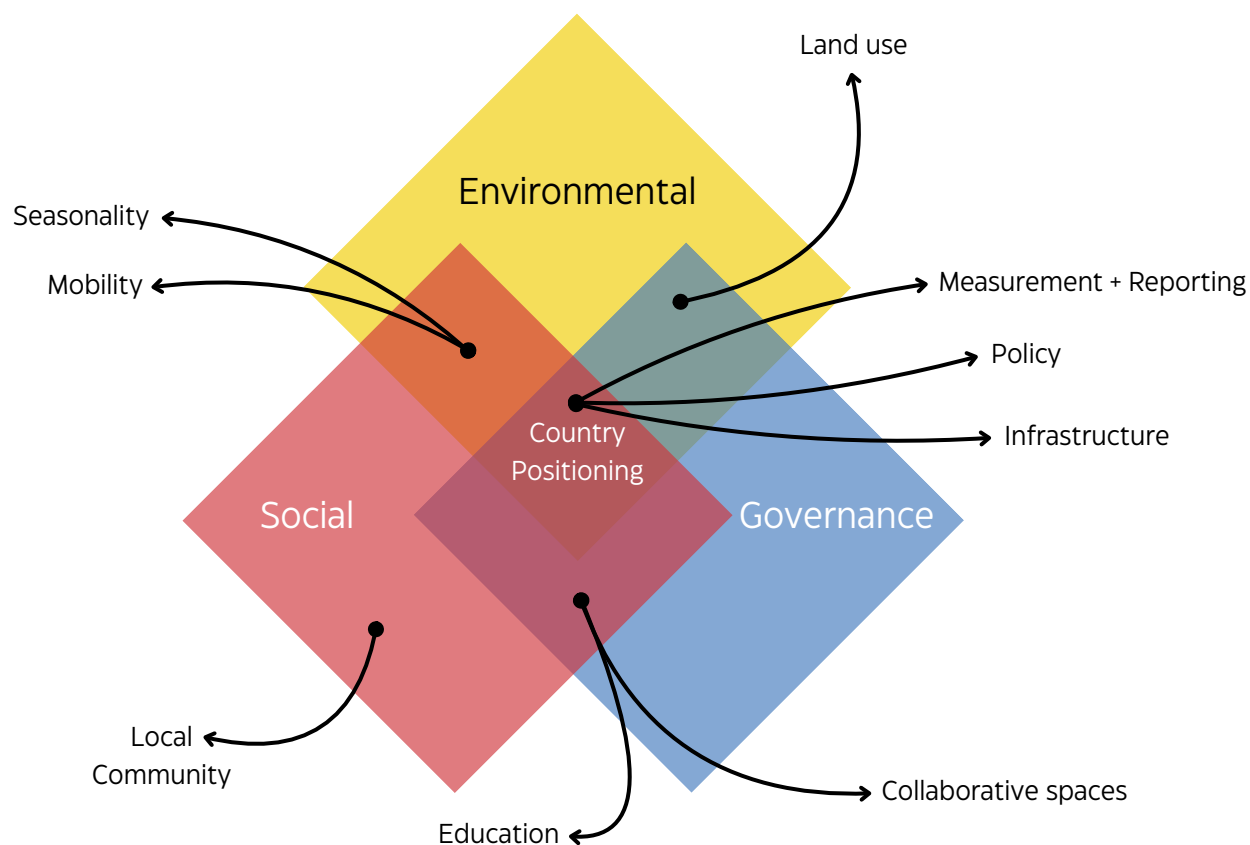
- **Infrastructure:** Building or upgrading physical facilities that directly or indirectly support sporting activities, ensuring they meet modern standards.
- **Innovation:** Encouraging ideation, research, and new approaches to transform traditional practices and foster cutting-edge solutions.
- **Digitalization:** Leveraging technology, whether through novel innovations or existing systems, to enhance experiences, improve operational efficiency, and meet hygienic standards.
- **Cooperation:** Promoting dialogue and collaboration among actors to implement integrated systems and solutions effectively.
- **Legislation:** Crafting progressive laws that not only meet but anticipate the evolving demands of the sports industry.



By integrating these toolbox items, the 4 Cornerstones provide a comprehensive roadmap for driving innovation, sustainability, and collaboration in Andorra’s sports industry. This combined framework reflects a shared vision for positioning Andorra as a global leader in sports innovation while ensuring sustainable growth and development. Each of these presents specific opportunities and challenges.

Sustainability - 3 Fundamental Pillars

Sustainability can never be tackled as a single element. A holistic approach of its 3 pillars is always necessary to understand its scope, impact, and relevancy for the entity we're analyzing.



In Andorra's sports industry, strategies around each of the three pillars carry specific opportunities and challenges. During the Forum, stakeholders identified the ones on the following page as the main focal aspects.

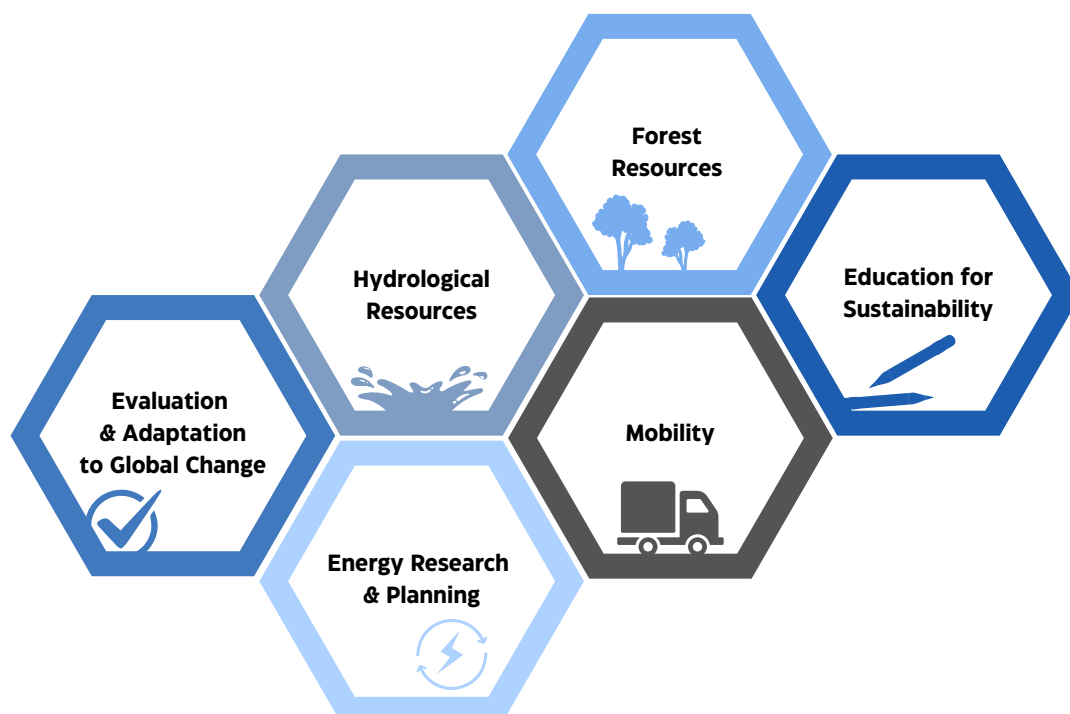


At the country level, establishing, executing and measuring sustainability KPIs is always extremely complex. Here, Andorra plays with an advantage: its size.

According to the International Monetary Fund, carbon emissions in Andorra are mainly attributed to transportation, unlike most EU countries. While energy emits 95% of GHG, mobility accounts for over half of this energy demand. 75% of energy demand comes from fossil fuels, 2/3 of which are related to mobility. Mobility becomes even more relevant when we compare the mobility sector of Andorra to the EU average: in the EU, only 30% of energy demand comes from the transport sector. This is one of the reasons why the next section of the report – mobility – has been considered as one of the 4 cornerstones of progress. On a positive note, Andorra's consumption of fossil fuels for transport has remained relevant in the past years, but it has stabilized since 2010 due to energy efficiency improvements and electric vehicle adoption. This is in part due to the implementation of their **National Climate Change Strategy**, which prioritizes similar areas to those raised by workshop and Forum participants:

1 Decarbonization	2 Adaptation & Resilience	3 Financing Tools	4 Social Transition	5 Innovation, Research & Observation
----------------------	------------------------------	----------------------	------------------------	---

Andorra Research + Innovation (AR+I), an essential ally in the first, second and fifth areas of the strategy, operates around 6 key themes when it comes to strategy:



Sport plays a vital role in leading by example in sustainability. However, most entities either don't know where to begin or do not feel they have enough resources to devise and execute a sustainability strategy. In sports, carbon emissions are – for the most part – attributed to the transport of athletes and spectators. Additionally, Andorra's natural capital is the core of its sports and tourism industry, which places the industry in a special level of responsibility in this regard. The educational aspect is considered relevant at the country scale: in 2022, the "Govern" (the Government of Andorra in its official language - Catalan) approved a strategy for education on sustainability. Sport is an explicit part of this strategy, considered fundamental in amplifying the sustainability message for both locals and visitors. AR+I provide resources for schools to use. 39% of respondents of a survey on environmental education believe sports are a key sector to share this message. Teaching contributes to slowly shifting local and visitor culture. During the workshop, the terms "cultural shift", "corporate culture", "local education" and "young population education and involvement" arose frequently. This underscores the importance communication and education play in sports sustainability.

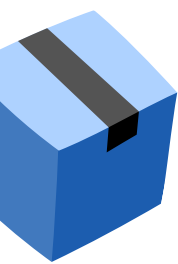
Research serves as the "evidence provider", and having a country-scale Living Lab, positively empowers researchers and academics to contribute to policymaking and strategy development. Generally, environments where a growth mindset is instilled favor open dialogue and innovation. In the sports industry, stakeholder communication is fundamental: research bodies can help entities in the public sphere devise sustainability step-by-step guides for all stakeholders involved, so the action goes further than policy. Sustainability is often wrongly considered an expense when it should be viewed as an investment, and a long-term 'saving'. And this can only be evidenced through measurement. A digitalized Sustainability KPI strategy can easily be adapted to each sports industry stakeholder, and participation in reporting procedures should be incentivized: via improved financing options, tax deductions, etc., especially so for foreign event organizers.

Mobility - A Particular Challenge

Mobility is a hygienic factor in the sports industry. When it goes wrong, it is noticed. In areas with challenging topographies, it is often one of the biggest hurdles. Andorra has long been facing this, further exacerbated during the high season – especially winter. It is worth noting that the country has already successfully implemented specific strategies during international events: e.g.: the [AUDI FIS Ski World Cup Soldeu 2024](#) and the [UCI MTB World Championships 2024](#) both had free, segregated bus shuttles for clients and staff.

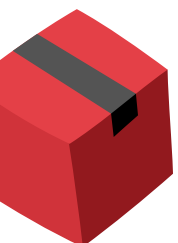
Digital innovation, through predictive models and data collection, plays a pivotal role in improving the situation, especially when incorporating sustainability. During the workshops and the Forum, stakeholders considered that a better mobility strategy should consider - and continue developing - the following areas:





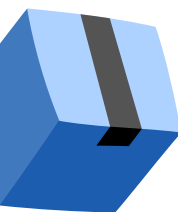
TOURIST NEEDS

Often vary from the local community's. A visitor might require access to remote, non-residential locations to practice or spectate a sport. Providing transportation or mobility options that cater to these needs is essential to the strategy.



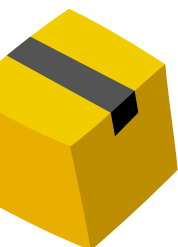
TECHNOLOGY & DATA

Data collection is key to predict and provide mobility demands. Data presentation is essential to facilitate more sustainable, safer, and faster mobility options - to both locals and tourists. Digital and technological innovation can improve decision-making regarding mobility options depending on a set of factors.



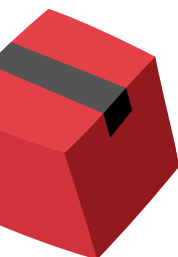
COLLECTIVE & MORE SUSTAINABLE TRANSPORT

Public transport and carsharing options readily available are more sustainable and reduce traffic if use is widespread. Cultural shift towards adoption by locals and tourists requires extensive communication and excellent service provision.



ROADS & INFRASTRUCTURE

Analyzing weaker points in transport infrastructure and improving it to the highest standard, within the topographical limitations. Considering alternative transport initiatives, such as trams, as solutions.



SEASON

Coordinating the calendar with the national tourism agency, event rights holders, and organizers is a fundamental piece to providing convenient, quick, and quality transport solutions for dates where high demand is predicted. Giving the local communities affected a 'heads-up' and alternatives could also increase satisfaction and engagement levels with international events. Adapting this to climate variations is key to success.



EVENTS

As promoters of Andorra as a sports destination, events rights holders and organizers can contribute to a better mobility experience if there is an open and clear communication line with the public transport governing body.



LOCAL NEEDS

Analyzing commuting and leisure transport flows from the local community and facilitating collective transport options so congestion is reduced, especially around sporting events and activities. Opening the floor for the community to express their needs and concerns might also increase satisfaction levels.

Convincing the local and visiting populations to use alternative sustainable modes of transport requires simultaneous education programs to change the status quo. The emotional and rational answers to “why should I?” can help drive the message forward. Data plays a significant role in mobility in the sports industry, especially in events or weather-dependent sporting activities. For instance, a country-scale digital twin might help identify weak points in transportation infrastructure for these two areas of the industry. Having sports event organizers provide predictive data to feed into these systems should be mandatory to guarantee smooth transportation flows during large-scale events. These systems, merged with sustainability metrics, can facilitate the measurement of carbon footprint and other sustainability markers, before, during, and beyond the high season or the event.

National tourism actors can leverage these databases to create guides and resources for the country's different core activities, easing visitors into a sustainable way of traveling.

A final consideration was voiced during the forum to ensure smooth mobility experiences for visitors: to ensure transport is **booked in advance** so fleets can adapt to demand more easily.

These strategies are not simple, but their potential positive impact is clear, especially since many have already been tested and implemented by the country. Here, open communication between all actors involved in the development of these systems is key.

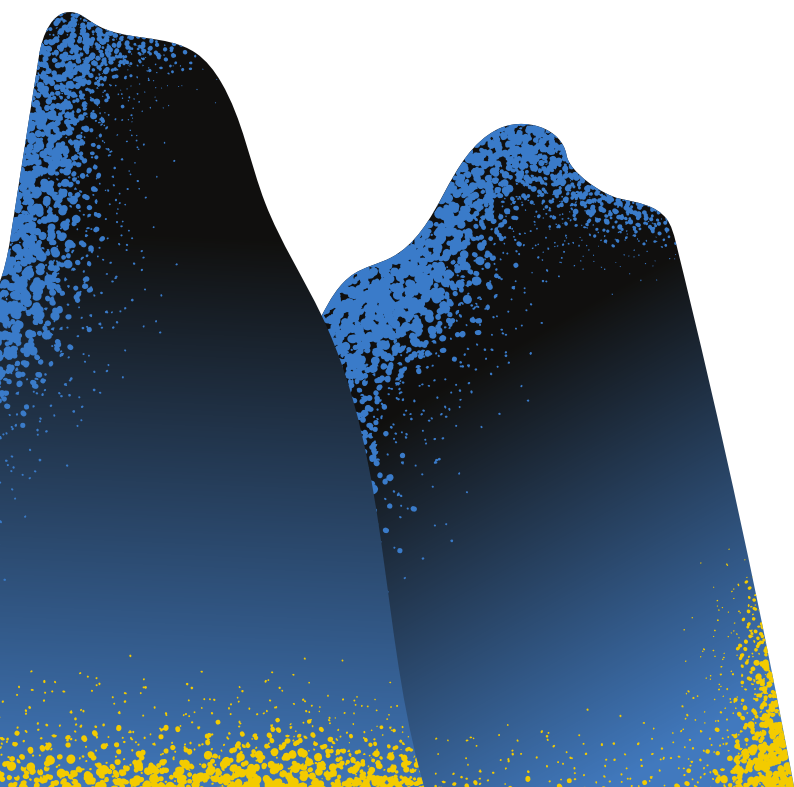
Sportainment - Not as simple as it seems

After discussing two key transversal aspects of the industry, the industry's positioning, offerings, and challenges can be more easily tackled. Sportainment in Andorra is a puzzle with several pieces, one of which – sponsorship – will be covered more in-depth in the following section.

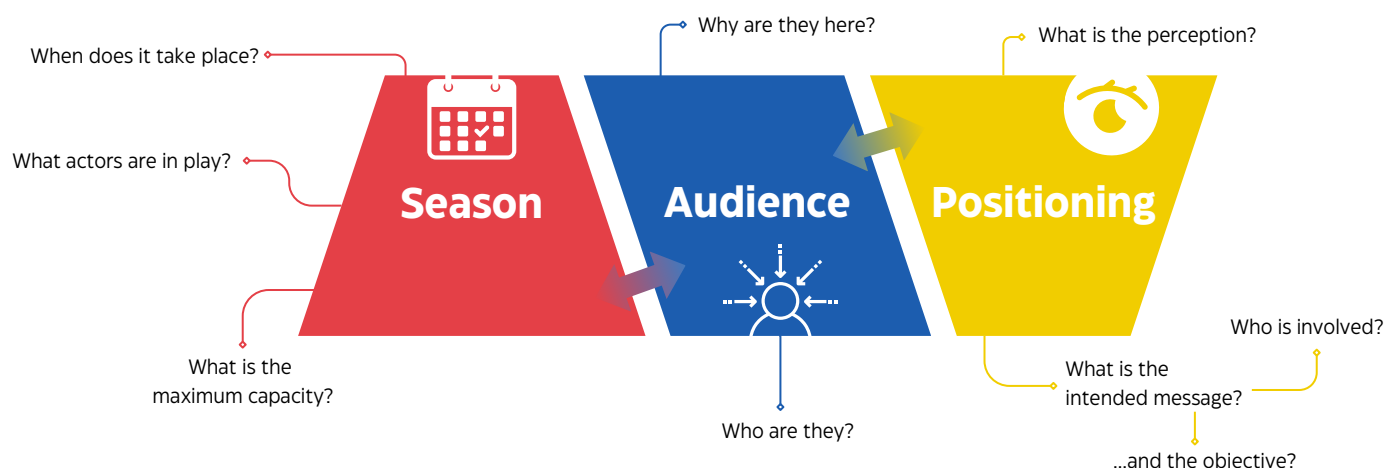
Andorra's sportainment – sport + entertainment – industry is focused on the outdoor sports sphere, with a strong positioning proposal: the small country gathers 3 natural parks, 215km of skiing in 138 ski slopes for all skill levels, 100 hiking routes and 30 mountain huts, over 60km of MTB routes, 21 mountain passes, and over 30 climbing routes, together with family-friendly adventure parks make it an attractive and compact destination for adventurers of the three core sports areas: **winter, mountain, and cycling**.

However, the perception of the country varies among potential visitors, depending on engagement, level, nationality, and even generation. The tourism board's positioning strategy is strong, and the data available is very positive. However, three main areas of improvement were identified by the industry's stakeholders:

- **Seasonal variation** and **massification** of tourism affecting **experience availability**.
- **Conflicting local sentiment** towards **tourism** and sporting **events**.
- **B2B positioning** – sponsorship, innovation hub, entrepreneurship, sports research and health – **challenging** to achieve.



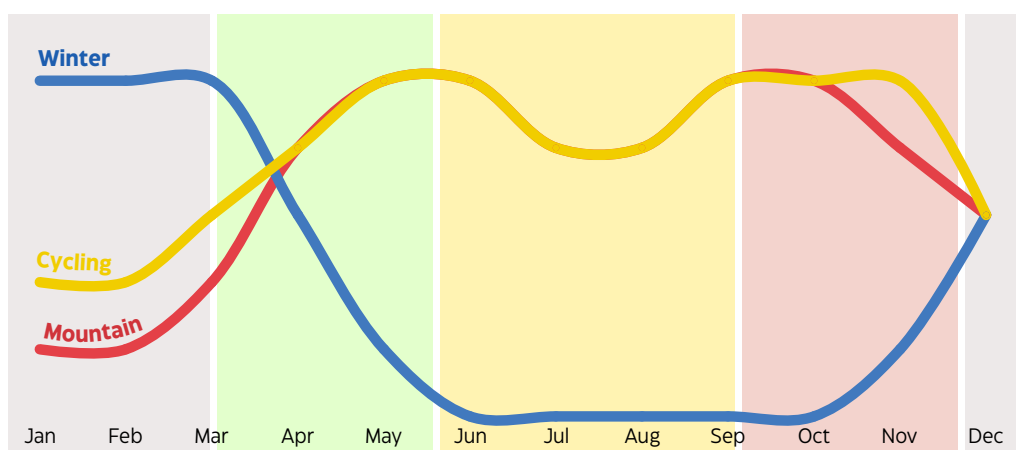
Three factors come into play in any sportainment strategy for a destination:



Sportainment offerings vary greatly across seasons in destinations with outdoor sports as a core sector in their industry and snowy winters: cycling becomes dangerous in the winter, winter sports cannot be enjoyed in the warmer months, and specific mountain sports can be risky in colder months. Ski resorts reinvent their offerings in the summer months to facilitate access to specific cycling, climbing, running, and hiking routes, among others - becoming "mountain resorts". Hotels and others cater their experience offering to the season they are in, and the public administration shifts its message depending on the season's strong point. Andorra has been experiencing a steady rise in summer – non-cycling – tourism. However, its location can sometimes make it difficult to convince visitors in the autumn and spring months.

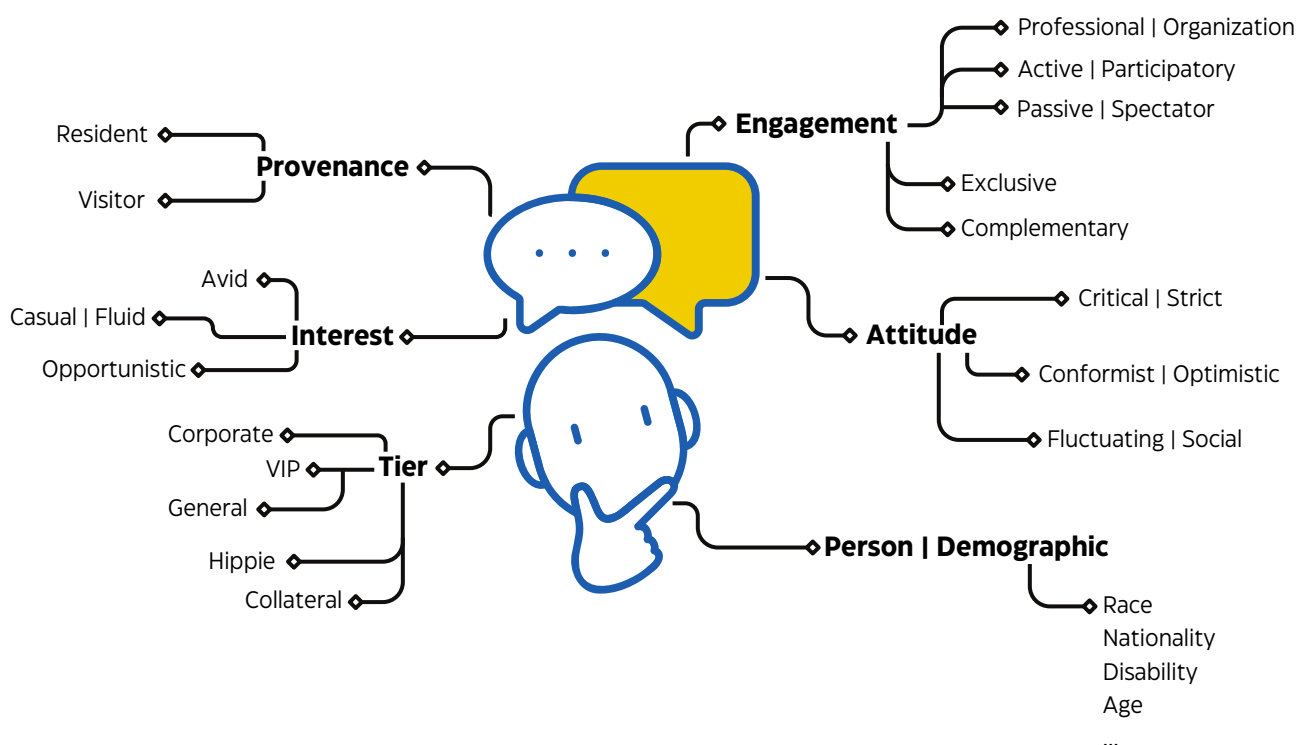
SEASONAL PREVALENCE OF THE THREE CORE SPORT AREAS

a visual representation in the northern hemisphere



An issue the public administration faces is that of events organizers wanting to concentrate everything in the summer and winter, which adds additional tension to the country's infrastructure, capacity, and an additional challenge in terms of mobility. Convincing them to be allies in stabilizing the tourism curve – whenever possible – requires an evidence and data-based approach.

Now is where the audience comes in. Getting to know them better eases the strategy development process significantly and reduces the local-visitor tension. The local population should feel benefitted, not burdened, by the events and visitors of the country. They are an essential piece of the puzzle: as employees or volunteers in sports properties, as spectators or participants at events, as the face of the destination. This can be achieved through **open communication** channels, **employment offerings** specific to the sports industry, **discounts** or **benefits** to **spectate** or **participate** in events hosted in their area. Andorra's public entities favour and promote **sports volunteering** extensively, with over 200 volunteers in each of their recent skiing and MTB international events.



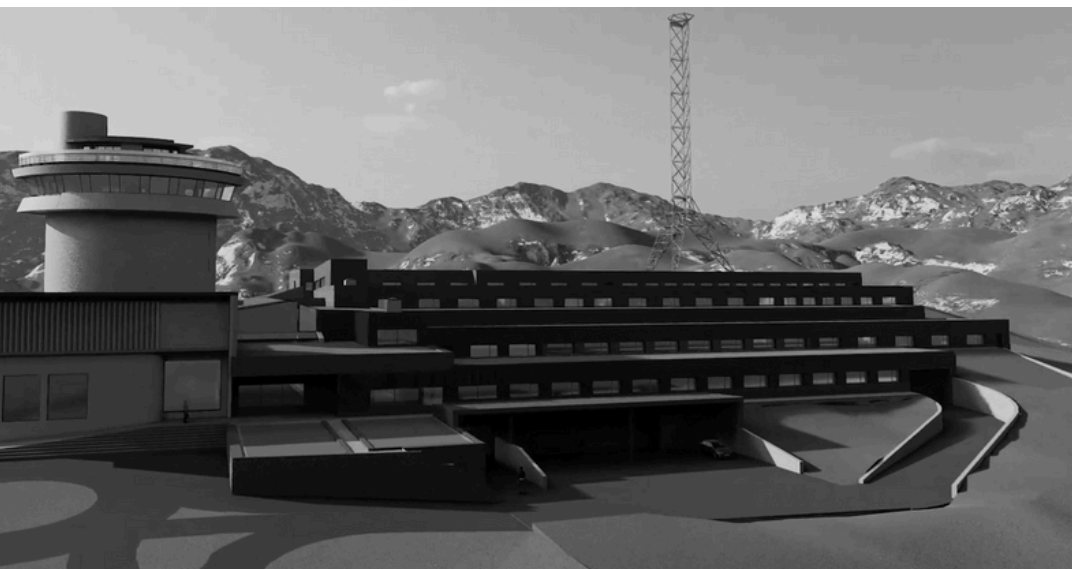
Depending on the potential audience and assets of the destination, the positioning strategy will vary. The most frequent sports enthusiasts are prioritizing destinations with a 360° experience offering – that is – beyond the sports activity. Casual skiers will go where there is great snow AND après-ski. An avid, VIP, fan of cycling or trail running from a participatory perspective will go somewhere where they can receive a 360° service or experience around training or competition. The case of Andorra is one of quality from the hippie to the corporate 'interactor'. The country has **5 different tourism positioning strategies**: 1) sports medicine - health and wellness, 2) corporate / MICE, 3) sports performance, 4) VIP and premium tourism, and 5) general tourism - shopping, general sports, family, etc. How this is perceived by the international community has not been researched extensively yet. This exploration might be especially useful to perform on the B2B target audience, one of the most challenging for the country to attract. Incorporating the possible levels of engagement into these positioning strategies might help offer even more personalized experiences to the target audiences.

Furthermore, with so many professional athletes as residents, a solution proposed to continue 'de-seasonalizing' visits to the country and attracting sports business, medicine, and performance companies was to formalize a community of resident athletes to:

1. Empower them and assist them in seeking additional revenue and sponsorship opportunities
2. Provide a sense of belonging
3. Offer them opportunities to participate as icons and ambassadors of the country by hosting exclusive experiences.
4. Hear their concerns and needs

What the country is trending towards as well is **leveraging its high altitude to expand the array of sports it can target**: hypoxia training is a proven method of performance enhancement for many casual and avid athletes: football players, basketball players, swimmers... All can benefit from this system of training. Leveraging and renewing existing infrastructure to generate awareness of the country as an option in these segments can open an unexplored target audience to the country's corporate and innovation fabric.

A target audience that could be explored more intensively is the family with avid athlete parents. Projects such as the innovative high-performance [ICONIC](#) center, and existing parks and thermoludic centers such as [Mon\(t\) Magic](#), [Mountain Park](#), [Bike Park](#), [Naturland](#) or [Caldea](#), among other leisure offerings, present a unique combined offering in a compact area that is very practical with smaller children.



Sponsorship - Attracting the outsider

Sponsorship generates around USD 69 Billion globally every year. 70-75% of this is attributed to sport. Research shows that sponsorship objectives go beyond visibility, the main ones being:

- Brand visibility - as a Hygienic factor, which is -most of times - necessary but not enough.
- Brand reputation - very much linked with the increasing importance of sustainability (social, environmental, and economic-governance)
- Hospitality - To B2C, as well as B2B, and even B2B2C
- Revenue Generation - for the brand-sponsor, whether directly from the sponsored property, or addressed to the target/fans of the sponsored property.

Source

One of the greatest challenges in the sportainment industry in Andorra is convincing international and national corporations to sponsor Andorran sports properties and events. The inner fabric is very committed to the sports industry, e.g.: the Andorran banks are all relevant sponsors of sports properties in the country. However, unless the event is from a global franchise, it is difficult to get the buy-in from 'outsider' sponsors.

Without the support of Andorra Turisme – the public entity promoting the country as a tourism destination – many events risk disappearing.

A differentiating factor of small countries is their closeness to the private sector and the general population. This is the case for Andorra. The public sector can amend laws more easily and quickly – such as the sponsorship law – to ensure more sponsorship opportunities arise for athletes, properties, and events. Tax advantages can be positively leveraged to attract sponsors, especially when the investment is towards national athletes and sports properties. However, the case of Andorra as a country with low taxes reduces this aspect's priority relative to the companies that could benefit from it.

Two potential solutions were devised by Forum participants to tackle the sponsorship theme:



Team Andorra

A community of Andorran athletes that is commercialized collectively. Joint communication program, education sessions, and athlete empowerment. Especially created for less visible athletes.



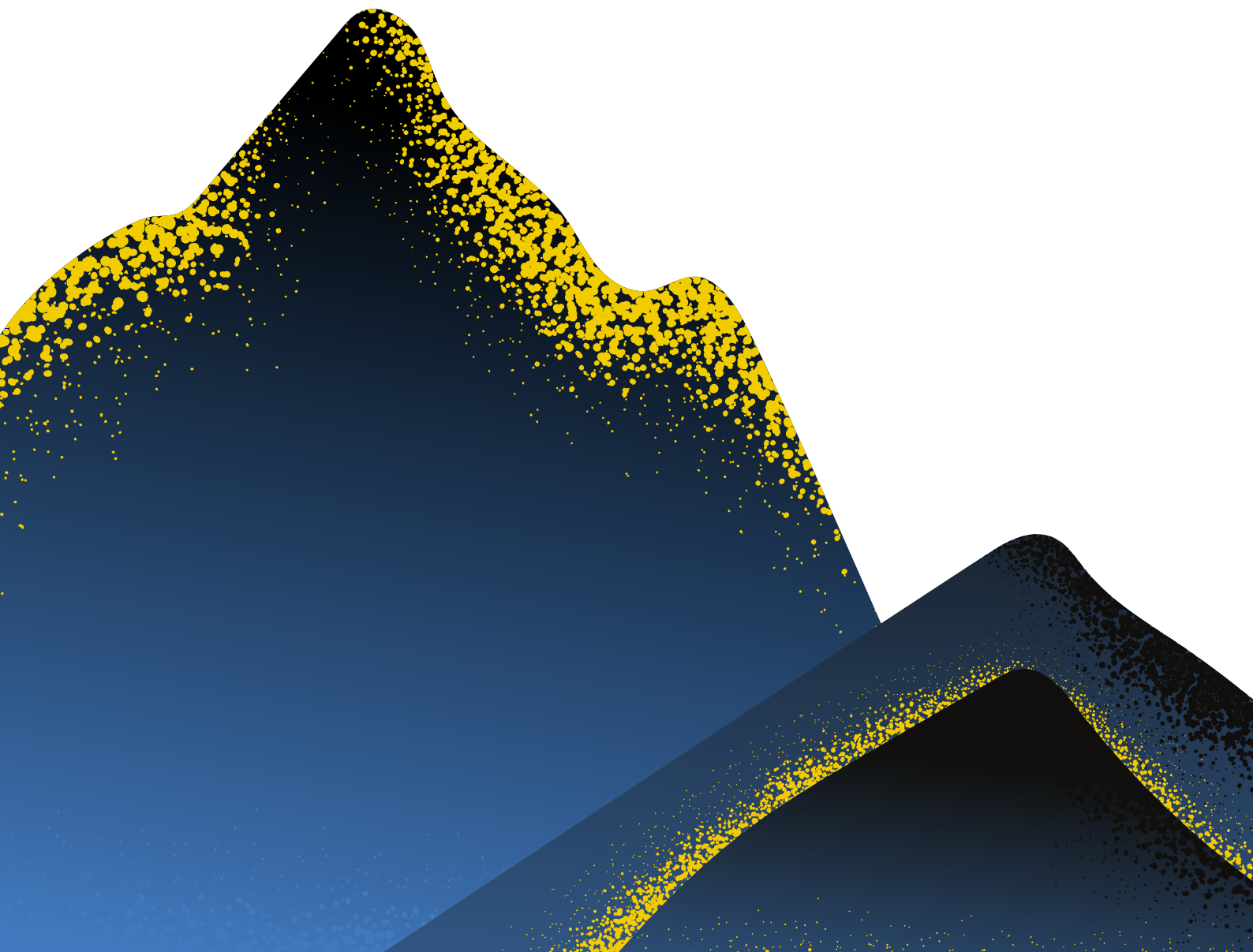
Sports Professionalization Program

Geared towards sports properties, foreign and resident athletes, and businesses in the sports tourism sector. A “teaching” and coaching curriculum throughout the year on the creation of sponsorship programs, commercialization strategy, brand strategy, governance and sponsorship activation.

Both should be evaluated and considered more in-depth to implement successfully. The latter solution project highlights an important concept in sponsorship: that it is not the same as a patronage or donation. Sponsorship objectives often vary between brands, and having sports properties understand that will help drive the industry forward in this regard. A strong point of the country's sports industry is its tourism industry. Leveraging those impact figures in favor of better sponsorship agreements might help move them forward.

Andorra's commitment to sustainability should be reflected in the sponsorship's strategy, offering vertical projects associated with the pillars of sustainability. In addition, the main economic sectors in the country: tourism, leisure, and financial services, should be able to realize the advantages of sponsoring sports properties. Ensuring this sponsorship goes beyond events and athletes, to national federations, Olympic and Paralympic committees, leagues, grassroots competitions, sports venues, etc. This is where the Sports Professionalization Program can serve as a tool to propel this activity.

Within the program, brands and properties should learn to design specific scoreboards to effectively monitor the progress of the sponsorship agreements. combining both quantitative and qualitative KPIs.



Conclusion

This report should serve as the first stepping stone towards a coordinated effort in continuing to grow the Andorran sportainment industry. The four cornerstones are just guides to establishing strategies – for both the public and private sectors – that should delve into the nuance and complementary areas of the industry.

- **In Sustainability:** Provide easy-to-follow resources to begin implementing a strategy, as well as measuring and reducing the carbon footprint.
- **In Mobility:** leveraging data collection, analysis, and research to better identify possible improvements, for residents and visitors alike. Devise a strong and cohesive communication strategy to shift habits towards collective and more sustainable modes of transport.
- **In Sportainment:** Ask the potential audience – especially the B2B targets – more about their perceptions so the message can be adapted and further personalized.
- **In Sponsorship:** begin by educating and empowering the industry's national properties to lead the movement towards more revenue generation in this area.

ANDORRA
SPORTS
INNOVATION
FORUM 2024



ANDORRA
RESEARCH +
INNOVATION



ANDORRA
BUSINESS