

**TOURISM EXPERIENCE AND SUSTAINABLE TOURISM:
A NATURE-BASED TOUR ACTIVITY IN PORTUGAL**

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“Experience, travel – these are education in themselves.”

Euripides.

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Abstract

Currently, it is difficult to find tourism offers that escape the traditional circuit of mass tourism. In this context, this business plan seeks to provide a more intimate approach to those who look for an escape from daily routine and are willing to embrace a different, more authentic travelling experience, primarily driven by sustainability and ecological matters.

Such a service aims to offer customers the possibility to increase their knowledge about local nature and to enjoy the pleasures of hiking in multi-scenic landscapes across Portugal. There are also strong social responsibility concerns about raising tourists' awareness to the impact of mass tourism, and by involving the local communities. The aim is to fight isolation and loneliness that exists in remote areas and small villages, as well as the benefit on providing knowledge about socio-cultural aspects of the regions.

The model proposed consists of relieving the customer from all logistics regarding the trip, so individuals can immerse themselves and absorb the experiences without any concerns. Services for every tour package are to be covered, including transportation, accommodation, activities and meals.

By offering a more intimate and detailed interaction with the natural environment, which allows customers to discover remote, unknown locations, while focusing on the preservation of local cultures and traditions, this business plan marks a difference from the other options currently in market. The business will be named Portugal Hiking&Company and this project consists in developing and implementing a strategy based on experience dimensions and sustainable practices.

Keywords: tourism experience, sustainability, business, nature.

JEL Classification: New Firms; Startups (M130) and Tourism and Development (Z320).

Resumo

Atualmente existe alguma dificuldade na procura de serviços de viagem que se diferenciem do circuito de turismo em massa. Neste contexto, o plano de negócio apresentado oferece uma abordagem mais íntima aos que procuram uma alternativa mais autêntica, e estão dispostos a adotar a rotina e embarcar numa experiência cujo foco assenta na sustentabilidade e preocupação ambiental, para além da aventura.

Este serviço oferece aos clientes a possibilidade de aumentarem o conhecimento sobre a natureza local e sociocultural de cada região, enquanto desfrutam dos prazeres das caminhadas ao ar livre nos diversos cenários paisagísticos que Portugal oferece. Paralelamente, está também presente um sentido de responsabilidade social, com o propósito de alertar a comunidade de viajantes para os efeitos do turismo em massa, e por outro lado, ao envolver diretamente os habitantes locais, combate o isolamento e solidão sentidos em certas áreas remotas do País.

Este modelo propõe ao cliente uma viagem abstraída de preocupações logísticas, de forma que estes possam deixar-se envolver nas experiências vividas, sem qualquer tipo de interferências materiais. Os serviços incluídos incluem acomodações, transportes, atividades e refeições.

Ao oferecer uma interação mais pessoal e detalhada com o ambiente natural envolvente, o que permite aos clientes descobrirem novos locais remotos e desconhecidos, enquanto mantém um foco na preservação das culturas e tradições locais, este plano de negócio difere da restante oferta atualmente existente. O nome escolhido é Portugal Hiking&Company, e este projeto consiste em desenvolver e implementar uma estratégia de negócio baseada nas experiências sensoriais e práticas sustentáveis.

Palavras Chaves: Turismo, experiência, sustentabilidade, negócios, natureza.

JEL Classificações: Novas Firmas; Startups (M130) and turismo e desenvolvimento (Z320).

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List of Acronyms

APP – Application (computer software)

DMS – Destination Management System

eWOM – Electronic Word-Of-Mouth

GDP – Growth domestic product

GPS – Global Positioning System

IAPMEI – Institute of Small and Medium Enterprises and Innovation Support

ICNF – Institute of Nature Conservation and Forests

ICT – Information Communication Technology

INE – National Statistical institute

IRR – Internal Rate of Return

NPV – Net Present Value

OCDE – Organisation for Economic Co-operation and Development

PENT – Tourism National Strategic Plan

PNPG – National park of the *Peneda-Gerês*

PNSAcv – Natural Park of South-West Alentejo and the Vicentina Coast

PNSSM – Natural Park of *Serra de São Mamede*

PPSA – Protected Landscape Area of *Serra do Açor*

QOE – Quality of experience

QOS – Quality of service

RNAAT – National Register of Tourist Animation Agents

RNAP – National Network of Protected Areas

RNAVT – National Register of Travel Agencies

SEO – Search Engine Optimization

TOWS – Threats, Opportunities, Weakness and Strengths

TP – Tourism of Portugal

TPA – Tourism of Algarve

UGC – User-generated content

UNEP – United Nations Environment Program

UNTWO – United Nation World Tourism Organization

WTTC – World Travel and Tourism Council

Executive Summary

The objective of this project is to develop a sustainable tour business activity based on nature tourism, which purpose is to drive tourists from city centres' attractions, enabling them to discover the natural wonder of the country, offering a unique experience with responsible tourism components.

The tourism market in Portugal is actually facing a boost due to the increasing number of overseas visits. As a result, the number of new tourism companies emerging in the market is growing, particularly over the past two years after the financial crisis. With the increase of competition, it is, therefore, important to define a strong development strategy based on differentiation.

For this reason, this project will focus on the all customer experience, identifying the main motivations that drive tourists to search for tour and activity services. Therefore, the literature review made about tourism experience, service quality and experience dimensions was to research these main driven attributes, which are generally stimulated by hedonic motives (e.g. knowledge, social interaction, leisure, pleasure and authenticity felt). Also, sustainable tourism was investigated, firstly because the business will consist on offering a nature-based service, and secondly because individuals' are becoming more concerned about environmental and sustainability issues.

This research was reinforced by a content analysis method to determine the main service quality elements perceived by tourists in experiencing a tour in Portugal. The collected data was based on online generated content reviews made by tourists, reaching a general audience of international and national travellers, providing a more realistic approach. The results found were related to the six service quality dimensions acknowledged in the literature review (Otto & Ritchie, 1996). Tourists evaluate their experience in tours by the following elements: hedonic (e.g. enjoyment and pleasure felt), interactive (e.g. social interaction between individuals), novelty (e.g. escaping the routine), comfort (e.g. well-being and relaxation), safety (i.e. feeling secure), and stimulation (i.e. acquiring knowledge). In addition, outcomes also demonstrate that still few reviews mention responsible tourism and sustainable practices, which demonstrates a need for transmitting these values. Therefore the business strategy will

also be centred in the implementation of good practices towards sustainability, in three different fields (social, education and information).

The tour and activities business will be named Portugal Hiking&Company, this designation was chosen because it transmits clearly the message of what are the characteristics of the activity offered. Tours will be offered to fulfil the needs of the target market: nature lovers that search to travel in rural regions, away from crowded locations. The target's age range is set between 35-54 years of age, disregarding gender. These are generally interested in having an experience that will allow them to explore different places unknown to the general public, searching for stimulation and to know people with similar interests. This business will focus on both foreign and national tourists that wish to visit the countryside of Portugal, enabling them to discover the natural wonders of the country.

The hikes tour will be offered on a multi-day basis, of two, seven or fourteen days, in strategic chosen natural locations. Customers will be given the opportunity to experience four different hikes: Schist villages (PPSA), Castle villages (PNSSM), Peneda-Gerês National Park (PNPG) and Vincentian coast (PNAScv). The first two hikes' locations are still not truly known to the general public, while the last two are already famous but still have a lot to explore, and are considered unavoidable places for nature travellers. Furthermore, tailor-made tours will be offered according to consumers' request.

Portugal Hiking&Company will offer tour hike experiences with all services included: tour guide, supporting services (accommodations, meals, luggage transfers) and extra activities. These additional activities consist in learning about artisanal craft and on how to make local gastronomy.

The marketing strategy will be based on experiential dimensions and on the supporting service offered (e.g. accommodations, transportations and meals). To captivate consumers' attention, an online-video content based on story telling will be specially developed for the business, and used as the main advertising. The promotion will be mainly online, namely on travel websites, social media and through regional partners.

The organisational structure and business implementation procedures of the company were rigorously defined in this business plan, in order to estimate the investment amount and

related costs of the activity. In a nutshell, an initial investment of 70 000 € is required for the creation of Portugal Hiking&Company and to ensure the operation of the business activity. The founder and the co-partner of the enterprise will ensure this capital.

A schedule of the hike tours was elaborated on an annual basis, enabling to forecast the demand over ten years from 2017 and 2026 and to determinate the sales revenue. In 2017 the business estimated to achieve 74.499 € in sales. The related costs of the first year's business activity were calculated according to market actual price and the forecast was done according to the demand or inflation rate estimations.

Finally, the economic viability of business was evaluated using two performance indicators, Net present value and internal rate of return. Both indicated that this project is profitable, resulting in a NPV of 102.196 € superior to zero, and an IRR of 19,6% superior to the discount rate of 10%. Meaning that the initial investment and the related returned profit to the investors will be covered and additional income will be generated.

1. Introduction

In a broad sense, “tourism is commonly thought of as a combination of transportation, accommodation, dining and activities” (Mossberg, 2007: 61). It is a business combining several service sectors, where management practices are concerned about productivity and service quality, instead of the consumer’s hedonic reaction and personal experience (Otto & Ritchie, 1996). This belief is reinforced by Hemmington (2007) who suggests that hospitality must be redefined as behaviour and experience, instead of being seen as a commercial phenomenon.

Under these assumptions this business project will focus on a customer-centred approach, emphasising customers’ motivations, experiences and perceived value into tour activities. In order to differentiate from competition hedonic factors will be the basis of the marketing strategy and in the other hand the use of good practices toward sustainability and environmental concerns will be the references of the business strategy.

The main purpose of this nature-based tour activities service is to enhance travel experience into the natural environments of Portugal, by offering an authentic experience and raise tourists awareness by involving them in practising responsible tourism.

Definitely, this is an offer of experiences and a way of finding potential solutions toward environmental and socio-cultural issues throughout responsible and sustainable tourism.

1.1. Business Plan Project Purpose and Structure

The objective of this business plan is to implement a tour hiking service enterprise based on a nature tourism experience complemented by the use of sustainable practices. The aim is to offer a unique and memorable experience to consumers, by guiding them into the natural astonishing landscapes of Portugal, far from main touristy attractions.

To reach this goal, the business plan was conducted as follows. First by a literature review about tourism experience and related service quality to analyse the main motivations and experiential attributes that drive consumers to search for tour and activity services. Moreover, marketing strategies were also explored to support the business implementation. Also, future

tourism tendencies were investigated, resulting on the further exploration of sustainable tourism. This project was developed on the basis of the above analysis and explained in the frame of reference.

Secondly, a content analysis methodology was made to identify the main qualitative attributes described by tourists when these experienced a tour and activity service in Portugal based on sustainable practices. This research method was supported by the use of the Leximancer software¹, which gathered the information found into a Concept Map, resulting in a graphical representation where concepts were grouped into main themes.

Moreover, the main goals and objectives of this business plan were identified and a market analysis was conducted by exploring the general tendencies of the tourism market, the evolution of the tourism in Portugal as well as the tour and activities segment. At the end of this section the main opportunities and threats of tourism, influenced by external factors, were identified. Afterwards, an internal analysis of the business activity was accomplished along with the definition of the mission, vision and values statements. Likewise, the main strength and weakness of this business were recognised.

Also, a scrutinised analysis was conducted, to find the main competitors of this business that can eventually represent a potential threat, and completed by the elaboration of a TOWS matrix where alternative strategies to ensure the business' competitiveness were identified based on the SWOT analysis previously done.

After the elaboration of all the analysis above mentioned, the business strategy was defined and developed based on the experience dimensions, supporting activities, and on the adoption of sustainable practices. Once established the strategy, all the requirements for the business implementation were evaluated through the application of the marketing mix tool, defining the Product, Price, Place and Promotion; by the characterisation of the organisational structure of employees and operations; and with the identification of the business infrastructure necessity.

At the end, a financial study was executed throughout a ten year estimation from 2017 to 2026, to evaluate the profitability of this business plan and if it is considered feasible.

¹ The software used was the LexiPortal Version 4.

2. Literature Review

2.1. Tourism Experience

The experiences of consumers are increasingly becoming an essential matter for managers, which Pine and Gilmore (as cited in Quan & Wang, 2004) refer to a vital role in economic and social life, claiming that society is witnessing the emergence of the experience economy. Tourism is unquestionably a pioneering example of the experience economy (Quan & Wang, 2004). In hospitality “customers do not buy service delivery, they buy experiences; they do not buy service quality, they buy memories; they do not buy food and drink, they buy meal experiences” (Hemmington, 2007: 749). Therefore, recent studies in the hospitality context favour the analysis of purchasing behaviour by using an experiential approach, rather than through an information processing approach, generally used in a more rationalist perspective of consumer behaviour (Sánchez et al., 2006).

Empirical researchers have been conducted by several authors to enhance the importance of tourism experience in different areas, with the purpose of understanding the tourist’s experience as well as the related influences and consequences. (Klaus & Maklan, 2011). Rowley (1999) explored the total customer experience in museums as a consequence of the necessity of focusing on customer satisfaction that depends on upon the experience. Whereas others investigate tourists experiences related to wild nature and wildlife environments, such as the ecotourism experience in a particular site (Lian Chan & Baum, 2007), or even the nature of geocache experience and its importance in a creative tourism environment (Ihamäki, 2012). Another area where the tourism experience has been analysed is related to sports adventures, such as the white-water rafter experience, the mountain-biking sport camp and the nature of skydiving (Klaus & Maklan, 2011; Lipscombe, 1999; Wu & Liang, 2011). Additionally, other authors have emphasised the impact of the tourism experience of sites enhanced by the cultural heritage attractions, or even by the local food tasting (Chambers, 2009; Chen & Chen, 2013; McIntosh, 1999; Quan & Wang, 2004).

Overall, tourism experience is related to the authenticity of the experience and to the meaningfulness that it represents for individuals (MacCannell, 1973). Usually offered in tours, experiences will differ from each individual, i.e. some search a response to overcome daily difficulties, others want to feel a unique emotion, and while others want to do something

useful that has significance. An example is the growth of volunteering experience in tourism that is directed to authenticity and usefulness (Chen & Chen, 2011; Tomazos & Butler, 2012).

2.1.1. Tour and Activity Services

2.1.1.1. Tourism Motivations in Tour and Activity Services

Firstly it is essential to understand what are tourist motivations, clarifying the reasons that drive subjects to search for tour and activity services. Depending on individuals' motivations and way of life, these use vacations and search experiences, seeking to achieve their own optimal level of arousal, by escaping their daily life – over and under-stimulating life condition (Mannell & Iso-Ahola, 1987). Analysing deeper these motivations, Dunn Ross and Iso-Ahola (1991) explored sightseeing tours suggesting that in this context the seeking component has more significance than the escape component, because individuals are seeking for knowledge about a particular place, otherwise they will be relaxing and idling. Concluding that in sightseeing tours, subjects were mainly motivated by knowledge seeking and social interaction, identifying both elements as motivation factors and also as satisfaction factors; finding similarities between motivation and satisfaction dimensions. Based on the dual themes of seeking and escaping described above, Otto and Ritchie (1996) explained that motivational research derives from the perceived benefits from experiencing leisure and tourism activities, whilst the other side is the source of satisfaction - identical to the concept used to describe the meaning of leisure in tourism.

Similarly, Crompton (1979) acknowledged that tours work as a vehicle for enabling social interaction, by promoting camaraderie between individuals and reinforcing social coexistence due to the common interests of individuals in a particular group tour. Plus prearranged tours enable tourists to seek for the pleasure of a novelty experience, reducing the potential anxiety of the unknown and from an unfamiliar situation that might be threatening. More specifically analysing ecotourism activities, like sightseeing tours of wildlife nature and culture, Ayala (as cited in Lian Chan & Baum, 2007) recognised that individuals' motivations were the search of knowledge and authenticity of the natural and cultural resources, related to leisure experience.

Motivation is related to behaviour, which is expected to produce a personal satisfaction. Therefore, similarities can be found between motivations and satisfactions depending on the

type of tourism experience, and whether it is a positive or negative one, because motives occur before the experience, while satisfactions occur after it (Dunn Ross & Iso-Ahola, 1991).

2.1.1.2. Tourism Experience in Tour and Activity Services

In hospitality, tourism experience has been denominated as a definitional perspective and its ultimate search has been described as a quest (Mannell & Iso-Ahola, 1987). Furthermore, “the experience of leisure and tourism can be described as the subjective mental state felt by participants” during a service encounter (Otto & Ritchie, 1996: 166).

Quan and Wang (2004) developed a conceptual model of the tourist experience based on two dimensions: the supporting consumer experiences that satisfy the consumer’s basic needs; and the peak touristic experience where the consumer’s major motivations are the attractions in a specific place. Indeed the supporting consumer experience cannot be adequate if the tourism experience is negative. For example, if a tourist in a sightseeing tour is disappointed with the visited attractions, the experience itself cannot replace the added value of the supporting consumer experiences (e.g. guide’s friendliness, conformable service).

Generally, tourist experience is considered the opposed of a daily routine and is associated with a peak experience (Mannell & Iso-Ahola, 1987; Quan & Wang, 2004). Aho (2001) has identified four core contents to explain the nature of the experience in tourism, often found by subjects in experiencing tours activities:

1. **Emotional experiences:** emotions felt by the subject of experience, these can vary in strength and in time, being felt immediately or further in a memory.
2. **Informative experiences:** the learning and knowledge acquired by the individual during the experience that can be intended or occasional information.
3. **Practice experiences:** the increase of the subjects capabilities during the experience, these can differ according to the hobbies or even professional experiences of individuals, like practising different languages, hiking or others sports practices.
4. **Transformation experiences:** the change of the individual’s state of mind or the way of life or even the state of body. The permanent change of the state of mind might be an inspiration of a particular art or cultural tradition, and the change of the state of body might be through a curing treatment or beauty treatment.

Overall, tourism experience is a complex combination of factors, which influence the feelings and attitudes of a tourist towards their holidays as referred by Page & Dowling (cited in Lian Chan & Baum, 2007). Plus, these individuals experiences can be influenced by external factors such as social surroundings (e.g. employees providing the service), physical environments (e.g. atmosphere) or even other customers (Mossberg, 2007).

2.2. Service Quality in Tourism Experience

2.2.1. Consumers-Generated Web Content Influence

Generally, tourists are becoming more demanding, resulting from the high competition that the tourism market is facing and the increasing availability of alternatives, especially among hoteliers and tour agencies. For this reason, businesses need to focus on the hedonic dimension of the service performance to highlight what is more significant in consumer satisfaction and to determine consumer behaviour (Lian Chan & Baum, 2007).

The Internet urge and the technological development, especially with the rise of the Web 2.0 that enables users to generate contents and share online information – also called user-generated content (UGC) – has a great influence on decision-making behaviour of users and on the online business models (Au et al., 2014). Online interpersonal influence and electronic word-of-mouth (eWOM) are important sources of information in the decision-making process, specifically for tourism intangible products, which are harder to be evaluated in pre-purchase (Litvin et al., 2008). Definitely, Web 2.0 has changed individuals' mind-set and the way people communicate and socialise with each other (Au et al., 2014).

Nowadays, electronic travel agencies sites display customer reviews about the product they offer, as an attempt to ensure the quality of their offer, adding an overall image from other consumers (Litvin et al., 2008). The growing importance of travel review websites like TripAdvisor enhances the eWOM communication from customer-to-customer, where travellers' opinions have even a greater impact and influence in other tourists' decision-making. TripAdvisor provides a third-party perspective, which goal is to deliver unbiased recommendations. Attracting more than 40 million unique visitors per month, this website has a significant influence on travel behaviour, covering from travellers reviews in areas such as travel destinations, attractions, accommodations, and tours activities (Au et al., 2014).

As a result, the return benefits in investing in consumer research, mentioned by Ozment and Morash (as cited in Otto & Ritchie, 1996) is high, being more efficient and cost-saving to build a business activity based on a clear understanding of consumers rather than rebuilding a business initially based on imprecise information.

2.2.2. Measuring Service Quality and Experience in Tourism

Services' consumption is often driven by utilitarian motives, however, the consumption of leisure services goes beyond this, and is driven by hedonic motives, such as excitement and stimulation, and may have a significant effect on customers' satisfaction (Wakefield & Blodgett, 1994). Correspondingly, when determining the quality of the experience, individuals' cognition and experience are more significant than sociological factors and socioeconomic factors, which affect tourist behaviour. (Dunn Ross & Iso-Ahola, 1991).

According to Otto and Ritchie (1996), tourism services have more potential on stimulating emotional and experiential reactions among customers, rather than any other services. It is, therefore, crucial to distinguish the difference between measuring the quality of a service (QOS) from the quality of an experience (QOE), which is demonstrated in the table below (Table 1):

FRAMEWORK	QOS	QOE
Measurement	Objective	Subjective
Evaluative Model	Attribute-based	Holistic/Gestalt
Focus of Evaluation	Company/Service Provider/Service Environment (External)	Self (internal)
Scope	Specific	General
Nature of Benefits	Functional/Utilitarian	Experiential/Hedonic/Symbolic
Psychological Representation	Cognitive/Attitudinal	Affective

Table 1 - Comparison of QOS and QOE framework. Source: Adapted from Otto and Ritchie (1996)

Focusing on the experiential and hedonic benefits and affective components enables to understand and manage the true nature of the consumer satisfaction, as it occurs in the service delivery (Otto & Ritchie, 1996). Indeed, "what matters is the individual's cognitions and feelings about the experience being undertaken" (Dunn Ross & Iso-Ahola, 1991: 227). Affective or emotional elements form the basis of the service experience quality and may be a valuable insight to any variances in the evaluation of satisfaction. (Lian Chan & Baum, 2007).

To measure service experience, more specifically its quality, Otto and Ritchie (1996) have developed a scale based on six affective components, founded on Churchill's process (Table 2):

Dimension	Examples
Hedonic	<ul style="list-style-type: none"> •Excitement •Enjoyment •Memorability
Interactive	<ul style="list-style-type: none"> •Meeting people •Being part of the process •Having Choice
Novelty	<ul style="list-style-type: none"> •Escape •Doing something new
Comfort	<ul style="list-style-type: none"> •Physical Comfort •Relaxation
Safety	<ul style="list-style-type: none"> •Personal Safety •Security of belongings
Stimulation	<ul style="list-style-type: none"> •Educational and informative •Challenging

Table 2 - Construct domain: the service experience. Source: Adapted from Otto and Ritchie (1996)

After a content analysis, both authors identified the most important facts in each dimension:

- **The Hedonic dimension:** reflects the importance of subjects doing what they like or love, the need to be stimulated and delighted by an activity and further to keep memories from this experience, that can be shared;
- **The Interactive dimension:** individuals like to be somewhat involved in a process and interact in a social context, they also like to be able to choose and in some way control the service offered. The feeling of being an active participant and the importance of belonging are characterised in this component;
- **The Novelty dimension:** the feeling of experiencing something new, usually driven by curiosity, enabling a sensation of freshness and escape;
- **The Comfort dimension:** enables consumers to overjoy the experience, to be physically relaxed, free from stress and unworried;
- **The safety dimension:** impacts the psychological and physical state of the subjects, it reflects the need to feel safe and consequently comfortable. When travelling it is important for consumers to have peace of mind and not worry about security issues;
- **The stimulation dimension:** reflects the pursuit of knowledge and the importance of being informed, it also considers the feeling of being stimulated and challenged.

Hence, findings suggest that the quality of the experience must be perceived through emotional dimensions, felt by the tourist during and after the consumption of the service; but also by combining utilitarian aspects provided by the service supplier (e.g. cleanliness of the facilities or transports, staff's friendliness) because these functional attributes also contribute to the experience and affects tourists (Lian Chan & Baum, 2007).

2.2.3. Tourism Experience Dimensions in Tour and Activity Services

The importance ranking of the dimensions described above varies across tourism services, depending on each individual. In tours and attractions, the difference of preference between each dimension is slightly noticeable, which indicates that it is a multidimensional experience and all-embracing, where the most important element is the hedonic dimension, closely followed by the safety dimension (Otto & Ritchie, 1996). Correspondingly, "the primary message emerging from tours & attractions is "entertain me"" and "both involvement and peace of mind follow" (Otto & Ritchie, 1996: 173).

In parallel, Lian Chan and Baum (2007) found that in an ecotourism context, the perception of quality involves both functional and emotional aspects, and eco-tourists tend to use more the hedonic dimension, to express and describe the positive experience they felt, rather than functional attributes. Accordingly, the hedonic perspective is an important dimension in defining behaviour and foreseeing satisfaction, enhancing the superiority of the affective processes. The purpose of tours is to satisfy the varying needs and desires of customers. For example, specific-oriented tours for eco-tourists will try to offer ecotourism activities (e.g. wildlife viewing, forest walk, and cultural knowledge), engaging customers in a natural environment, into a group with similar interests, and where guides will enhance knowledge and arouse interest.

Recapitulating, the hedonic dimension has been emphasised by several authors in tourism literature as an important aspect in evaluating satisfaction and the quality of the experience (Crompton, 1979; Lian Chan & Baum, 2007; Otto & Ritchie, 1996). Indeed Dunn Ross and Iso-Ahola (1991) suggest that tour activities companies need to find customers' motives and try to meet them through their service in order to reach customers' satisfactions and should also make an effort to facilitate social interaction and social exchanges.

2.2.4. Expectations and Perceived Value of Customers in Tour and Activity Services

After analysing how to measure the quality of a service in the tourism industry, one must take into account that the quality is to be defined with reference to the customer requirements. To reach quality, businesses must focus on customer's satisfaction which is influenced and conditioned by customer's expectations, so the service quality depends on customer's perception (Rowley, 1999). However, customers' expectations have been changing over time, because customers are becoming more exigent due the fast-growing competitive market, and so expectations tend to be higher. Poon (cited in Crick & Spencer, 2011) has identified these consumers as "new tourist" and describes them as being more quality conscious, possessing a particular set of interest and needs, the opposite of the mind mass-produced experience tourist.

Once again the relevance of hedonic factors in leisure and tourism activities is recognised. Research made by Havlena & Holbrook (as cited in Sánchez et al., 2006) distinguished that tourism products have a symbolic meaning beyond price, perceived quality or other tangible attributes, and even have identified that the perceived value of consumer regarding tourism packages has to do essentially with the social interaction component, within reference groups.

Nevertheless, when designing tourism packages, managers should focus on the most important cognitive component: the price, because it influences the purchase decision and the post-purchase experience, having an impact on the valuation of the overall experience, consequently in satisfaction and loyalty (Sánchez et al., 2006). Accordingly, managers must also pay attention to quality and distribution policy of a product: tours operator need to assure that travel agencies provide good functional values through the establishment and professionalism of personnel (Sánchez et al., 2006), and by selling products as they really seem to be, avoiding to create higher customers' expectations (Nasution & Mavondo, 2008).

Nevertheless, Sánchez et al. (2006: 406) recognise that "the main source of value generation in the case of tourism packages is the social repercussion that the trip will have in his or her milieu" and that the "quality/price ratio, at the level both of tour operator and of travel agency, is the second major source of value generation for the client".

Other components that tourists might value in tours, can be seen through the six dimension proposed by Otto and Ritchie (1996): avoid to take decision of what to do and let be guided, acquire knowledge, interact socially and being a part of a group, avoid worrying about details, feel comfortable and safe.

However, there is another important component that tourists value: time saving. In our society, the increased stress and scarce free time are becoming more frequent among people, who choose to seek tours offers, to save precious time, and not worry about other aspects (Budeanu, 2005). Instead of spending time searching what to do during holidays, consumers choose a multi-day tour package or even daily tours, tourists are able to save time and enjoy more their holidays.

2.3. Marketing Strategy in Tour and Activity Services

The tourism industry is constantly changing, together with a fierce competition, constant changes in customers' consumption patterns, several authors defend that companies need to find new marketing strategies and new business models (Mossberg, 2007). Undeniably, a deeper understanding of the customer-specific experience related to the service provided is the way to achieve a more effective marketing strategy through a successful positioning, promotion and communication (Otto & Ritchie, 1996). Accordingly, the promotion of 'experiential' benefits in marketing is not a new concept but sometimes it can be difficult to be accurate.

In tour activities, marketers must take into account the fact that tourists will evaluate the tour, pre and post-purchase, altogether, not in divided phases (Sánchez et al., 2006). The authors defend that the key for an effective oriented marketing strategy, concerning tourism packages products, must be the base in the social motivations of an individual – the need of belonging to a specific group and to be recognised – affecting positively his social reputation.

In advertising tour activities, it is evident that experiential dimensions need to be incorporated into more utilitarian services, because tours are experiential in essence (Otto & Ritchie, 1996). Indeed, these have identified that tour activities business must raise among customers the promotion of entertainment factors as well as the serenity and comfort features. It is important for marketers to promote psychological factors along with more useful information (price,

hours, transportation), since “consumers will, consciously or otherwise, seek out information on what type of experience to expect at both the destination and, by extension, the company level” (Otto & Ritchie, 1996: 172). Additionally, supporting experiences, generally ignored or taken for granted, can bring extra value to the overall experience and thus must be taken into account in marketing strategies and preferably perceived by marketers as a holistic view (Mossberg, 2007). These are usually related to the service quality: staffs hospitality, the comfort of transportation and the accommodation facilities.

The type of component used to promote these features can be through video-based advertising, an actual tendency that enables marketers to transmit the richness of the offered experience to customers. Another type of promotion is through designing appealing brochures, usually available in tourism establishment such as accommodations or tourism information centres (Otto & Ritchie, 1996).

Besides several companies or destination sites choose to communicate through a story or a theme, offering products and souvenirs targeting it, with the aim of promoting a more meaningful experience (Mossberg, 2007), trying to catch customers’ attention more directly and efficiently. Indeed, a good story can have more influence on consumers because it offers a verbal and visual image about the tour activities, through a story the core values can be promoted in a clear and memorable way (Mossberg, 2007). For example, a method to raise attention and involve people is through storytelling: by telling a story, individuals can feel sensitive or even identified themselves in this story. According to Wynn (as cited in Mossberg, 2007), the tour guide can be recognised as a storyteller.

2.4. Tourism Transformation and Challenges

Over time, consumers get more demanding. In order to adapt, tourism businesses need to change, in order to meet and respond to these demands and expectations. Crompton (as cited in Otto & Ritchie, 1996: 165) has emphasised that “the real change for tourism industry is to create the right psychological environment, not to worry about technical things “. In addition, Oh et al. (2007) refer that a new demand has emerged due to the fast growing sector of the consumption experienced, customers look for unique and memorable experiences. Consequently, firms need to adapt and develop a distinct value-added proposal of products and services within high-quality levels. Likewise, Crick and Spencer (2011) have

demonstrated that nowadays tourism companies focus more on the emotional aspect of delighting the consumer, through creating surprise effect, enabling the creation of memorable experiences, rather than focusing only on the individuals' satisfaction.

Hemmington (2007) suggested to explore hospitality as an experience, by doing so, new perspectives will result from it and will have meaningful effects in the hospitality management. The author defends that businesses should invest in a host-guest relationship, taking into account the responsibility and safety of their guests and to manage and surprise them. Indeed, to gain competitive advantage tourism businesses must focus on the host, providing guests with experiences that are memorable, customised and add valuable meaning to their lives. Additionally, Lashley and Morrison (as cited in Hemmington, 2007: 750) claim that "hospitality requires the guest to feel that the host is being hospitable through feelings and generosity, a desire to please and a genuine regard for the guest as an individual".

Overall tourism businesses need to focus on the quality of the experience and incorporate the six dimensions of Otto and Ritchie (1996). Nonetheless, delivering quality must be seen as a moving target, according to Torres and Kline (as cited in Crick & Spencer, 2011) companies not only need to merely satisfy customers, they actually need to delight customers. Indeed by delighting customers, these probably will have the need to share this positive experience by spreading word-of-mouth among other individuals, personally or through social websites.

In short, the challenge of business in tourism is based "in translating the service experience into a service encounter, service delivery and service environment specifics" (Otto & Ritchie, 1996: 173). Likely, Chambers (2009) consumer in tourism will give more emphasis to the overall of the experience rather than on regular services or products, hence marketing strategies should focus on providing memorable experiences and customised services and above all a whole experience for the customer.

The future tendency, as a result of the technology improvement and access to practically all information about a destination is that customers have access to increasing transparency about tourism services and products, plus they will depend less on tourism businesses to help them in organising their travel (Chambers, 2009). Consequently, companies need to help customers to surpass the excess of information and benefit from a truly rewarding experience, offering to customers a total transparency, honesty and consistency (Chambers, 2009).

The upcoming challenges of tourism will definitely be based on the tourist experience, where tourists will tend to value tourism experiences concerned with environmental issues, heritage preservation, or culture diversity and where they can also benefit of leisure, entertainment and self-improvement (Chambers, 2009). In other words, sustainable tourism is expected to increase and become more significant in the tourism industry.

2.5. Sustainable Tourism

2.5.1. An Overview of Sustainable Tourism

The concept of sustainable tourism, according to Swarbrooke (as cited in Tepelus, 2005) has appeared due to the negative impacts caused by mass tourism, insinuating that all types of tourism can apply sustainable practices.

Nowadays, sustainable tourism is supported on three pillars: environmental, socio-cultural, and economic factors, often referred in the academic literature and sustained by the United Nation World Tourism Organization (UNTWO); further on, the political dimension was introduced by the authors Ritchie and Crouch as the fourth pillar (Mihalic, 2016). The discussion of several authors around this theme demonstrates the necessity of an equilibrium in hospitality, between economic, social, and environmental interests, even if implementing sustainable practices on tourism can be difficult or even indefinable (Mihalic, 2016; Pulido-Fernández et al., 2014). Nevertheless, sustainability is considered a key factor and determinant for a destination's competitiveness and, the environment dimension as the main element of sustainability strategies and development in tourism (Pulido-Fernández et al., 2014).

Several authors, mentioned by Mihalic (2016), debate the issues of seasonal concentration and the impact of mass tourism of sea, sun and sand, which has been one of the main causes of sustainability discussions. Therefore, the emergence of the new tourism styles and concepts, based on non-mass-tourism developmental models, has been appearing under all sort of names such as “such as alternative, soft, quality, eco, responsible, minimum impact tourism, green and ethical tourism, with all of them representing an alternative to the mainstream mass tourism that has been becoming environmentally, socially, ethically and politically intolerable” (Mihalic, 2016: 1). Another example of alternative tourism is volunteer tourism that enables individuals to have an authentic experience, to interact with

natives and their culture, and travel for a purpose - devoting to a preservation, conservation, or a humanitarian project in a foreign country (Chen & Chen, 2011).

Recently, sustainable tourism has been related to the idea of responsible tourism, the author Goodwin (as cited in Mihalic, 2016) refers that consumers, suppliers, and governments must be involved in responsible tourism, by taking actions, creating solutions and taking responsibility to make tourism sustainable, reducing negative impacts of the conventional tourism (mass tourism). These negative impacts can be environmentally inappropriate behaviours, caused by the capitalist market, overproduction, and overconsumption of local resources, caused by economic interests and population growth, or even improper behaviours due to human lack of awareness about environmental and destination issues. Clearly, the concern of environmental issues is of increasing significance and its becoming one of the criteria that influence tourists' decision-making (Mihalic, 2016).

2.5.2. Sustainability in Tour and Activity Services

Actually, Mihalic (2016) argues that many good practices have risen from sustainable strategies and procedures, such as reduction of waste and pollution emissions, energy saving, preservation of natural environment and other efforts to improve the livelihood of the locals. However, tourism businesses, driven by profit, has been facing some adversity towards sustainable procedures and has been unhurried in adopting environmental and socio-cultural measures in their business practices rather than public investors. Studies found that European tour businesses are eminently aware of the adverse impacts of tourism and recognise the need to reduce them (Mihalic, 2016). Yet, when facing low customer demand these tend to act superficially towards responsible tourism practices, aggravated by the inexistence of sufficient regulatory procedures to adopt more environmental practices, causing a low level of engagement towards sustainable principles (Mihalic, 2016; Tepelus, 2005).

The existence of different types of behaviours among tour operators regarding the level involvement towards sustainability has been identified by Ziffer (as cited in Tepelus, 2005). Accordingly, there are four categories to characterise tour businesses:

- **The opportunistic:** unaware or unworried about cultural and environmental effects, their only concern is about the profit made in selling nature.

- **The sensitive:** generally act according to profit but are aware of environmental issues and propose services with low negative impacts in the visited surroundings.
- **The constructive:** commonly donate a part of their revenue to local environmental and social causes.
- **Pro-active:** normally embrace decisive roles in preserving and improving the visited areas, connecting a project with non-profit partners and invest a part of their income into preservation funds.

These categories outline the way that tour enterprises have been applying ‘good practices’. Furthermore, Tepelus (2005) has divided the ‘good practices’ of sustainability used by tour businesses into clusters, classifying into main areas of action that are:

- **Information:** providing information to tourist and staff to create awareness through brochures, pamphlets and other materials. Enables to inform about environmental practices without actively stimulate the involvement of tourist and employees.
- **Education:** investing human and financial resources to actively educate tourist and staff through courses, workshops, training and other methods. This approach enables to try to change behaviours, by creating awareness and prevent from exerting practices that contribute negatively to the environment.
- **Definition of ‘tour operator-tailored’ environmental criteria:** defining a classification for environmental features, especially for accommodation, and to transmit this information to tourists - allowing them to make a responsible decision.
- **Environmental management work:** employing an environmental management system (EMS), even achieve ISO 14001 standard - only for solid organisations.
- **Environmental or social investment:** raising funds for social and environmental activities through contributions, funds for project related to conservation, additional fees, and environmental preservation.

Tour businesses are motivated in applying one or several of the practices mentioned above due to the benefits that it might bring into their business. These need to adapt to the tourist demand – tourists are becoming more demanding, aware, searching for authentic experiences (Chambers (2009)).

On the other hand, tourism is an information-intensive industry, the future of communication is through identifying information communication technology (ICT) tools for tourism

sustainability (Ali & J. Frew, 2014; Tepelus, 2005). For example, by using tools such DMS (destination management system), tour businesses can create a web space where local communities and tourists can interact about environmental issues at the destination sites (sharing information, knowledge, and fostering co-operation), creating awareness towards sustainable practices and responsible behaviour (Ali & J. Frew, 2014).

In conclusion, mass tourism is expected to continue to grow. Therefore, the solution is that sustainable tourism and practices must be incorporated in all tourism activities, independently of the size of the business, tour enterprises should adopt responsible practices and concentrate on correcting past mistakes as also avoid future ones (Budeanu, 2005).

2.6. Frame of Reference

According to Pine and Gilmore (as cited in Oh et al., 2007), successful enterprises are the ones that manage to create experiences that will intrinsically engage customers, because consumers seek unique experiences. Consequently, differentiation strategies must focus on consumer experience and no longer be based on goods and services. Research based on customer experience in general, and more specifically on tourist experience, show a growth, due to the significance and impact that the experience has on individuals and on business activities. Tourism experience was explored because of its strong influences on tours businesses and findings are going to be used to build a development strategy of a tour business made of ecotourism activities (Figure 1).

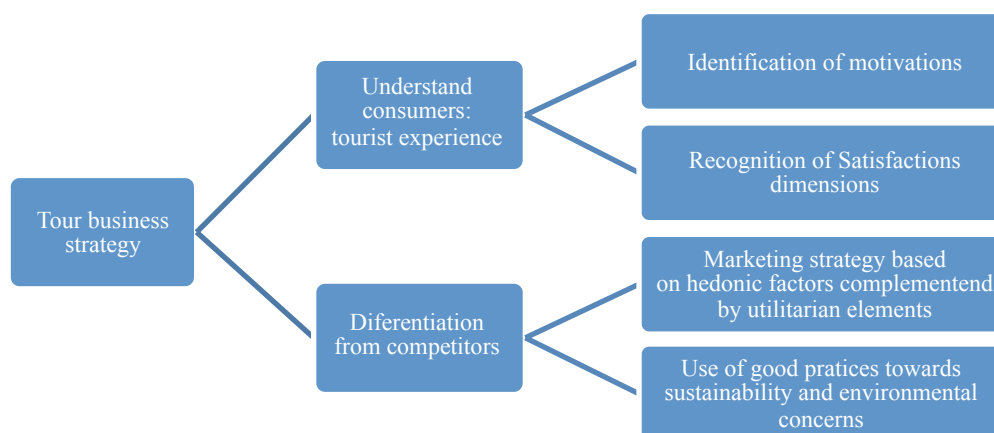


Figure 1 - Frame of reference of a tour business strategy

To clearly understand the driven factors that push tourist to search and consume sightseeing tours, empirical researches about tourism experience in tours were analysed, together with tourism motivations. The most significant motivational factors found are driven by hedonic motives: the quest for knowledge, the social interaction, the escape from daily routine, the pleasure of the peak experience and search for authenticity (Crompton, 1979; Dunn Ross & Iso-Ahola, 1991; Mannell & Iso-Ahola, 1987; Quan & Wang, 2004). After analysing motivations that occur before the experience, post-purchase experiences were analysed namely satisfactions.

Nowadays the importance of satisfactions in tourism is even more crucial, due to web-generated content and the impact this may have on tourism businesses. In fact, consumers' decision-making is based on other consumers' reviews, especially in the tourism context where emotions and experiential reactions are often aroused. Indeed a service satisfaction must be recognised on six dimensions: hedonic, interactive, novelty, comfort, safety, stimulation (Otto & Ritchie, 1996). Since tour services are multidimensional experiences, all these dimensions are meaningful and must be considered in this business project. Even if hedonic elements are considered to be more important, utilitarian factors must also be taken into account, being the price one of the functional features that has impact on satisfaction and on the overall experience (Sánchez et al., 2006). In addition, the supporting experiences (e.g. personnel hospitality, the comfort of transportation and the accommodation facilities) must not be taken for granted, for they might bring added value to the overall experience, being a differentiator element among competitors (Mossberg, 2007). Consequently, in order to differentiate a touring enterprise from other tour businesses, this business project will invest in an efficient marketing strategy based on experiential dimensions complemented with utilitarian features. Promotion can be done by video-based advertising, brochure or storytelling, and must focus on social motivations and hedonic factors (e.g. belong to a specific group, acquire knowledge, live a unique experience) as well as on functional attributes (e.g. comfort equipment, safety issues) (Otto & Ritchie, 1996). On the other hand, the raising danger of promoting features that enable to differentiate from competitors will be taken into consideration, because it can adversely affect customers' expectations above of what the tour business is really offering.

In order to differentiate among other tours competitors, sustainability issues regarding the tourism sector were investigated. Indeed, there has been an increasing concern and acknowledgement that an extensive development of tourism can cause negative effects on societies, cultures and nature (Budeanu, 2005). Therefore the main focus of this tour business project will be based on ecotourism (nature tourism) and on the use of good practices toward environmental and sustainability procedures identified by Tepelus (2005).

3. Methodology

The chosen methodology is content analysis technique, based on a qualitative analysis of web-generated content. The purpose is to understand how the main attributes are perceived by foreign or local tourists of tour businesses in Portugal related to sustainability.

3.1. Research Context

Generally, tour businesses have been increasing in Portugal. Undeniably, tour businesses have influence in behaviours and attitudes and can induce changes toward more responsible forms of tourism (Budeanu, 2005). In fact, they provide entertainment to tourist together with pleasure, knowledge, social interaction, among others. Thus, tour activities also influence tourist behaviour and raise ecological concerns towards visited locations as also sustainable issues towards socio-cultural heritage. However, “sustainability has become an important strategic objective for tourism destinations worldwide... It is accepted that sustainable tourism can reduce resource costs and help create market differentiation ” (Pulido-Fernández et al., 2014: 47).

3.2. Research Method

3.2.1. Collecting the Data

The sample consists of 878 textual post-experience reviews of tourists, from 20 tours all over Portugal (Mainland and Islands), retrieved from TripAdvisor@. The tours activities were chosen according to the criteria of sustainability i.e. responsible tourism, volunteer tourism, green tourism and other ecological concerns. Sample included reviews of visits taken from January 2015 to June 2016, amounting to 82862 words, from diverse nationalities, in various languages further translated into English. In addition to the reviews, demographics and satisfaction rating information were also collected from TripAdvisor@. Reviewers were from: Europe (52,2%), 18,6% from North America, 3,1% from Asia, 2,4% from South America, 1,7% from Australia and Oceania and 22,1% were not specified. Couples represented 41% of the sample, 28% with friends, 17% with family, 12% alone and 1% in business – called category groups. The reviewers were almost all very satisfied with the tours, 94,0% voted 5 stars out of 5 points, 5,0% voted 4 stars, 0,7% voted 3 stars, and the rest 2 and 1 stars. All reviews were compiled in a Microsoft Excel spreadsheet, with a row for each review, and

then converted into a .txt file. Additionally, words that were destination labels (e.g. Lisbon, Porto, Azores, Madeira), were too broad (e.g. guides names, tours, booking, enterprise names, restaurants, bars), not meaningful (e.g. day, hours, everything, take, thanks) were not considered helpful in this research. As also, words from the same family were merged (e.g. feeling, felt; dinner, meals, lunch; knowledgeable, knows, knew). At last the category groups were defined as Tags to analyse the most important attributes in each one.

3.2.2. Analysing the Data

The analysis was done through Leximancer software (LexiPortal Version 4), a technique based on a Bayesian Statistical theory directing fragmented pieces of evidence into meaningful information (Wu et al., 2014).

Leximancer is a text analytics tool that automatically analyses a text collection of natural language and extracts relevant data into electronic format - coding (Tkaczynski et al., 2015). These are identified throughout a lexical co-occurrence frequency, using a machine learn algorithm, afterwards, the software clusters these concepts into themes, based on the frequency they are mentioned together in a text (Wu et al., 2014).

Subsequently, the software displays the information into a Concept Map, where concepts are grouped into themes presented in a graphical map, which are identified in coloured circles where the warmest colours represent the most important themes, enabling researchers to efficiently analyse the initial natural language.

Leximancer has been used in several tourism researches (Tkaczynski et al., 2015; Wu et al., 2014). The main advantages of using this software are: it automatically establishes the main topics within a text; emphasise how each topic connects to each other and ultimately indicates where exactly are located these particular topics in the data (Wu et al., 2014).

3.3. Research Results

The Concept Map identified ten themes and respective connectivity rates: knowledge (100%), experience (82%), food (72%), hiking (72%), places (69%), transportation (56%), recommend (39%), helpful (28%), price (15%), people (14%). Typified in the following Concept Map (Figure 2):

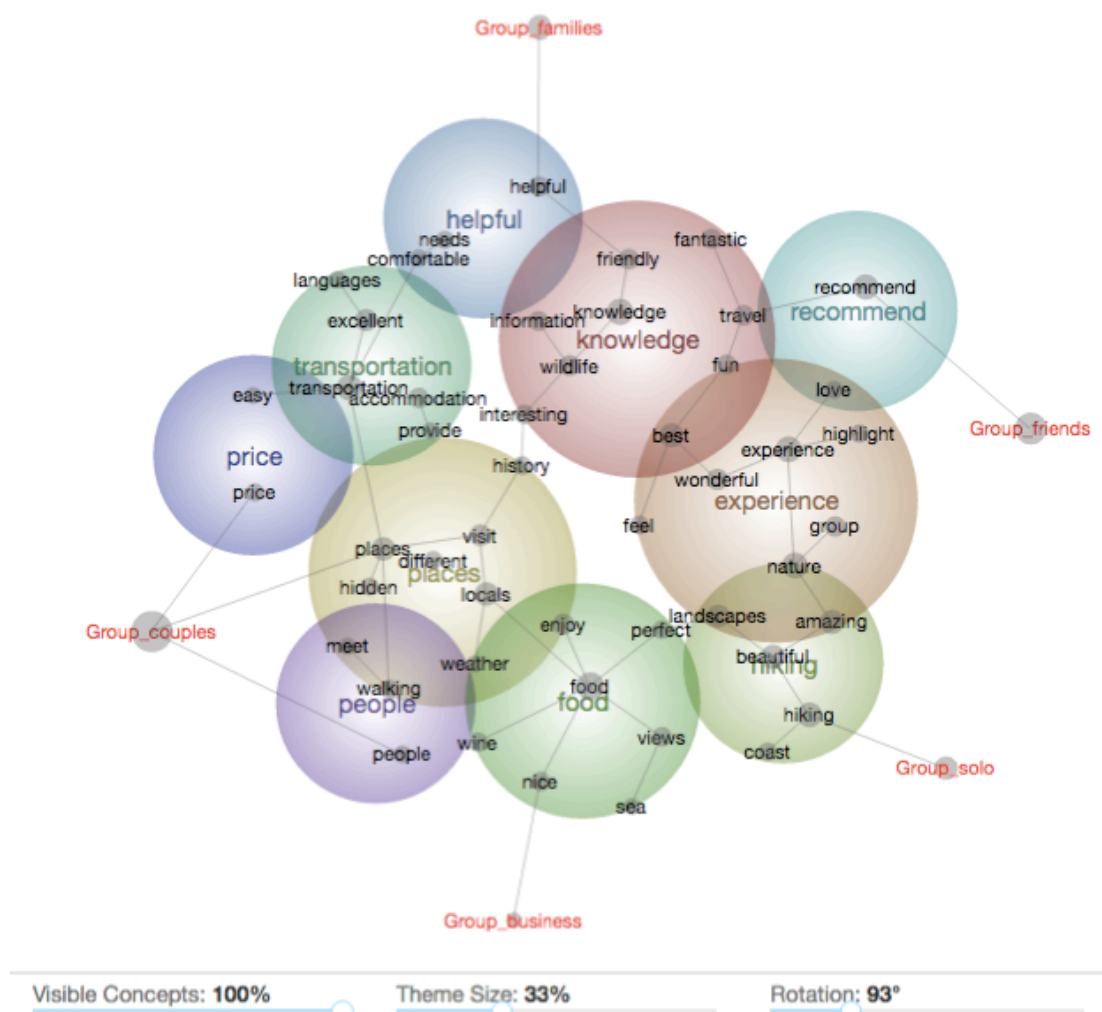


Figure 2 - Concept map retrieved from Leximancer software

The strongest theme was “knowledge” being mentioned 1167 times in 878 reviews. Which contained concepts revealing that tourists receive “information” which is “interesting” and about “wildlife” and “history”, usually given by the guide who is “friendly”. The second most relevant theme the “experience” was mentioned 969 times in 878 reviews. The concepts related are majority hedonic, like “feel”, “love”, “fun” and “wonderful”, or even related to interaction as “group”. Reviewers often referred it was the “best” of their “travel”.

Data analysis verified that each category groups of tourists travelling as families, couples, friends, solo or business emphasised different aspects of the tours activities. The biggest category was “tourists travelling as couples”, highly connected to “people”, “price” and “places” themes. Reviewers often referred that tour activities allowed them to know “different” and “hidden” places that they would never have “visit” on their own. The “price” was also a component, which they gave importance. Besides it was also an opportunity to “meet” more

“people”. The “weather” which usually is favourable in Portugal was also often mentioned.

The Families category was strongly linked to “transportation” and “helpful” themes, and to the following most relevant concepts: “comfortable” (34%), “fantastic” (24%), “languages” (23%), “excellent” (22%), “needs” (21%), “wonderful” (20%). Tourists travelling with families felt “comfortable” in tour activities and even were surprised by the “languages” spoken by the guide that was “excellent”, overall they felt that their “needs” were fulfilled.

On the other hand, the most relevant concepts found between tourists traveling with friends were group (36%), fun (36%), beautiful (36%), friendly (34%), highlight (32%), amazing (31%) and history (31%) and information (31%), travel (30%); linked to the “experience”, “knowledge” and “recommend” themes. Reviewers described the tour activities as the “highlight” experience of their “travel”, associated with “fun” and also to “information” about the “history” of Portugal. Several of them mentioned also the guide, who was very “friendly” and related the tour has being “amazing”.

Reviews of tourists travelling solo are more correlated to the “nature”, “landscapes”, “coast”, concepts found in the “hiking” theme, important attributes of ecotourism tours. Moreover, they often describe the concept of “group”, giving importance to the interaction experience.

Finally, tourists travelling in business associated to the “food” theme, the concept “wine” was a complement and the “perfect” and “nice” were hedonic concepts. Meaning that it was a pleasant gastronomy and usually savoured in places frequented by “locals”.

3.4. Discussion

Online reviews of travellers are of great importance for tourism business managers, for it allows to understand the main attributes in tour and activity services that please customers. It can be used as a reference for other customers who will base their decision-making, according to the reviewers’ satisfaction rates.

The results of this content analysis can be associated with each affective dimension of the service experience, described by Otto and Ritchie (1996). In this case the hedonic dimension is related to “experience” (i.e. love, feel, highlight), the interactive to “people” (i.e. meet, group), the novelty to “places” (different, hidden, locals), the comfort to “transportation” (i.e. comfortable, provide), the safety to “helpful” (i.e. needs) and the stimulation to “knowledge”

(i.e. information, history). In the ecotourism context, these results are in harmony with what Lian Chan and Baum (2007) mentioned, indeed ecotourists tend to use more the hedonic dimensions to express and describe a positive experience. These results will be used to build a business plan for a sustainable tour because, as mentioned by Ozment and Morash (as cited in Otto & Ritchie, 1996), it is more efficient to build a business based on consumer point of view. Indeed this study allowed a clear understanding of what are the most important attributes for tourist experiencing a tour activity in Portugal.

According to the UNEP (United Nations Environment Program) and UNWTO (as cited in Mihalic, 2016), sustainable tourism is a set of principles that can be applied in any tourism business or destination type. The results demonstrated that, despite being tours concerned with ecological issues and offering nature-based activities (i.e. hiking, coast, sea, wildlife), still few reviews mention responsible tourism. Further on, the business plan will take into consideration the need of providing information and showing involvement in environmental and conservation issues of destination sites. These practices can contribute to differentiating from competitors and from mass tourism in general, by offering unique experiences that emerge from regular offers (Tepelus, 2005).

4. Business Plan Goals and Objectives

The purpose of this business plan is to offer tour and activity services of guided hikes based on nature tourism, supported by the use of sustainable practices. The aim is to fulfil customers' expectations by offering an authentic and memorable experience, travelling through rural locations and natural parks of Portugal destination.

4.1. Business Plan Goals

The main goals of the business plan are:

- Offer a nature-based service based on experience and authenticity.
- Adopt responsive practices toward a sustainable tourism.
- Offer a personalized travel experience in a natural environment and rural locations.
- Create awareness towards responsible tourism.
- Discover places unknown and far from most touristy areas.
- Preservation of local culture and traditions

4.2. Business Plan Objectives

The main objectives of the business plan are:

- Develop a business plan strategy based on the experience dimension and sustainable practices.
- Implementation of good practices of sustainable tourism.
- Offer employment and assist in the development of rural zones in Portugal.
- Research for co-operation in environmental and communitarian projects.
- Define the tour activities that will be offered (hiking, eco-tourism, discover of local customs, handicraft workshops).
- Explore potential partner for accommodations, workshop activities, and meals.
- Design multi-day packages in natural environments.
- Elaborate a marketing plan strategy with efficient promotion and communication.

5. Market Analysis

5.1. Overall of Tourism Market

Nowadays, the tourism sector is one of the largest industry in the world, equalling 9,8% of the global GDP and is growing faster than the majority of the others actual prominent sectors, such as financial, automotive, or health care services. Additionally, it is also a source of employment, summing up with the indirect jobs related to the hospitality industry, this sector generated 9,1% of the global employment in 2015: 284 million of jobs and in 2026 it is expected to support 370 million jobs. Although security and safety issues have been influencing tourism recently, the industry will continue to grow despite a slower rhythm (WTTC, 2016). The number of international tourist arrivals in 2015 reached 1.184 million, 51,3% of which were in Europe according to the World Travel Organization (INE, 2016). More precisely the Southern Europe and the Mediterranean had the most significant weight of 19%, the equivalence of 225,1 million of the tourist arrivals, an increase of 10,3 million from 2014 to 2015. In 2016, Portugal is expected to receive 10,1 million international tourist arrivals and forecast to reach 12,6 million in ten years (WTTC, 2016).

5.1.1. Key Figures of Tourism in Portugal

In 2015, Portugal reached the 33^o position in the worldwide ranking of tourist entrances, the 26^o position in tourism industry revenues, and the 46^o position in tourism expenditures. According to the Bank of Portugal, total tourism revenues attained 11,4 thousand million euros representing an increase of 9,3% in 2015 - United Kingdom, France, Spain and Germany are the main issuers of the market revenues. The balance of payments grew 9,5% from 2014 to 2015, reaching 7.8 billion euros (INE, 2016). The total GDP contribution of travel and tourism in Portugal was of 16,4% in 2015, representing € 29,2 billion and it is estimated to increase 1,9 % in 2026. This sector reached 882 thousand jobs - including indirect occupations – representing 19,3% of the total employments, the forecast predicts it will reach 1017 thousands jobs in 2026 (WTTC, 2016).

According to National Institute of Statistics (INE), 43,3% of local inhabitants in Portugal had travelled in 2015 - representing a total of 19.1 million trips² - and at least 32,4% of residents toured exclusively in Portugal – signifying a total of 17.3 million trips and a decrease of 0,8

² Trips include an overnight stay outside of the usual living environment

percentage points from the previous year. Regarding the principal motivational drivers of travelling, 44,8% of the total journeys were for visiting relatives and friends, 42,2% for leisure, recreation or holidays, 8,7% for professional motivations, and the remaining 4,3% were for religious, other motives and health motivations (Figure 3)

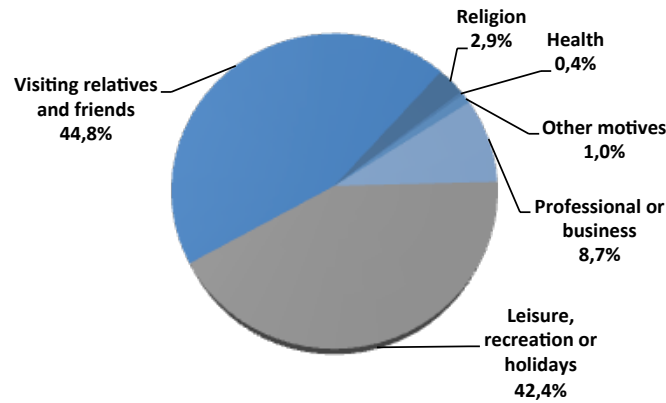


Figure 3 - Main tourist travel motivations in 2015 - Portugal residents. Source: INE (2016)

Regarding gender, women were all predominant in the different motivational reasons except for the professional reasons (Figure 4).

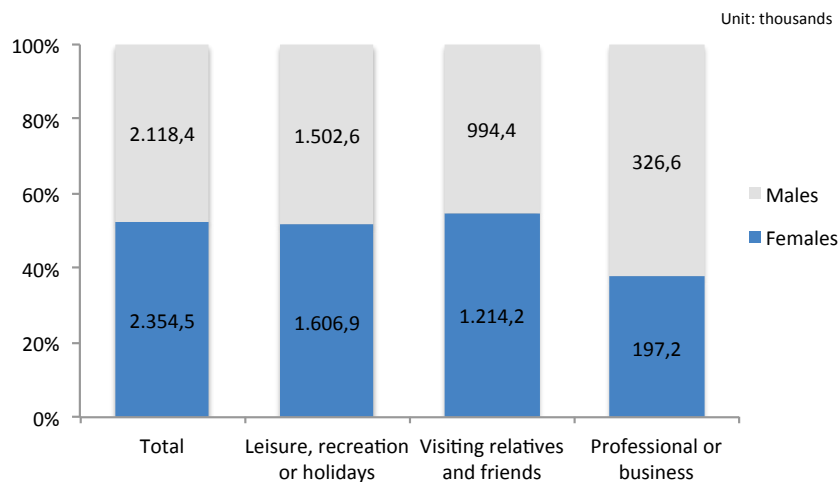


Figure 4 - Main tourist travel motivations in 2015 - Portugal residents. Source: INE (2016)

Additionally, the booking of services associated to travel (transportation, accommodation and food) made directly to the end providers, without relying on travel agencies or tour operators, occurred in 24% of the total trips (+1,7 percentage point comparing to 2014). Only 6,3% of the trips were made through third party providers (+0,7 percentage point year-on-year) which was less used in inner country travel (3,0%, +0,2 percentage point) rather than in foreign destination (36,2%, +2,7 percentage point) (INE, 2016).

On the other hand, the lodging industry in 2015 has a positive trend, registering 19,2 million guests representing a rise of 10,9% facing last year and 53,2 million overnight stays. Regarding the international tourist, the most significant market was the United Kingdom symbolising 23,3% of overnight stays, followed by the German market with 14,2%, the Spanish market representing 10,7% and the French market with a significance of 10%. All of these markets have been increasing year-on-year (Figure 5).

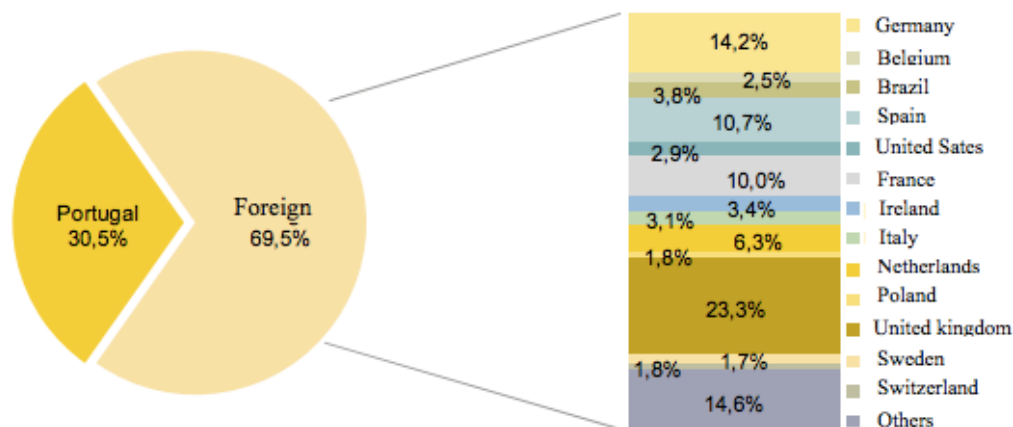


Figure 5 - Total of overnight stays according to the country of residence. Source: INE (2016).

The main destinations in Portugal are the Algarve, Lisbon, and Madeira, in 2015 these 3 regions represented 71% of overnight stays, representing respectively 32,4%, 23,3% and 13,2% of stopovers. Although other regions had a significant growth like the Alentejo with +15,6% and the North region with +15,5% compared to 2014, there is a market need for promoting tourism visits to other areas away from the main touristy points and city centres (see Annexe A). Moreover, Portugal needs to face seasonality tourism, affecting especially the leisure, recreations and holidays segment, where the most touched region is the South (INE, 2016).

5.1.2. Tour and Activities Market in Portugal

According to the National Register of Tourist Animation Agents (RNAAT) a total 2.729 companies of tourism animation were registered until November 2015, among 72% were tour entertainment companies while 28% were tour maritime operators (Figure 6). With the new deregulatory amendments of tourism activities in 2013 and the reduction of associated costs, the number of new tourism companies since appeared on the market has increased significantly. In parallel, the number of cancelled companies as also augmented due the strengthening of fiscal policies and augmentation of competitors (TP, 2015a).

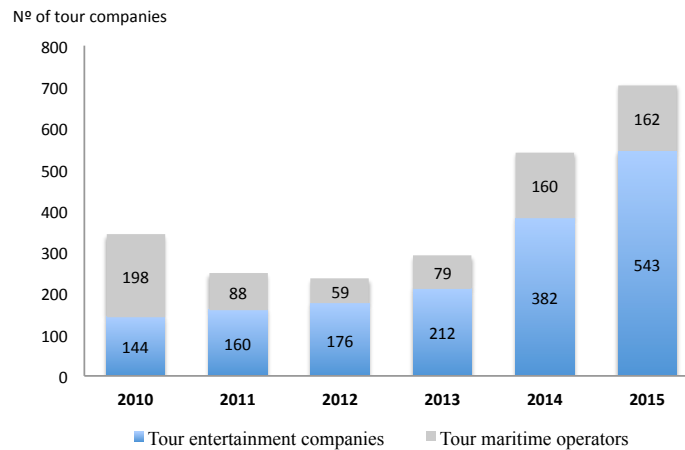


Figure 6 - Number of active enterprises per year of registration and typology. Source: TP (2015a)

Consequently, Portugal has improved its touristic competitiveness relative to promotion and effective regulatory frameworks. Regarding the distribution of those types of enterprises per regions, Lisbon, Algarve and North have the higher numbers of tourism animation firms with 36,7%, 19,5% and 18,8% respectively (Figure 7).

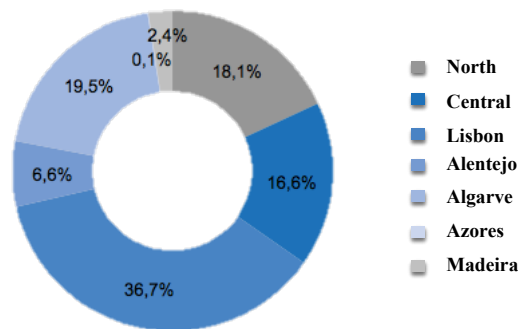


Figure 7 - Number of active enterprises in RNAAT per NUTS II in 2015. Source: TP (2015a)

More than a half of tourism animation enterprises in Portugal are small and medium enterprises (66%) having annual revenue inferior to 50.000 euros. Dividing by business characteristics, 62% of total tour entertainment companies have annual volume inferior to 50.000 while in tour maritime operators they are 77%. It is to notice that more than a quarter of tour entertainment companies have a revenue exceeding 100.000 euros (Figure 8).

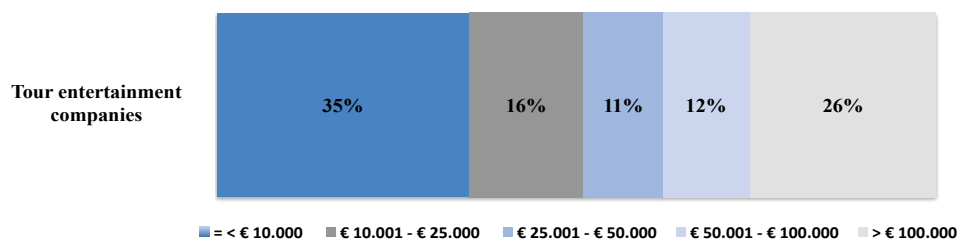


Figure 8 - Average annual revenue for tour entertainment companies*. Source: TP (2015a)
*exclude tour maritime companies

Moreover, 66% of tour entertainment companies expect to increase the sales volume from 2014 to 2015 due to the optimistic trends of the tourism sector.

The practice of partnerships is also quite frequent; more of 71% of tourism animation business have partnerships with other entities, representing an increase of 16 percentage points from 2013 to 2014. It is a method of attracting more customers and to be promoted (TP, 2015a).

5.2. Tourism Market Strength in Portugal

5.2.1. Main Attributes and Products of Tourism

According to the Tourism of Portugal, entity responsible for implementing the national strategic plan for tourism (PENT), the strategic position of Portugal destination image is characterised by the following differentiating elements: (TP, 2015b):

- Climate and sun: offer favourable and warm temperature throughout the year, with low precipitation rate during the winter and a high number of days with sun.
- Hospitality: affable and warm populations, usually receptive to foreigners.
- Culture and history: strong local culture, very traditional and ancient customs and a lot of history and heritages.
- Diversity: multiplicity of cultural influence and of regional subcultures, landscape varieties (beach, resort, golf, mountains, forest, villages).

The existence of these factors combined with other strong attributes such as safety conditions, good infrastructure transportations, fluency of different languages by locals and tourism activities, offer of qualified accommodations and tourism activities; are the country market strength enabling Portugal to position itself as a strong travel destination.

According to the PENT, the development strategy of tourism products was segmented into a group of ten main products: Sun and sea, touristic circuit religious or, short city break, business tourism, golf, nature tourism, nautical tourism, residential, health, wine and gastronomy (TP, 2015c). Regarding the different type of tourism products and services in Portugal, this business project will focus on the category of the nature tourism products, despite having a bit also of cultural tourism. The development strategy per region of nature

tourism is in a growing stage all over Portugal, except in Azores and Madeira where the pedestrian products are already in mature stage (see Annexe B).

In addition, Tourism of Portugal has designed an action plan from 2014 to 2020, named Portugal 2020, which main goals are tourism competitiveness and internationalisation, by supporting tourism development in Portugal. Differentiating strategies are being implemented per sector and regions, reinforcing cooperation with the purpose of applying efficiently the European funds. The three main purposes of this action plan are to enhance smart (technology and innovation), sustainable (ecological), and inclusive growth (employment and education) (TP, 2015b). Regarding nature tourism, the commitment is to streamline National Network of Protected Areas (RNAP), recover rural heritage and reinforce sustainability.

5.2.2. Nature Tourism Overview

In 2010 nature tourism represented 7% of the travels made in Europe, resulting in an average of 16 million trips, which is expected to grow and reach an average of 25 millions in 2020 (Figure 9).

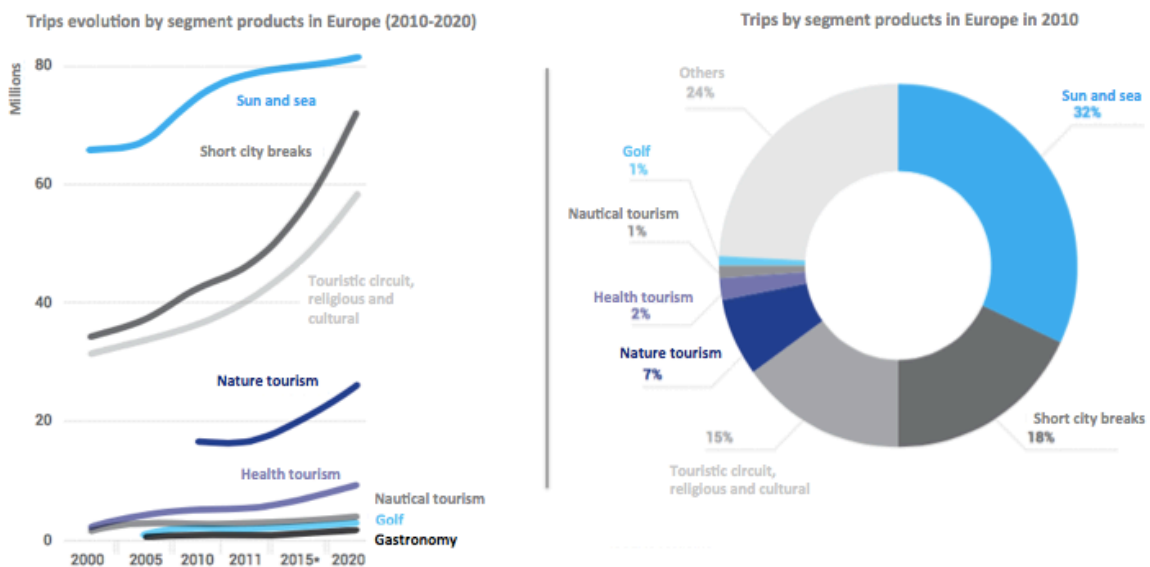


Figure 9 - Performance of the tourism segment products at European level (2010-2020).

Source TP (2015d)

Germany and Netherlands were recognised as the main outbound markets, both representing 45% of nature tourism travels made in Europe in 2014 (THR, 2006). Nature tourism has been growing worldwide and attracting more followers, representing an opportunity to be explored

in Portugal, due to the variety of landscapes and natural habitat diversity the country has to offer. This natural richness has a great potential to attract visitors for overnight stays or tour activities based on tourism experience since 21% of the national territory is considered natural protected areas (ICNF). Indeed, the number of visitors to natural protected areas is increasing, in 2010 the number of visits was 190 232 and in 2015 it reached 352 588, representing an increase of 85% (Figure 10).

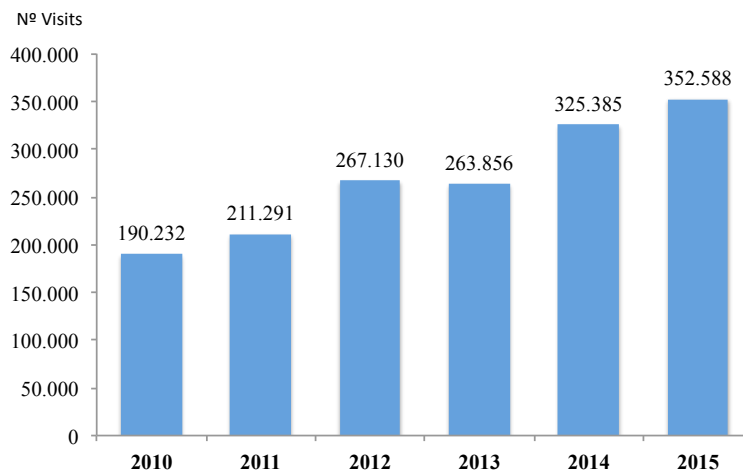


Figure 10 - Number of visits to protected natural areas. Source: ICNF

Besides, among tourism animation businesses based in Portugal, nature tourism and outdoor/adventure activities are still the most wanted group activities (Figure 11)

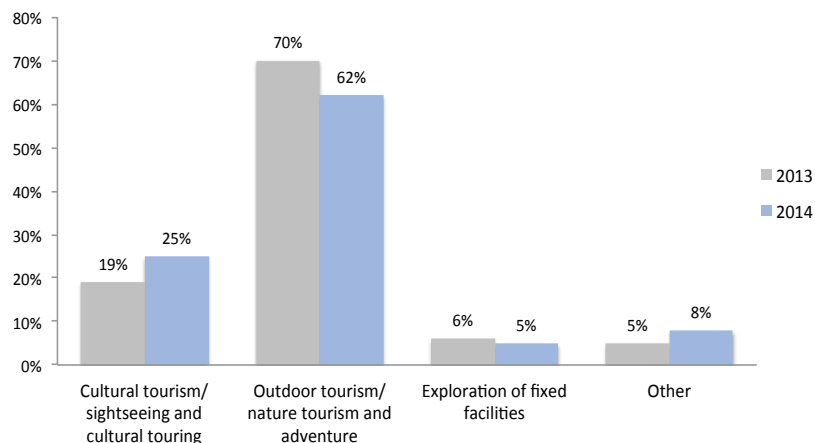


Figure 11 - Most searched group activities in 2014 and 2013 in tourism animations sector.

Source: TP (2015a)

While among individual activities, the five more wanted are sea trips, guided visit to cultural heritage and museums, rent vessel with crew, thematic routes and other heritage trails, and exclusive urban activities (TP, 2015a).

This overall increasing trend of nature-based activities demonstrates the need to establish appropriate infrastructures and warranties of good practices from tourism business related to the nature tourism. It is, therefore, essential to follow good environmental practices and a sense of responsibility that ensure the preservation and conservation of the natural ecosystem, which is going to be taken into account for this business project also based on a sustainable development strategy.

5.3. Market Trends in Tourism

5.3.1. Social and Demographic Trends

Tourism is affected by demographic, economic and social changings. Indeed, in the more developed countries the number of aged retired people is increasing, in parallel, in the emerging countries the number of tourists being able to travel abroad is increasing (Chambers, 2009).

According to Chambers (2009) and information given by the Tourism of Portugal (2015b), people are becoming more accustomed to travel and increasingly tend to search for unique and true experiences, being open to a greater variety of distinctive experiences such as ecotourism, extreme sport, and adventures. On the other hand, the principal drivers of recreational tourism are wealth and leisure. The growing concerns about well-being, as well as the rise of environmental and social concerns from consumers are strong factors that influence attitudes, preferences and motivation in travelling. Subsequently, tourist will probably be more sensitive to the effects of their travel in destinations and search for more healthy and sustainable products that have less damaging environmental and social impacts.

Therefore, tourism businesses need to adapt and develop new marketing and distribution strategies because “future tourists will also expect greater social and environmental responsibility on the part of the hospitality industry, and will be more interested in the overall experience” (Chambers, 2009: 357).

5.3.2. Technology Trends

Additionally, with the access to wider information, consumers have more knowledge about destinations, which can help them to surpass the initial fears associated to unawareness and unfamiliarity, enabling them to travel on their own instead of searching for guided tours. Finally, previous searches about a service increases the tourist awareness and can reduce the surprise effect, as well as other customer reviews can intensify expectations that can easily be above of the offered service.

The fierce competition raised from the sharing economy has been changing the tourism market. Indeed, the constant augmentation of new ideas brought by entrepreneurship can change even more the concept of tourism businesses, e.g. AirBnb has change and has a great influence in the accommodation sector.

These trends stimulate the tourism market and increase fierce competitiveness among business providers.

5.3.3. Environment Trends

The worldwide climate change issues raise concerns in governments, enterprises and consumers who are gradually adopting sustainable measures and behaviours. The tendencies are the increase of environmental regulation, more investments in environmental practices, and infrastructures, and proliferation of environmental certification (TP, 2015b). In fact, tourist will be more aware of environmental concerns, which will increase the demand for natural and biological products, as well as for nature tourism activities, that consequently will increase more offer of services and products directed to this purpose.

5.4. Regulation

To start a tour and activity company, the legislation requires an online registration in the RNAAT along with a payment fee and a proof of having insurance coverage (TP, 2015c). The law considers activities of touristic animation, activities of nature recreation, sportive or cultural, characterized as outdoor tourism activities or cultural tourism that have a touristic relevance in the occurred region (article 1 and article 3, law n.º 108/2009 of May 15th). In

2013, the above decree law has been amended by the decree law n° 95/2013 of July 19th. This revision has reduced the bureaucracy and costs related to the creation of a tour and activity businesses, enabling faster procedures and tacit approvals, allowing an easier access to enterprises in the exercise of activity. At the same time, fiscal policies were intensified in order to deliver more transparency to the final consumer.

Current legislation for tourist entertainment companies in Portugal³ (TA):

- Decree-law n.º 95/2013 of July 19th - The first amendment of the decree-law n.º 108/2009 of May 15th.
- Ordinance n.º 651/2009 of June 12th - Sets the code of conduct to be adopted by the tourist entertainment companies and maritime-tour operators engaged in activities recognised as nature tourism and the logo that identifies them.
- Decree-law n.º 108/2009 of May 15th - Determines the access and exercise conditions of tourist entertainment companies and maritime-tourist operators.
- Ordinance n.º 896/2008 of August 18th - Amendment of the ordinance n.º 1288/2005 of December 15th.
- Ordinance n.º 1288/2005 of December 15th - Approval of the model, edition, price, supply and distribution of the complaints book to be made available by suppliers of good and providers of services covered by the decree-law n.º 156/2005 of September 15th, together with the approval of the notice model to be displayed on the establishments.
- Decree-law n.º 156/2005 of September 15th - Amended by decree-law n.º 371/2007 of November 6th – becomes mandatory the existence and availability of the complaints book to all suppliers of goods and providers of services having direct contact with the general public, with the exception of public administration services and organisms.
- Decree-law n.º 56/2002 of March 11th - Amendment of the decree-law n.º 47/99 of February 16th.
- Decree-law n.º 47/99 of February 16th - Regulation of the Nature Tourism.

Moreover, tourism entertainment activities acting in classified natural zones recognised by the RNAP, are obliged to be recognised as nature tourism activities by the ICNF (see Annexe C). This requirement is transcribed in the decree-law amendment n.º186/2015 of September 13th that supports the following procedures (ICNF):

³ Maritime activities regulation was not considered

- Enterprises adhere and adopt the code of business conduct in the Ordinance n.º651/2009 of June 12th related to good environmental practices and corporate responsibility
- Develop a nature conservation project independently or with the partnership of public or private entities (facultative)⁴.

Likewise the sustainability concept is based on the legislation article 3 of the decree-law n.º 191/2009 of August 17th supported on the following sustainable policies (TP, 2015c):

- Respect of ecological procedures in the enjoyment and use of environment resources
- Respect the cultural authenticity of local communities by the preservation and promotion of their respective values and traditions
- Economic viability of companies centred on the creation of job, better equipment and entrepreneurship opportunities aimed at local communities

The company will also be registered in the National Register of Travel Agencies (RNAVT) as travel agency in order to legally be allowed to charge prices related to accommodation and transportation services. Having to proceed according to the following rules (TA):

- Decree-law n.º 199/2012 of February 14th - The second amendment of the decree-law n.º 61/2011 of May 6th by reducing the registration fee of the company in the RNAVT.
- Decree-law n.º 61/2011 of May 6th – Regulation of travel agencies activities.
- Decree-law n.º 224/2011 of June 3th – Regulation of the travel agencies guarantee fund.

5.5. Opportunities and Threats

After analysing the tourism market, the following favourable and unfavourable external elements that can influence tour business were identified.

5.5.1. Opportunities

The external favourable elements of influence are:

- Growth of the nature tourism and ecotourism.

⁴ Optional for small and medium enterprise supported in the decree-law n.º143/2009 June 16th

- Intensification of the search for authenticity and experimentation of different experiences.
- Raise of ecological and well-being concerns in the consumers mind-set;
- Accelerate growth of the worldwide tourism and appearance of tourists from emergent countries.
- Increase of the number of international visits and recognisance of Portugal as a travel destination.
- Facility in promoting business through the web and having direct contact with the end-customer through social or website reviews.

5.5.2. Threats

The external unfavourable elements of influence are:

- Fierce growth of competition.
- Tourism seasonality.
- Demand changes toward geographic destinations and products experiences – unknown places today can become touristy places in the future, the reverse can also happen.
- Country uncertain economic situation.
- Security risk due to worldwide terrorism.
- Innovation resulting in the appearance of new tourism products.
- Augmentation of business from sharing economies that can influence and change tourism sceneries.
- Increase of the prices disparities for locals, consequence of high demand generated by tourism.
- Saturation of main touristic points especially in the city centres.
- Augmentation of geographic disparities.
- Growth of tourists that travel on their own due to Internet search, without having the need of exploring guided activities.

5.6. Competitor Analysis

5.6.1. Overall of Tour and Activity Competition

Understanding customer motivations and satisfactions is one way of becoming competitive; the other is to get to know well the other competitors in the market.

The majority of tour activities companies usually offer one day or half-day of experience and only 23% offer multi-day services tours in Portugal (TP, 2015a). In nature tourism, multi-day tours are less common than daily tours, depending on the kind of entertainment. Adventure tours are generally based on daily activities but for hiking tours multi-day offers can be more common. However few are the companies that offer a guide accompanying all the way, with luggage transportations along the hikes, all-included accommodations, meals, and other experience activities (cooking experience, farm experience).

Regarding promotion, tour companies generally have a website and 85% are present in social media, resulting from the increasing importance of digital marketing. Others promote through destination or local regions websites. Still, the adoption of brochures as advertising continues to be one of the most adopted means, indeed 65% of tour companies admit using regularly this approach (TP, 2015a).

5.6.2. Identification of Direct Competition

Competition among tour companies based on nature tourism have been increasing in Portugal (ICNF). As part of identifying the main competitors of this business project, an investigation has been done based on the content analysis research done previously - identifying sustainable tours ranked in TripAdvisor@ - and on an Internet search of nature-based tours in the acting regions, resulting in the identification of the following competitors in Table 3:

Tourism Experience and Sustainable Tourism: A Nature-Based Tour Activity in Portugal

Tour companies	Regions (hikes)	Main Activity	Other activities	Days / Price	Included in tours	Dates	Web promotion	Target	Sustainable
Direct competitors									
	all over Portugal (schist village and Vicentina Coast)	thematic or by region hikes tours and tailor-made - guided	cooking experience, cultural tour	Prices without accommodation included: - 1 day - Vicentina coast: 115€ - 3 days - Estrela Sierra: 300€ - 7/8 days - Schist: 1.194€	transports and meals	all year	Website, Instagram, LinkedIn, TripAdvisor and tourism destination sites including Natural.PT	domestic and foreign tourists	sustainable tourism, environmentally responsible company
	Spain, Morocco and all over Portugal (Vicentina coast)	by region hikes and cycling tours - self guided or guided	bike rentals	Price for self-guided tours: - 7 days - Vicentina Coast: 749€ to 900€; luggage transfer: 150€; GPS: 65€ - 15 days - Vicentina Coast: 1300€ to 1700€; luggage transfer: 400€; GPS: 65€	picnic, gps and maps, accommodation s, luggage transfer and cell phone for support	September to June	Website, Facebook, Google +, and TripAdvisor	domestic and foreign tourists	nature tourism
	Northern region (Gerês)	by region hikes and tailor-made tours - self-drive or guided	outdoor activities, cultural tours gastronomy and wine tasting	Prices are available upon request: - 5 days or 8 days - Gerês walking	accommodation s, meals, private transfer, car-rental, wine tasting	April - October	Website, Facebook, Twitter, Google +, Pinterest, Tumblr and TripAdvisor.	domestic and foreign tourists	nature tourism
Portugal Walks	all over Portugal (Alentejo e Vicentina Coast)	by region hikes - self guided or guided	gastronomy and wine tasting	Price for guided tours: - 7 days - Alentejo Castles: 920€ *Price for self-guided tours: - 15 days - Vicentina Coast: 870€ to 980€	transports, meals, picnic, accommodation s, luggage transfer	on available dates	Website	domestic and foreign tourists	nature tourism
	all over Portugal	thematic hikes and adventure tours - guided	vary according to themes	- 4 days (all regions): 260€	accommodation , one dinner	on available dates	Website, Facebook, Twitter, Instagram	domestic and foreign tourists	nature tourism
Nature-based competitors for day and weekend activities									
	Vicentina coast	ecological tours - guided	hiking nature, canoe, horseback, visits of botanical or ornithological	- daily walks in Vicentina coast 20€ to 35€		all year	Website	domestic and foreign tourists	ecological activities
	Gerês	adventure and tailor-made tours - guided	hiking, kayaking, wildlife observation	- 1 day: 85€	lunch	all year	Website, Facebook, Instagram, twitter, Google +, YouTube and TripAdvisor.	domestic and foreign tourists	nature tourism
	Gerês	adventure tours - guided	hiking, kayaking, horse ride	- 1 day: 75€ - 2 days: 150 €	lunch	all year	Website, Facebook, twitter, Flickr, Google +, YouTube and TripAdvisor.	domestic and foreign tourists	nature tourism
	Vicentina coast and Algarve	hikes and private tours - guided		- 1 day: 69 to 79€	pic-nic with traditional food	March to October	Website, Facebook and TripAdvisor	domestic and foreign tourists	nature tourism
	Spain and Portugal (Schist villages)	adventure, cultural and segmented activities tours (senior, teambuilding, youth activities) - guided	canoeing, canyoning, paintball, hiking, trekking, climbing	- weekend: 95 €	one lunch, accommodation	all year	Website and TripAdvisor	domestic and foreign tourists	monetization traditional economic activities
	Schist villages	adventure tours	hiking, cycling kayaking, horse ride, workshop, climbing	- 1 day: 27,5€	Pic-nic	all year	Website and tourism destination websites	domestic tourists	environmental education
Other potential nature-based sightseeing tour competitors									
	all over the world (Vicentina coast)	outdoor adventure tour operator - guided	hiking, cycling, kayaking, climbing and volunteer	- 7 days: member: from 2.622€ or non-member: from 2.893€(*)	accommodation s; meals; bi-lingual hiking guides; private transportation and luggage transfers	on available dates	Website, Facebook, twitter, Instagram, Pinterest, YouTube.	foreign tourists	nature tourism
	all over Portugal (north and south)	drive thematic nature, sightseeing and tailor made tours - guided	be a shepherd, cooking experience, cultural tour	- 8 days - tour sightseeing: 2.600€ - 2/3 days - themed nature tour: 192€	private transportation, meals, accommodation s, activities fees	on available dates	Website, Twitter, Instagram, Flickr and TripAdvisor	domestic and foreign tourists	responsible tourism - 2% is donated to humanitarian/envir onmental associations
	all over Portugal (Gerês)	tour operator over all kind of experience (car, hikes, etc.) - guided		- 5 days: 540€	local guides, meals, transfer, accommodation s	all year	Website, Facebook, Google + and TripAdvisor	foreign tourists	sustainable Tourism

(*) prices converted from Dollars to Euros

Table 3 - Identification of the main competitors of this business project

Regarding competitors that offer multi-day guided hikes tours in several regions of Portugal, five main companies were found and considered as direct competition. Generally, these operate in specific dates or seasons and all tours include meals and accommodations, and are typified as thematic tours or regional tours. Only some enterprises provide the luggage transport option and other extra activities i.e. cooking, wine tasting, cultural events. Two of the competitors differentiate from others by offering self-guided GPS tours, which allows consumers to travel on their own rhythm. However, personalized service and knowledge transmission are missing.

Meanwhile, other businesses of nature-based activities that offer a day or half-day tour can also be considered as competitors. In general these operate all year long and are more specialized in nature adventure sports or ecological activities, i.e. canyoning, horse riding, kayaking, climbing, wildlife observation. Their offers are based on short activities of intensive experience and tend to attract younger people or families.

On the other hand, tour operator agencies that also act as tours animation can too be considered competitors. Their main strengths are their all included service: meals, accommodations, transportations and tours activities. However, it can be quite hard to focus on a particular tour business activity due to all the complexity of features to manage.

Analysing the main competitors is a way of achieving competitive advantage, by knowing the concurrence it is easier for a business to identify the attributes that can differentiate from those.

6. Internal Analysis

First of all, this business project will be named as Portugal Hiking&Company.

6.1. Presentation of Portugal Hiking&Company

The service offered is based on a multi-day package of hiking tours, done in nature areas recognised by the RNAP in four different areas of Portugal, one located on the coast and the three others in the inner country:

Inner area:

- Central region: Protected Landscape Area of *Serra do Açor* (PPSA) –Schist villages
- Alentejo region (North-East): Natural park of *Serra de São Mamede* (PNSSM) – Castles villages
- North region: National park of the *Peneda-Gerês* (PNPG)

Coastal area:

- Alentejo region (South-West): Natural Park of South-West Alentejo and the Vicentina Coast (PNSAcv)

All of these zones do not have easy access and going there by public transportation can be difficult. Moreover, these are still preserved areas and some of the villages included in these circuits suffer from isolation (i.e. schist villages). The purpose is to give the opportunity for tourists to get to know the beautiful natural environment of Portugal, having the option to choose between hikes along the seacoast or in forestry areas surrounded by castles villages, quaint villages or either a national park.

These tours will consist on hiking trails with an experienced guide that will always escort the group and share his knowledge about local customs and history as well as the local fauna and flora. The aim is to lead customers and make sure they do not have to worry about anything. Hiking trails will be offered on a multi-day basis, from a minimum of two days to a maximum of two weeks and group size will have a maximum of seven people in order to create a familiar and cosy ambience. Tours will be offered according to period dates that will be determined further on this business plan and will be available during the all year. In one way this can restrict customers' choice, however, the multiple choice of

days give travellers the possibility to choose the best suitable period. Hikes will also be differentiated according to difficulty levels, the most challenging will consist on five to ten kilometres per day and the easier between three to seven kilometres per day. Distances will vary according to the trails difficulty. All the information will be available on the website, as an add-on an application (APP) will be offered to attend customers during the tours duration.

Moreover, additional activities will be available during the circuit with the purpose to get to know local customs and traditions. These will vary according to the region and will consist on spending a day or half-day with a shepherd, visiting communitarian projects entities, visiting volunteer fire-fighters amenities, do geocaching, or relax in boiling springs and even learning about handicrafts (e.g. artisanal potteries, cork) and gastronomy (e.g. making cheese, cook bread, confectioning liquor).

Regarding accommodation, the booking of overnight stays with breakfast and dinner included will be ensured and comprised in the tour prices. Lunch meals will be provided by the tour business. During all-day hikes lunches will be based on light meals, while during half-day hikes or resting days (i.e. week tours will have a rest day to allow customers to relax and visit surroundings at their own rhythm) lunch will be in typical restaurants, where transportations will be provided. In addition, the tour company will be responsible for carrying customers' luggage from one accommodation to another.

Meanwhile, sustainable practices will be taken into account by adopting good practices toward environmental surroundings and raise tourist awareness about ecological and socio-cultural concerns in the visited places. Also, this business will co-operate with regional entities involved in communitarian projects, giving the opportunity to tourists to know some of these projects and help to support these causes. Therefore the adoption of good practices will be done on three different levels according to Tepelus (2005) :

- **Social:** Enhance communication with local communities and tourists by developing social interaction and exchange trying to fight against isolation and loneliness.
- **Information:** engage tourists in local communitarian projects and increase the awareness about local heritage preservation, local values and culture.

- **Education:** Follow good environmental practices and sensitise tourists to issues concerning climate changing, appealing them in doing responsible tourism.

6.2. Vision, Mission and Values

The adoption of good practices represents the beliefs of what this business stands for, and is represented in the subsequent statements:

Vision: revel in and preserve nature environment and cultural heritage through tourism for the well-being of mankind.

Mission: enhance travel experiences in showing authentic natural wonders by fulfilling the pleasure of enjoying nature to avoid environmental negligence and reveal culture traditions sharing the knowledge of local customs to prevent fading.

Values:

- Raise awareness of local destinations issues and of ecological concerns and influence tourist behaviours.
- Enhance social interaction between local communities and visitors to fight against isolation and loneliness.
- Create economic opportunities for locals and local businesses.
- Share of knowledge through travel in nature as an offer of living experience.

6.3. Strength and Weakness

To better understand the forces and fragilities of the tour business the following internal elements were identified.

6.3.1. Strength of the Business

The internal forces of the tour business activity are:

- Guided hikes in beautiful landscapes in rural and natural areas far away from mass tourism.
- Share of knowledge about local customs and history, as also about fauna and flora.

- Adoption of good practices and ecological concerns on three different levels of action.
- Personalised customer service with an experienced and knowledgeable guide.
- Option to do additional activities and be involved in communitarian projects.
- Share of knowledge about local customs and history, as also about fauna and flora.
- Tailor-made circuits for a group of more than four people.
- Opportunity to learn local habits, handicraft and gastronomy in extra activities.
- Supporting activities differentiation:
 - Group tours size will be small to create a cosy ambience.
 - Accompanied guide during the all tour trails.
 - Booking of accommodations including breakfast and dinner.
 - Luggage carriage among accommodations.
- Visiting areas are difficult to access by public transportations.
- Personalised smartphone APP.
- Opportunity to discover natural landscapes in different surroundings:
 - Hiking through rural village with picturesque houses (PPSA)
 - Hiking through medieval castle villages (PNSSM)
 - Hiking in the only national Park in Portugal (PNPG)
 - Hiking along the sea coast (PNSAcv)

6.3.2. Weakness of the Business

The internal fragilities of the tour business activity are:

- Possible difficulty in reaching international and national tourists due to being in areas far away from the main cities.
- Hikes tour will be restricted to available periods.
- Inconvenience in locals' adaptation to foreign visitors.
- Segmented activity to a specific niche.
- Activities are vulnerable to bad weather conditions.
- Struggle in finding appropriate guides for hiking activities.
- Customers' preferences are not considerate when choosing among accommodations.

6.4. Competitive Analysis

After analysing the strengths, weaknesses, opportunities and threats (SWOT) of the market and of this business, the TOWS (Threats, Opportunities, Weakness and Strengths) matrix will be used as a continuation of the first one. This approach will permit identifying the alternative procedures for the business strategy by matching external and internal elements together and obliging to think about strategies that will bring more competitive advantage. Allowing to explore the opportunities to generate more strength (SO strategies) and surpass weakness (WO strategies), and to search for strengths that can protect from threats (ST strategies), and reduce weaknesses and escape threats (WT strategies). The following Table 4 represents the alternative strategies of this business:

TOWS ANALYSIS - Strategies options		Strengths			Weaknesses		
		Guided hikes in rural and natural areas far away from mass tourism	Share of knowledge about local customs, artisanal and gastronomy in extra activities	Adoption of good practices and ecological concerns	Difficulty in reaching international and national tourists due to being in areas far away from the main cities	Hikes tour will be restricted to available periods	Inconvenience in locals' adaptation to foreign visitors.
Opportunities	Growth of the nature tourism and ecotourism	Nature tourism (S1 vs O1): - Deliver pleasure for nature lovers to experience guided hikes in natural landscapes, with important natural heritage. - Accommodations will be carefully chosen according to rural and ecological criteria.			Reach tourists (W1 vs O1): - Targeting nature lovers. - Promote tours as an opportunity to get to know hidden places far away from main touristy attractions. - Advertise practical information to attract even more tourists (e.g. difficult access by public transports, difficult of knowing the trail because some are not correctly signalled, guide support for trails difficult to cross).		
	Intensification of the search for authenticity and experimentation of different experiences	Experience authenticity (S2 vs O2): - Delivery of authenticity through experiencing local customs and learning how to make regional products with locals. - Preservation of traditional customs practice and promote regional products.			Possible difficulty in finding locals willing to transmit knowledge about traditional customs and practices (W2 vs O2): - Work with regional entities partners in searching and convince locals to collaborate and receive a profit in return. - Alternative: work with local businesses and furthermore locals' individuals will be invited to join on the activities.		
	Raise of ecological and well-being concerns in the consumers mind-set	The adoption of good practices will be used as the main differentiator element of this business against competition (S3 vs O3): - Fight against isolation and loneliness, specially in elderly - Preserve the practice of customs and traditions - Practices of responsible tourism			Constrains of local habitants to new incomers (W3 vs O3): - Can be solved by trying to fight isolation and loneliness with local co-operation of public or private entities. Difficulty in raising awareness about local preservations and environment concerns among tourists only focused in hiking: - Sensibilise tourists by incentive them in participating in communitarian projects.		

TOWS ANALYSIS - Strategies options		Strengths			Weaknesses		
		Guided hikes in rural and natural areas far away from mass tourism	Share of knowledge about local customs, artisanal and gastronomy in extra activities	Adoption of good practices and ecological concerns	Difficulty in reaching international and national tourists due to being in areas far away from the main cities	Hikes tour will be restricted to available periods	Inconvenience in locals' adaptation to foreign visitors.
Threats	Fierce growth of competition	Differentiate from competitors (S1/S3 vs T1): - Acting in areas far from mass tourism and main tourism attractions. - Adopting good practices towards sustainability in three different levels.			Tour hikes are away from main city centres can impose some difficulties in reaching tourists (W1 vs T1): - Personal transportations will be done from two main cities: Lisbon and Oporto.		
	Tourism seasonality	Hikes are not affected by high seasonality demand and touristy places (S1 vs T2): - Habitually hiking activities are done in low season due to difficulties in walking under hot conditions that coincide with the high season. - Peak season of hikes demand is during the spring and autumn.			Avoid seasonality negative consequences (W2 vs T2): - Trails in the coastal region will not be available during the summer peak (i.e. August).		
	Demand changes toward geographic destinations and products experience	Chosen destinations today are far away from mass tourism, but in the future can become known from tourists (S2 vs T3): - Raising awareness about local customs and habits can be a solution against the adverse effect of negative tourism.			Individuals search to escape more and more from main city centres, especially seniors (demographic tendency of older population is increasing) (W1 vs T3): - Offering hiking trails adapted to a senior range (above 65 years old).		

Table 4 – TOWS Matrix of tour business project

7. Development Strategy

7.1. Target Market

The main target of this business plan are nature lovers and customers that seek to get away from the main touristy attractions and wish to discover the inner country. The age range of customers will be around 35-44 and 44-54 years old and both genders will be target. This business will focus on a niche of customers that would rather travel to rural regions, seek for knowledge, explore several places and enjoy fauna and flora interaction instead of spending their holidays in a specific place and have a routine day (e.g. going to the beach each day). Above all this business project aims to target national and international tourists that look for a new experience far from mass tourism. Additionally, the intention is to fulfil the needs of individual customers and interest groups concerned with environmental issues and nature followers.

7.2. Competitive Advantage

In order to differentiate from the main competitors, the focus of this business project will be on its core product/service: hikes. Enabling to concentrate all the effort for a specific purpose – the implementation of a sustainable nature-based tour activities business for tourists that search to discover the natural surroundings and rural landscapes of Portugal – and develop competitive strengths around it.

The strategic choice of selecting the regions for hikes was made according to the landscape beauty, tourism affluence and competitors' offer. These regions were strategically chosen in one way because competition is still minor in two of them (PPSA and PNSSM) and these are unique regions surrounded by castles or either quaint villages and where local customs are still lively. In the other way, due to being unavoidable places for hikes, one in the unique national park of Portugal (PNPG) and the other in the most beautiful natural coast of the country (PNSAcv). Conversely, in these last two regions competition is fierce but there are still few companies that organise a full-guided multi-day experience with all services included.

Moreover, the supporting services activities (accommodations, meals, luggage transfers) and the use of sustainable practices towards responsible tourism will be two main differentiators

elements among competitors and will be considered as competitive advantages due the combination of the quality of the services provided, as well as the increased awareness of individuals toward ecological matters.

7.3. Business Strategy

7.3.1. Strategy Based on Tourism Experience

Before developing a tour business strategy, it is important to have in mind that a tour activity is recognised as multidimensional experience (Otto & Ritchie, 1996) and ecotourism experience as well (Lian Chan & Baum, 2007). This experience is based on six dimensions recognised by Otto and Ritchie (1996) and further applied in ecotourism context by Lian Chan and Baum (2007) and found in the content analysis research of this plan. Hence the development strategy for Portugal Hiking&Company, will be based on those six dimensions by the subsequent approach:

- **Hedonic:** offering a product based on the experience of discovering Portugal natural landscape by hiking off beaten paths with the company of an experienced guide. The purpose is to make this a memorable experience for customers.
- **Interactive:** restrict the maximum number of persons allowed on a tour, to seven individuals plus the guide, in order to create a cosy ambience within the group. Moreover, the same guide will be present during all the tour and will play a social and facilitator role, making sure that everyone is inserted in the group. Plus the social component of everyone sharing the same interest - pleasure for hikes - is also a strong element to ensure group cohesion. In addition, accommodations offered will be in double-rooms, enabling people to get to know each other even better. Still, customers will have the option to choose a single room with the condition of paying an extra.
- **Novelty:** offering the possibility of getting to know different places each day and the choice of experiencing local customs and traditional activities are all novelty factors. Also, the aim will be to ensure authenticity during all tour and particularly in the workshop and cultural experiences. These lasts will be done with local habitants or local businesses, to make sure that reliability is not lost in the future. On the other hand, the weekend escape component will be emphasised to attract national tourists who search to escape from their daily lives and are looking for some freshness.
- **Comfort:** make sure to explain all details before the tour about the equipment that is

crucial bringing, and suggest additional equipment that can be considered helpful and can bring comfort. The information will be sent personally to each customer by email, two weeks before the tour. Besides direct and concise information about hikes, difficulty levels, and paths characteristics will be visibly available on the website. During the tour, additional requests made by customers will be taken into account and fulfilled if possible to ensure their well-being.

- **Safety:** provide full insurance coverage to clients and in addition, a professional guide will be accompanying all the way. This last will have a first aid course and will carry an emergency kit for eventual accidents. To ensure that customers feel safe these will have a GPS tracking system in case of getting lost, given through an APP – specially designed for this business. The APP will not need to be connected to the Internet to emit a GPS signal, allowing to know the exact location of a person.
- **Stimulation:** ensure transmission of knowledge given by local guide about fauna and flora and natural heritage. An add-on will be shared at the end of each day through the APP, about local history, customs, and stories. Also, different additional activities will be available along the tour and vary depending on the regions. Customers will have the occasion to learn how to prepare local food or liqueurs and then taste it, or even to learn and make artisanal potteries. Likewise, other activities will be available (e.g. shepherd, volunteer fire-fighters, visit communities project entities, geocaching, visiting farms or even do boiling springs). Plus the staff will transmit knowledge about environmental and social concerns of visited destinations with the purpose of raising tourists' awareness and appealing to practice responsible tourism.

In order to please customers, the business plan is based on trying to provide a full experience in a nature environment where these do not have to worry about anything. However, the business focus is hikes, for this reason, if some customers do not wish to do additional activities they can either take the day off to rest or do a day trail, that will be suggested by the guide. The same strategy will be applied in offering one-day rest per week during the trails, customers will have the choice to enjoy local surroundings at their own rhythm, or to explore local villages, and enjoy Portuguese gastronomy in typical restaurants during lunchtime. To turn tour hikes even more attractive, the two weeks tours will be a combination pack of the one-week per region hikes, giving customers the opportunity to explore more regions instead of one single area. Furthermore, tailor-made tours will be offered according to consumers request.

7.3.2. Supporting Service Activities

The supporting experiences of a business can enhance the overall experience and also make a difference among competition (Mossberg, 2007). In this case, the supporting service activities are accommodation amenities, luggage transfers and the smartphone app.

The smartphone app will be specially developed for Portugal Hiking&Company to support the business activity, offering an extra to customers, with the purpose of creating the surprise effect by enabling a personal memory of the experience (Crick & Spencer, 2011). Contents about local destinations and facts about ecological and social-cultural concerns will be shared each day. Also, consumers will have access to a specific group page where members will share photos taken during the hikes that only will be accessible to individuals of this tour – attributing a specific identification and user to each group hike. In addition, it will have the feature of emitting a GPS signal for safety reasons.

Accommodations will be strictly chosen and visited before implementing the business to be sure of making the right choice. Preference will be given to rural and small accommodations based on a good price-quality ratio. Furthermore, price rates, food supplies (e.g. breakfast and dinner for overnight stays) and eventual luggage transfer will be arranged with accommodations owners. Lodgings will consist of twin or doubles rooms, giving the option to choose a single room by paying an extra fee. For logistic reasons, overnight stays will be chosen and booked by Portugal Hiking&Company, to ensure that all group members are in the same lodging and to facilitate daily luggage transfer from one accommodation to another. Plus geographic locations will be taken into account trying to be close to the end of the trails hiking, when possible, enabling customers to go on foot until the abode and in counterpart saving costs on vehicle transportation. The fact of not given the option to customers of choosing their own accommodations can be a limitation. However, as mentioned by Lian Chan and Baum (2007), ecotourism experiences are perceived by tourists as a learning activity in a natural environmental with simple accommodations and amenities. Moreover, this last suggests that ecotourism business needs to focus on the importance of natural resources, knowledgeable guides and on provided information about local fauna and flora as well as local customs and culture.

The tour guide plays a fundamental role and will influence customers' satisfaction, being the leader of the experience. This will be carefully chosen and provided with an intensive training.

7.3.3. Sustainable Practices Adoption

Additionally, the adoption of good practices of sustainability in three different levels (social, information and education) is a way to promote social interaction between tourists and locals, fighting eventual isolation of elderly people, by convincing them to collaborate with Portugal Hiking&Company and receive a profit in return (i.e. no business margin income will be applied). An alternative will be to co-operate with local business resulting in the augmentation of their income revenue. Another way will be by informing and encourage tourists' responsiveness about ecological and socio-cultural matters. Also, this business will co-operate with regional entities by helping and supporting communities programs (e.g. environmental concerns, heritage preservation, integration of elderly and isolated peoples). These approaches will enable the enterprise to differentiate from other competitors. At the same time, it can bring an added value to the business by facilitating and fostering co-operation with public and private entities on social-cultural or environmental projects towards sustainability. Resulting in causing a positive impact on society as well as enabling Portugal Hiking&Company to raise promotion and increase competitiveness, and even have the possibility of receiving funds; sustainability is a strategic driver of the business.

8. Definition of Implementation Policies

8.1. Marketing Mix

8.1.1. Product

The brand name Portugal Hiking&Company is settled to be in accordance with the core product/service for facilitating the interpretation of customer about the business activity.

The core service is to provide guided hikes that will be offered in four main categories, according to the different regions. Furthermore, tailor-made packages will be designed conforming requirements made by customers. The names of each product divisions have been designated to attract consumer attention and raise curiosity, the result is following:

- Hidden villages between mountains hills - Schist villages hike
 - Other curiosities: 27 villages made of schist, historical villages and oldest monument of the country⁵, monasteries, convents, castles and waterfalls. Local practices such as subsistence husbandry, beekeeping and handicraft.
 - Flora: old forest dominated by chestnut, oaks, prunus, laurel, arbutus.
 - Fauna⁶: 241 butterfly species, eagles like montagu's harrier or northern goshawk, owl, boar and urchin.
 - Area: PPSA

- Medieval route of historical villages – Castle villages hike
 - Other curiosity: traces of Moorish presence, petroglyphs, chapel, city in castles local practices agriculture and handicraft.
 - Flora: oaks (cork, holm, pyrenean), chestnut, arbutus, rosemary and heather.
 - Fauna⁷: bird species including eagles, kestrel, fox, boar, egyptian mongoose, badger, weasel.
 - Area: PNSSM

- Nature paradise of mountains and rivers, streams and waterfalls - Peneda-Gerês National Park hike.

⁵ dating from 13th century Chapel St. Peter

⁶ retrieved from ICNF; Turismo da Natureza; <http://www.icnf.pt/>; accessed on 25 June 2016.

⁷ retrieved from ICNF; Turismo da Natureza; <http://www.icnf.pt/>; accessed on 25 June 2016.

- Other curiosities: roman path⁸, ancient milestones, granitic rocks, sanctuaries, monasteries, and castles. Local practices many agriculture and cattle rising.
 - Flora: flushes, oaks, shrubs and riparian vegetation.
 - Fauna⁹: 147 bird species including eagles, butterflies, wild horses, roe deer, ocellated lizard, otter, water mole among others.
 - Area: PNPG
- Natural Reserve along the seacoast - Vicentina coast hike.
 - Other curiosities: archaeological site Mesolithic, forts, cliffs, dune ridges, islets and reef, beaches estuary and capes. Local practices such as fishing,
 - Flora: chestnut, oak (cork, holm), laurel, rosemary, myrtle.
 - Fauna¹⁰: 200 bird species include peregrine falcon, white stork and red-billed chough, bittern and otter.
 - Area: PNSAcv

In addition, two combo packs will be available to turn the product even more attractive by offering the possibility of visiting several regions in one hike:

- Mountain hills hikes of the Schist and medieval villages - Castle villages and Schist villages (PPSA and PNSSM).
- Nature dream hikes through sea, mountains and rivers - Peneda-Gerês National Park and Vicentina Coast (PNPG and PNSAcv).

Beside the hikes, additional experiences based on culture and local customs will be offered during the tour and vary according to the region:

- Schist villages' hike and Castle villages hike: wildlife observations, geocaching, visit farm and learn to confection liquor, visit fire-fighters amenities, visit of community projects facilities, learning artisanal potteries and about cork confection.
- Peneda-Gerês National Park hike: wildlife observations, geocaching, boiling spring, visit shepherd and learn to make cheese and cook bread, visit farm and fire fighters amenities.
- Vicentina coast hike: wildlife observations, visiting farm, taste seafood gastronomy

⁸ denominates Geira roman path XVII.

⁹ retrieved from ICNF; Turismo da Natureza; <http://www.icnf.pt/>; accessed on 25 June 2016.

¹⁰ retrieved from ICNF; Turismo da Natureza; <http://www.icnf.pt/>; accessed on 25 June 2016.

An experienced guide who is going to lead customers and make sure everyone is comfortable will accompany all hikes. However, his role is fundamental having as principal tasks to share his knowledge on three main fields culture, fauna and flora. Plus, supporting services of booking accommodations, all meals, luggage transfer, private transportations, will be included in the tour.

8.1.2. Price

The cost of each tour (seven days or two days) and combo package (fourteen days) will vary according to number of days of the hikes and by additional activities proposed (Table 5 and Table 6). Also, the differentiation of costs by regions will be considered, e.g. coastal regions tend to be more expensive than inner regions due to tourists inflow. Moreover, the price for the two-weeks will be less expensive than the sum of two one-week tours, to motivate customers to choose the longest tour. These last were estimated according to the operational costs related to the activity business and the profit margin (see Appendix B)

Tours prices per person (all included)	2 days	7 days	14 days
Tours prices			
Hidden villages between mountains hills (Schist villages hike)	324,99 €	1.156,72 €	-
Medieval route of the castles villages (Castle villages hike)	324,99 €	1.156,72 €	-
Nature paradise of mountains and rivers, streams and waterfalls (Peneda-Gerês National Park hike)	388,29 €	1.346,62 €	-
Natural Reserve along the seacoast (Vincentina coast hike)	388,29 €	1.366,23 €	-
Combos Tours prices			
Mountain hills hikes of the Schist and medieval villages (Castle villages and Schist villages)	-	-	2.190,82 €
Nature dream hikes through sea, mountains and rivers (Peneda-Gerês National Park and Vincentina Coast)	-	-	2.582,97 €
Included supporting services			
Lunch meals	all meals	6 meals + 1 traditional meal	12 meals + 2 traditional meals
Additional activities	1 activity	3 activities	3 to 6 activities
Private transportation services from/to main cities	round trip	round trip	round trip
Luggage transfers	included	included	included
Occasional transportation services	included	included	included
Accommodations	1 nights	7 nights	14 nights
breakfast	1 breakfast	7 breakfast	14 breakfast
half-board (dinner)	1 meals	7 meals	14 meals
Occasional transportation services	included	included	included

* includes VAT

Table 5 – Prices per tour and per person (all included)

Tours prices per person (without private transportation services from/to main cities)	2 days	7 days	14 days
Tours prices			
Hidden villages between mountains hills (Schist villages hike)	233,47 €	1.065,20 €	-
Medieval route of the castles villages (Castle villages hike)	233,47 €	1.065,20 €	-
Nature paradise of mountains and rivers, streams and waterfalls (Peneda-Gerês National Park hike)	257,54 €	1.215,87 €	-
Natural Reserve along the seacoast (Vincentina coast hike)	257,54 €	1.235,48 €	-
Combos Tours prices			
Mountain hills hikes of the Schist and medieval villages (Castle villages and Schist villages)	-	-	2.016,52 €
Nature dream hikes through sea, mountains and rivers (Peneda-Gerês National Park and Vincentina Coast)	-	-	2.333,97 €
Included supporting services			
Lunch meals	all meals	6 meals + 1 traditional meal	12 meals + 2 traditional meals
Additional activities	1 activity	3 activities	3 to 6 activities
Private transportation services from/to main cities	-	-	-
Luggage transfers	included	included	included
Occasional transportation services	included	included	included
Accommodations	1 nights	7 nights	14 nights
breakfast	1 breakfast	7 breakfast	14 breakfast
half-board (dinner)	1 meals	7 meals	14 meals
Occasional transportation services	included	included	included

* includes VAT

Table 6 - Prices per tour and per person without private transportation services from/to main cities

The accommodation prices are for double or twin rooms if customers prefer single rooms an extra fee will be charged because these rooms usually are more expensive. Once the booking is made, an advance payment of 30% will be required to confirm the reservation and the remainder will be paid on the first day of the tour. Seasonality prices were not considered due to fact that the demand peak is off high season.

8.1.3. Place

The product will only be available to be purchased online or by contacting Portugal Hiking&Company through telephone. Tourists tend to book accommodations through the Internet, in platforms like Booking@, AirBnb@, Trivago@. The same applies for tour and activity services, where the booking is made in platforms such as TripAdvisor@ or more recently through Viator@. Other consumers prefer to book directly with the service provider, through the company website. For all the reasons above, a brick and mortar store seems unnecessary.

Portugal Hiking&Company will have its own website with the addition of being mobile-friendly, allowing consumers to book through computers or mobile devices. Moreover, to ensure consumer and transmit confidence about the company, booking can also be done by

phone, giving also the option to call through the smartphone app WhatAapp or either through a Skype address.

Additionally, products will be available in online booking platforms, like Viator@, a research engine for tour and activity services, where the name of the companies are not discriminated to avoid biased information. This can be an advantage to attract potential customers, especially in the initial stage, when the enterprise is still not recognised in the market. Afterwards, the aim is to register in TripAdvisor@ where consumers can directly book the tours or click and be redirected to the company website. Also, direct booking will be available on the websites of some partner association partner (i.e. rotavicentina@) or by clicking an available link that will redirect consumers to Portugal Hiking&Company website

8.1.4. Promotion

The promotion will be done mainly through online sites and physical brochures.

Primarily, Portugal Hiking&Company will be registered online in the principal local listing services (i.e. Google My Business, Yahoo! Local, and Bing Places) enabling the business to appear in search engine result pages. Also, efforts will be done to improve search engine optimisation (SEO) of the business, using tools like Google Sitelinks or Google AdWords, defining the right keywords that can be used by users that search for hikes experiences. Promotion will also be done through social media sites such as Facebook, Instagram, Pinterest, Google+ and Flickr, which represent a huge potential to reach a broader audience. Online contents about product features and multimedia contents will be displayed in these media. Other methods, such as following hashtags¹¹ trends and advertisement display¹² will be used to reach the target audience.

The online content formats displayed in the several platforms above mentioned will be mostly based on multimedia contents - audio-visual and visual features, the best tools to impress and captivate the attention of the target audience. Some visual contents will be pictures taken during tours - nature, places, with customers (previous consent will be asked to post publicly their photos). Moreover, an advertisement video based on tourism experience will be especially conceived for Portugal Hiking&Company by qualified professionals. This video

¹¹ Online practice of using a symbol (#) before a keyword to turn a word into a clickable link.

¹² Advertisement tools offered by Facebook to promote online businesses.

will be filmed in the regions of the tour hikes and be narrated as a story, which has a greater influence on individuals (Mossberg, 2007).

Advertisement, will also be done through websites that disseminate particular regions, including tour and activity services. Portugal Hiking&Company will be a partner or associate of the following local entities and be present in their sites aldeiasdoxitos@, rotavicentina@, adere-pg@, monsaraz@, castlevide@. Additionally will adhere to communities or project that care about natural environmental and sustainability such as greenstays@, naturtejo@ (geopark naturtejo) and to the marque Natural.PT – a public brand related to the protected natural areas of Portugal with the aim of regulating and promoting businesses located in those zones.

Brochures will be the only offline promotion. As seen above, competitors use brochures as advertising tools, because it is an efficient way of attracting new customers (TP, 2015a). The distribution of brochures will be done in the facilities of the associated partner (regional, ecotourism or lodging partners), in some business companies or organisations that promote sustainable practices, and in some regional and main cities tourism offices.

One of the main goals is to promote the enterprise through online UGC especially on the TripAdvisor website, with the aim of getting good evaluations reviews from customers and to obtain a good ranking position among other competitors. For this reason, we will kindly ask customers to post a review about the service experience in TripAdvisor@ at the end of each tour. Customised emails will be sent to each client, acknowledging them in choosing Portugal Hiking&Company and reminding them to post a review.

8.2. Organisation Structure

Primarily, Portugal Hiking&Company will be managed by the founder of the company and will have reduced personal in the initiation of the business activity. The organisational structure will be designed in order to guarantee the good functioning of the entire business activity and also to respond adequately to customers' need and ensure their satisfaction. Therefore, the structure will accompany the growth of the enterprise and new employees will be hired when necessary. The company will operate as a functional organisation divided in three main areas, and into subdivided functions for each one of them (Figure 12).

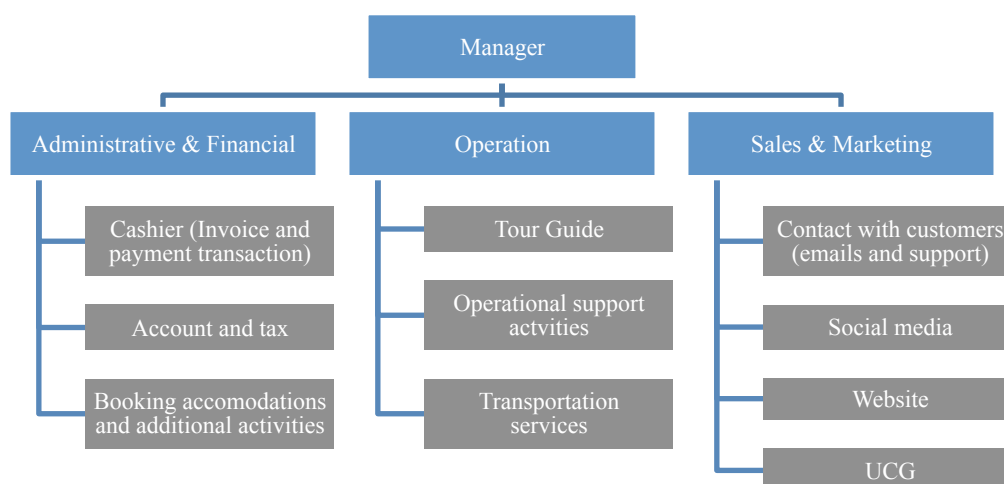


Figure 12 – Organogram of the organisational structure

8.2.1. Management Team

The company staff will consist of three employees and an apprentice. The manager, with a background in management and finance, will have a trainee to assist and will be in charge of several functions in the three departments. This one will accomplish all the tasks of the administrative and financial departments, such as receiving payment transactions of consumers, ensure the booking and payments to suppliers, and controlling the liquidity of the company. The manager will also be responsible for the sales and marketing department with the support of the trainee (who will only be hired in the second year of the activity). The objective of this department will be the promotion of business in social media, guarantee that the website and booking options are running properly, optimize the SEO of the company, ensure communication with customers (i.e. contact and reply to emails or phone calls), and afterwards reply to the UGC posts in TripAdvisor@ about Tour hiking&company. Finally, the manager will be responsible for making sure that the business is running smoothly and ensure support and assistance during tour hikes. The manager who is also the founder of the company will receive a monthly salary and the trainee will be hired through the IEFP internship program¹³.

Initially, there will be only one guide accompanying customers during the hikes. The hire of only one employee as a tour guide is only possible because tour hikes will be available upon designated dates, avoiding having different tours occurring in the same period. However, if

¹³ Government program to stimulate enterprises in hiring unemployed youth.

there is a high demand of tour activities, an additional guide will be hired to respond to customers' request. The recruitment of tour guides will be done very cautiously because they are one of the most important elements of influence on the satisfaction of customers. These will be chosen according to their experience – a minimum of two years of guided hiking experience will be required. Also, the ability to speak foreign languages will be a prerequisite, English fluency will be mandatory and the knowledge of other languages, especially French and German will be considered as a plus. Additionally, the guide must be passionate about nature tourism and hikes, and also have some expertise about local fauna and flora. Besides, each contestant will be asked about how these would implement the use of good practices into the business offer, to perceive the response capacity and interest of each one towards sustainability. Also, these last will need to have some knowledge about local destinations. Moreover, to ensure that the guide is fully prepared to lead tours, a former training will be provided about hikes trails, and knowledge of local customs, as well as socio-cultural and environmental concerns will be transmitted. This will be recruited under a permanent employment contract with an experimental phase of one year.

An additional employee will be recruited to drive a minivan of nine seats. A minimum of four years experience in driving passengers and an intermediate level of English will be mandatory. This will be the only self-employed person in the company receiving a salary based on the number of hours worked. The salary for each worker is detailed in Table 7.

Employees Salary	Month
Permanent employees	
Manager	1.000,00 €
Guide	1.450,00 €
Food Allowance (manager + guide)	286,86 €
Insurance (manager + guide)	46,06 €
Trainee	
Trainee	850,00 €
Government support IEFP	-697,10 €
Food Allowance	143,43 €
Food Allowance Government support IEFP	-89,67 €
Insurance	15,35 €
Self employed	
Driver (green receipt)	according to the number of working hours
Insurance	15,35 €

Table 7 - Employees Salary per month

The guide will be the most well-paid employee, being an essential element for the business activity. The manager salary is initially low, as the owner's interests are focused on the

profitability of the activity. Finally, the trainee will be paid above the government support reimbursement, and then will be hired as a permanent employee.

The staff employees will have monthly meetings to make an evaluation of the business flow and discuss difficulties found in the execution of tasks. Also, new ideas or ways of attracting more customers will be discussed together. The aim is to be sure that all the team is aligned and also to cultivate a community spirit inside of the company.

8.3. Business Infrastructures

8.3.1. Technology Implementation

A website and a smartphone app will be specifically designed for Portugal Hiking&Company. All the information related to the company and its services will be found on the website. Tour hikes and additional services provided will be presented with short and concise information and also supported by visual contents to transmit transparency and improve usability. This tool is going to be the main image of the company and can influence consumers in their decision among other competitors. It is, therefore, important to invest in hiring an outsourcing service with expertise that will develop and implement the website with the component of being mobile friendly. This same provider will also implement the app, in order to ensure the same design and workflow between both tools. Additionally, three computers will be bought for employees to execute their tasks, two for the manager and the trainee that will be working from the owner’s home and one other for the guide to support in the organisation of the different tasks.

In short, to implement the business the following investment on the mentioned equipment will be required (Table 8):

Implementation assets	Technology costs
Intangible assets	
Website + APP	15.000,00 €
Tangible assets	
3 computers for employees	1.500,00 €

Table 8 - Implementation assets costs

8.3.2. Transportation Means

To ensure the transportation of passengers from the main cities to the hike location and return, as well as additional transportations during the tour activity, the company will acquire a minivan. The vehicle will be a Renault traffic passenger long, with nine seats, to guarantee the safety and the comfort of customers and employees. The acquisition will be done through a renting of ten years, which covers also the full insurance and the vehicle maintenance (Table 9).

Renting of Minivan - 10 years	Month
Renault Traffic Passengers Long (9 seats) + Full Insurance + Maintenance	231,12 €

Table 9 - Renting for vehicle transportation per month

8.4. Implementation Requirements

In order to be successful, the implementation of this business plan will take around six to nine months until initiating activity.

First of all, the enterprise Portugal Hiking&Company will be registered online into a shareholding society by limited responsibility (i.e the equivalence in Portuguese “sociedade por quotas limitada”). It will have two partners associated, the founder and a family relative. The brand name also will be registered online. After all the procedures regarding legal documents and insurance policies (personal accident and civil liability insurances) have been done, the enterprise will be registered in the Tourism of Portugal under two designations: RNAAT (for tours and activity companies) and RNAVT (for travel agencies). The travel agency registration will be done because it legally authorises Portugal Hiking&Company to list accommodation and transportation prices, otherwise only the prices related to the hiking could be listed. This is based on a strategic decision to offer the full package to the final consumer, with all the costs included.

The registration will submit in the TP through an electronic form available in the RNAAT and RNAVT (TP, 2015c) followed by the payment of the related fee. Also, the recognition of nature activities related to tourism will be requested (ICNF). Portugal Hiking&Company will obtain a

microenterprise certification¹⁴ given by the Institute of Small and Medium Enterprises and Innovation Support (IAPMEI) to reduce the fee cost above mentioned (Table 10).

Registration and creation of the enterprise	Costs
Company Registration	
Online registration in the web "portal do empreendedor"	220,00 €
Brand name registration	123,76 €
Additional class	31,37 €
Total	375,13 €
Registration in Tourism of Portugal	
RNAAT	
Registration fee with recognition of Nature Tourism (microenterprise)	160,00 €
RNAVt	
Registration fee	590,00 €
FGVT subscription – guarantee fund for tourism agencies	2.500,00 €
Total	3.250,00 €

Table 10 - Registration fees of the enterprise

Before initiating the activity with the general public, it is fundamental to first experience each tour hike products offered. For this reason, all hikes will be done previously with the founder and the tour guide employee to rigorously define the trails and identify the main difficulties or possible problem that may arise during the tour activities. Then, an exhaustive research among several lodging facilities in specific locations (i.e. preferably within a close walking distance from hikes) will be done to find the best suitable accommodations that will fit adequately to the pretend offer experience. Negotiations will be done on site with the owners of each facility, to adjust the price and additional provisions, i.e. breakfast, dinner and luggage transfer. Moreover, meetings will be scheduled with partners that disseminate the local regions in order to exchange impressions about community concerns and also about preserving and promoting local culture and natural environment. The aim is to identify potential solutions in fighting isolation and loneliness of local people and also about creating economic opportunity for local businesses.

Furthermore, once all the hikes paths are strictly set, an experimental excursion will be done in each of the four hikes, by inviting close friends and relatives to join the experience. The purpose is to have their feedback about the experience and to adjust ultimate details according to their suggestions or issues identified during the experimentations.

¹⁴ Is an enterprise employing less than ten workers and with an annual turnover inferior to two million euros.

9. Financial Evaluation

In order to analyse the economic viability of this business plan, an estimation of the sales revenue forecast for a period of ten years (2017 to 2026) was done as well as a forecast of all the related expenses and operational costs. The final purpose was to estimate the net income of Portugal Hiking&Company over the ten years and appraise the Free Cash Flow, and two performance indicators the Net Present Value (NPV) and Internal Rate of Return (IRR), to evaluate the business’ profitability.

9.1. Sales Forecast

9.1.1. Demand Forecast

To estimate the sales forecast, a schedule plan of the business activity was made with the available periods of tours during a year, considering that there is only one guide (Table 11).

Area		PPSA		PNSSM		PNPG		PNSACV		PPSA + PNSSM		PNPG + PNSACV	
Hikes		Schist villages hike		Castle villages hike		Peneda-Gerês National Park hike		Vincenian coast hike		Castle villages and Schist villages		Peneda-Gerês National Park and Vincenian Coast	
N° of Days		7 days	2 days	7 days	2 days	7 days	2 days	7 days	2 days	14 days	14 days		
Months	Weeks												
January	week 1												
January	week 2												
January	week 3												
January	week 4												
February	week 5												
February	week 6												
February	week 7												
February	week 8												
March	week 9												
March	week 10												
March	week 11												
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September	week 36												
October	week 37												
October	week 38												
October	week 39												
October	week 40												
November	week 41												
November	week 42												
November	week 43												
November	week 44												
December	week 45												
December	week 46												
December	week 47												
December	week 48												

Table 11 - Annual schedule of Portugal Hiking&Company tours per weeks and month

In short, the hikes of fourteen days will be equivalent to two hikes of seven days. Each of the two weeks hike tours is followed by a two days hike, according to the area where the guide is present (see Appendix C). The guide will have a rest of five days in a row, plus one rest day per week during hikes.

Based on annual schedule activities, the maximum capacity of tours offered was calculated and converted into a total of 210 customers per year¹⁵. The sales forecast for the first year was set on 25% of this total amount, resulting in 53 customers for 2017. Then for the second year, the number of customers is estimated to increase by 35%, considering business evolution growth and marketing promotion results (more 19 customers facing 2017). The forecast of the number of customers was projected for a ten-year period from 2017 to 2026. It is expected a higher increase in the first five-years due to business recognition in the market, and then a smaller growth in the remaining years caused by business stabilisation (Table 12).

	Maximum Capacity	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Number of customers forecast	210	53	72	94	113	124	130	135	139	142	143
Weight % forecast on maximum capacity	100%	25%	34%	45%	54%	59%	62%	64%	66%	68%	68%
Variation forecast number of customers			↑ 19	↑ 22	↑ 19	↑ 11	↑ 6	↑ 5	↑ 4	↑ 3	↑ 1
% Variation forecast number of customers			↑ 35%	↑ 30%	↑ 20%	↑ 10%	↑ 5%	↑ 4%	↑ 3%	↑ 2%	↑ 1%

Table 12 - Number of customers forecast of Portugal Hiking&Company from 2017 to 2016

9.1.2. Sales Revenue Estimation

Once determined the demand forecast, the sales forecast was elaborated giving the different products offered. According to the number of annual tourist in guided visits to the four natural parks (i.e. PPSA, PNSSM, PNPG, PNSAcv), in 2014 (ICNF), a weight percentage for each area was calculated based on the total of visitors, originating the number of customers in 2017 by natural parks, for each hike activity (Table 13).

	PPSA	PNSSM	PNPG	PNSAcv	Total
Number of visitors in guided vistis in 2014(*)	380	278	637	356	1651
Weight % of visitors in guided visits in 2014	23%	17%	39%	22%	100%
Number of customers forecast in 2017	12	9	21	11	53

(*) Source: ICNF

Table 13 - Number of customer forecast for Portugal Hiking&Company per products in 2017

¹⁵ Assumption of the higher number of customers in fourteen days (i.e. equal to two seven days hikes) and two days hikes for the all year.

Afterwards, the number of customers forecast per natural area was split according to the different products offer, i.e. fourteen days, seven days and two days (Table 14).

	PPSA		PNSSM		PNPG		PNSACV		PPSA + PNSSM	PNPG + PNSACV	Total
	Schist villages hike		Castle villages hike		Peneda-Gerês National Park hike		Vincian coast hike		Castle villages and Schist villages	Peneda-Gerês National Park and Vincian Coast	
	7 days	2 days	7 days	2 days	7 days	2 days	7 days	2 days	14 days	14 days	
Forecast of customers per tour	7	2	4	2	13	4	5	2	6	8	53
Price per tour hikes	1.156,72 €	324,99 €	1.156,72 €	324,99 €	1.346,62 €	388,29 €	1.366,23 €	388,29 €	2.190,82 €	2.582,97 €	-
Forecast of sales revenue per tours	8.097,04 €	649,99 €	4.626,88 €	649,99 €	17.506,01 €	1.553,17 €	6.831,14 €	776,58 €	13.144,89 €	20.663,76 €	74.499,44 €

Table 14 - Forecast of sales revenue of Portugal Hiking&Company in 2017 per product

The sales revenue was calculated according to the price per product and by estimating the number of annual customers each tour will have. The profit margin applied to achieve the sales revenue was off 25% above the products price and then the VAT cost was added to the profit margin¹⁶, resulting in the final price per tour (for more explanation see Appendix B). The margin price was applied to all partners except for the activity partners due to sustainability reasons. The purpose is to convince locals to transmit customs (e.g. explaining the how to prepare traditional meals or how to make an artisanal craft). In return, they will receive an income to help them to subsist on practising local customs.

The Table 15 shows the detailed values applied to each service provided during the tours. These are divided in two parts, the partner services (i.e. accommodations, luggage transfers, restaurants and additional activities) and the services provide by Portugal Hiking&Company (lunch meals, transportations, tour guide).

¹⁶ The VAT of travel agencies is only calculated above the margin profit value, according to article 3 of the decree-law n° 211/1985, June 3th.

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	PPSA		PNSSM		PNPG		PNSACV		PPSA +PNSSM	PNPG + PNSACV	Annual Total (2017)
	Schist villages hike		Castle villages hike		Peneda-Gerês National Park hike		Vincenian coast hike		Castle villages and Schist villages	Peneda-Gerês National Park and Vincenian Coast	
	2 days	7 days	2 days	7 days	2 days	7 days	2 days	7 days	14 days	14 days	
Number of Customers (forecast)	2	7	2	4	4	13	2	5	6	8	53
Provide by Partners											
Number of Nights	1	7	1	7	1	7	1	7	14	14	
Night with breakfast	40,00 €	980,00 €	40,00 €	560,00 €	120,00 €	2.730,00 €	60,00 €	1.050,00 €	1.680,00 €	3.360,00 €	10.620,00 €
Dinner	30,00 €	735,00 €	30,00 €	420,00 €	70,00 €	1.592,50 €	35,00 €	612,50 €	1.260,00 €	1.960,00 €	6.745,00 €
Luggage transfer	0,00 €	392,00 €	0,00 €	224,00 €	0,00 €	728,00 €	0,00 €	280,00 €	672,00 €	896,00 €	3.192,00 €
Accommodations Partners	70,00 €	2.107,00 €	70,00 €	1.204,00 €	190,00 €	5.050,50 €	95,00 €	1.942,50 €	3.612,00 €	6.216,00 €	20.557,00 €
Number of Activities	1	3	1	3	1	3	1	3	5	6	27
Additional activities	25,00 €	262,50 €	25,00 €	150,00 €	60,00 €	585,00 €	30,00 €	225,00 €	375,00 €	720,00 €	2.457,50 €
Activities Partners	25,00 €	262,50 €	25,00 €	150,00 €	60,00 €	585,00 €	30,00 €	225,00 €	375,00 €	720,00 €	2.457,50 €
Number of Restaurants meals		1		1		1		1	2	2	8
Traditional meal (restaurants)	0,00 €	140,00 €	0,00 €	80,00 €	0,00 €	390,00 €	0,00 €	225,00 €	240,00 €	600,00 €	1.675,00 €
Restaurants Partners	0,00 €	140,00 €	0,00 €	80,00 €	0,00 €	390,00 €	0,00 €	225,00 €	240,00 €	600,00 €	1.675,00 €
Price for partner services	95,00 €	2.509,50 €	95,00 €	1.434,00 €	250,00 €	6.025,50 €	125,00 €	2.392,50 €	4.227,00 €	7.536,00 €	24.689,50 €
Provide by Portugal hiking&company											
Number of lunches	2	7	2	7	2	7	2	7	14	14	64
Light lunch	32,00 €	392,00 €	32,00 €	224,00 €	64,00 €	728,00 €	32,00 €	280,00 €	672,00 €	896,00 €	3.352,00 €
Number of Round-trip	1	1	1	1	1	1	1	1	2	2	12
Private transportation services from/to main cities	140,00 €	490,00 €	140,00 €	280,00 €	400,00 €	1.300,00 €	200,00 €	500,00 €	840,00 €	1.600,00 €	5.890,00 €
Number of transportation services	1	3	1	3	1	3	1	3	6	6	28
Occasional transportation services	16,00 €	168,00 €	16,00 €	96,00 €	48,00 €	468,00 €	24,00 €	180,00 €	288,00 €	576,00 €	1.880,00 €
Days of activity	2	7	2	7	2	7	2	7	14	14	64
Guide services per day	220,00 €	2.695,00 €	220,00 €	1.540,00 €	440,00 €	5.005,00 €	220,00 €	1.925,00 €	4.620,00 €	6.160,00 €	23.045,00 €
Price for Portugal hiking&company services	408,00 €	3.745,00 €	408,00 €	2.140,00 €	952,00 €	7.501,00 €	476,00 €	2.885,00 €	6.420,00 €	9.232,00 €	34.167,00 €
Price for services (Partner + Portugal hiking&company)	503,00 €	6.254,50 €	503,00 €	3.574,00 €	1.202,00 €	13.526,50 €	601,00 €	5.277,50 €	10.647,00 €	16.768,00 €	58.856,50 €
Margin applied to final Price	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	
Price with Margin included	622,50 €	7.752,50 €	622,50 €	4.430,00 €	1.487,50 €	16.761,88 €	743,75 €	6.540,63 €	13.215,00 €	20.780,00 €	72.956,25 €
Margin € in final price	119,50 €	1.498,00 €	119,50 €	856,00 €	285,50 €	3.235,38 €	142,75 €	1.263,13 €	2.568,00 €	4.012,00 €	14.099,75 €
VAT in Margin (23%)	27,49 €	344,54 €	27,49 €	196,88 €	65,67 €	744,14 €	32,83 €	290,52 €	590,64 €	922,76 €	3.242,94 €
Discount of 5% for long package (2 weeks)									660,75 €	1.039,00 €	1.699,75 €
Final price (price for services + Margin € + Vat in Margin)	649,99 €	8.097,04 €	649,99 €	4.626,88 €	1.553,17 €	17.506,01 €	776,58 €	6.831,14 €	13.144,89 €	20.663,76 €	74.499,44 €

Table 15 – Detail of the annual sales revenue of 2017 according to forecast demand

9.2. Sales and Expenditures Estimation

9.2.1. Financial and Actuarial Assumptions

In order to evaluate the Net Income of Portugal Hiking&Company business, the following financial assumptions were made in Table 16.

Data and Assumptions	
Capital from owner and co-partner	70.000,00 €
Sales:	% Variance forecast of number of customers
Partner costs	% Variance forecast of number of customers
Accommodations Partners (accommodation, luggage transfer, breakfast, dinner)	25% margin applied
Activities partners	0% margin applied due to sustainability reasons
Restaurant partners	25% margin applied
Extra Commissions to Partners (growth of customers)	+5% of increase from 2018 to 2020
Other costs related to the activity business:	% Variance forecast of number of customers
Fuel	50% of price sold (without margin included)
Lunch supplies	50% of price sold (without margin included)
Travel and accommodation of employees	1 person price accommodations costs + 100 € per month
Employees expenses	% inflation year rate in 2018 and then from 3 to 3 years
Permanent employees:	
Gross wages per month (14 months)	2.450,00 €
Food allowance per day (21 days and 11 months)	6,83 €
Superannuation (social security)	23,75%
Work insurance	552,70 €
Apprentice employee:	
Hire in 2018	
Gross wages per month (14 months)	850,00 €
Food allowance per day (21 days and 11 months)	6,83 €
Superannuation (social security)	23,75%
Trainee government support:	IEFP government only in year 2018
Gross wage	-697,10 €
Food allowance per day (21 days and 11 months)	-4,27 €
Work insurance	184,21 €
Self-employed	
Salary part-time (= minimum salary/2)	589,17/2 = 294,59 €
Work insurance	184,21 €
Vehicles expenses	% inflation year rate
Renting per month (includes insurance and maintenance costs) - 10 years	231,12 €
Insurances expenses	% inflation year rate
Civil liability insurance	654,00 €
Personal accident insurance	350,00 €
Commission (only in year 2017)	8,00 €
Registration and licence	
License fees	only in 2017
Website expenses	Constant - equal all years
Marketing and promotional (essentially online)	% inflation year rate
Other operational Costs	% inflation year rate
Bank charges per month	10,00 €
Consultant fees per month (account and taxes)	150,00 €
Office Supplies month (mobile expenses - four units)	84,21 €
Occupancy Costs	% inflation year rate
Communication (telephones + mobile)	24,38 €
Rent	Office will be at owner's home
Assets Costs + Depreciation and Amortization	
Tangible assets (1/3 year of asset useful life)	33,33%
3 computers costs	1.500,00 €
Intangible assets (1/10 year of asset useful life)	10,00%
Website and APP	15.000,00 €

Table 16 – Financial data and assumptions

The Gross Profit of the business was estimated for a period of ten years according to the sales revenue, the costs associated with partners, and the cost of good sales of lunch meal provided (Table 17). An extra commission was added for partner services, based on previous negotiations made corresponding on the increase of customers per year (only for accommodations and restaurants partners). This commission will be applied with a growth of 5% from the second year until the fourth year of business activity, and then will be fixed

according to the previous year (i.e. 2018: 5%, 2019: 10%, 2020: 15%, 2021-2016: equal to 2010 commissions).

Gross Profit	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Sales										
Sale of goods/services	74.499 €	100.574 €	130.747 €	156.896 €	172.585 €	181.215 €	188.463 €	194.117 €	198.000 €	199.980 €
Total Sales	74.499 €	100.574 €	130.747 €	156.896 €	172.585 €	181.215 €	188.463 €	194.117 €	198.000 €	199.980 €
Less Discounts/Commissions										
Accommodations Partners	20.557 €	27.752 €	36.078 €	43.293 €	47.622 €	50.003 €	52.004 €	53.564 €	54.635 €	55.181 €
Activities Partners	2.458 €	3.318 €	4.313 €	5.175 €	5.693 €	5.978 €	6.217 €	6.403 €	6.531 €	6.597 €
Restaurants Partners	1.675 €	2.261 €	2.940 €	3.528 €	3.880 €	4.074 €	4.237 €	4.364 €	4.452 €	4.496 €
Extra Commissions to Partners (growth of customers)		-1.501 €	-3.902 €	-7.023 €	-7.023 €	-7.023 €	-7.023 €	-7.023 €	-7.023 €	-7.023 €
Total Discounts/ Commissions (Partners)	24.690 €	31.830 €	39.428 €	44.973 €	50.173 €	53.032 €	55.435 €	57.308 €	58.595 €	59.251 €
Net Sales (Total Sales - Total Discounts/Commissions (Partners))	49.810 €	68.744 €	91.318 €	111.923 €	122.413 €	128.182 €	133.029 €	136.809 €	139.405 €	140.728 €
Cost of Sales										
Lunch Supplies	1.676 €	2.263 €	2.941 €	3.530 €	3.883 €	4.077 €	4.240 €	4.367 €	4.454 €	4.499 €
Total Cost of Sales	1.676 €	2.263 €	2.941 €	3.530 €	3.883 €	4.077 €	4.240 €	4.367 €	4.454 €	4.499 €
Gross Profit (Net Sales - Total Cost of Sales)	48.134 €	66.481 €	88.377 €	108.393 €	118.530 €	124.106 €	128.789 €	132.442 €	134.950 €	136.229 €
% Variation Forecast number of customers		35%	30%	20%	10%	5%	4%	3%	2%	1%
Extra Commissions to Partners (growth of customers)		5%	10%	15%	0%	0%	0%	0%	0%	0%

Table 17 - Gross Profit forecast from 2017 to 2026

Other related costs depending on the business activity such as the fuel, lunch supplies, travel and accommodation expenses of employees (guide) will also be estimated according to the forecast variation of the quantity of customers. On the other hand, the remaining operating costs will grow according to the inflation rate. Online expenses of the website costs (e.g. hosting expenses and domain name registration) were considered constant over the years. The inflation rate was estimated to increase 0,2% over ten years, based on a real variation from 2015 to 2016¹⁷ (Table 18).

	2015(*)	2016(**)	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
% inflation year rate	0,5%	0,7%	0,9%	1,1%	1,3%	1,5%	1,7%	1,9%	2,1%	2,3%	2,5%	2,7%
% variation		↑ 0,2%	↑ 0,2%	↑ 0,2%	↑ 0,2%	↑ 0,2%	↑ 0,2%	↑ 0,2%	↑ 0,2%	↑ 0,2%	↑ 0,2%	↑ 0,2%

* % year rate of harmonised index of consumer price in 2015- source: bank of portugal (10-10-2016)

** % year rate of harmonised index of consumer price of september 2016- source: bank of portugal (10-10-2016)

Table 18 - Forecast of inflation rate from 2017 to 2026

¹⁷ Retrieved from Portugal, B. o.; Economic forecasts - Summary of the main forecasts <https://www.bportugal.pt/en-US/Pages/inicio.aspx>; accessed on 10 October 2016, Portugal, B. o.; Economic forecasts - Summary of the main forecasts <https://www.bportugal.pt/en-US/Pages/inicio.aspx>; accessed on 10 October 2016.

Moreover, employee's wages (gross wages + meals allowance and social security) will increase also according to the inflation rate but only based on a three years growth. This assumption was based on a strategic management decision to maintain the team motivated. The first year of salaries augmentation will be in 2020 and then from three in three years (2023, 2026, etc.).

9.2.2. Profit and Loss Statement Forecast

According to the assumptions and information above mentioned, the following profit and loss statement resume was determined in Table 19, based on a detailed statement of the Appendix D.

Profit and Loss Statement - Summary	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Sales	74.499 €	100.574 €	130.747 €	156.896 €	172.585 €	181.215 €	188.463 €	194.117 €	198.000 €	199.980 €
Less Total Discounts/ Commissions (Partners)	24.690 €	31.830 €	39.428 €	44.973 €	50.173 €	53.032 €	55.435 €	57.308 €	58.595 €	59.251 €
Net Sales	99.189 €	68.744 €	91.318 €	111.923 €	122.413 €	128.182 €	133.029 €	136.809 €	139.405 €	140.728 €
Less Total Cost of Goods Sold	1.676 €	2.263 €	2.941 €	3.530 €	3.883 €	4.077 €	4.240 €	4.367 €	4.454 €	4.499 €
Gross Profit	48.134 €	66.481 €	88.377 €	108.393 €	118.530 €	124.106 €	128.789 €	132.442 €	134.950 €	136.229 €
Operating Expenses										
General & Administrative	7.598 €	4.008 €	4.060 €	4.121 €	4.191 €	4.271 €	4.361 €	4.461 €	4.572 €	4.696 €
Marketing & Promotional	10.000 €	6.050 €	6.128 €	6.220 €	6.326 €	10.547 €	6.582 €	6.733 €	6.901 €	7.088 €
Operating Expenses	4.706 €	6.352 €	8.258 €	9.910 €	10.901 €	11.446 €	11.904 €	12.261 €	12.506 €	12.631 €
Motor Vehicle Expenses	6.658 €	8.049 €	9.659 €	11.065 €	11.932 €	12.438 €	12.878 €	13.243 €	13.524 €	13.714 €
Website Expenses	980 €	980 €	980 €	980 €	980 €	980 €	980 €	980 €	980 €	980 €
Total Employment Expenses	49.874 €	55.616 €	66.362 €	67.301 €	67.301 €	67.301 €	68.711 €	68.711 €	68.711 €	70.561 €
Occupancy Costs	293 €	296 €	300 €	304 €	309 €	315 €	322 €	329 €	337 €	347 €
Other Expenses	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Total Operating Expenses	80.108 €	72.322 €	85.108 €	87.857 €	89.029 €	93.880 €	91.879 €	92.495 €	93.028 €	95.322 €
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)	-31.974 €	-5.841 €	3.268 €	20.536 €	29.501 €	30.226 €	36.910 €	39.947 €	41.922 €	40.907 €
Depreciation and Amortization	1.995 €	1.995 €	1.995 €	1.500 €	1.500 €	1.500 €	1.500 €	1.500 €	1.500 €	1.500 €
EBIT (Earnings Before taxes and interests)	-33.969 €	-7.836 €	1.273 €	19.036 €	28.001 €	28.726 €	35.410 €	38.447 €	40.422 €	39.407 €
Interest Expenses	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €
EBT (Earnings Before Taxes)	-33.969 €	-7.836 €	1.273 €	19.036 €	28.001 €	28.726 €	35.410 €	38.447 €	40.422 €	39.407 €
Taxes	0 €	-1.959 €	318 €	4.759 €	7.000 €	7.181 €	8.853 €	9.612 €	10.106 €	9.852 €
Net Income (earnings)	-33.969 €	-5.877 €	955 €	14.277 €	21.001 €	21.544 €	26.558 €	28.835 €	30.317 €	29.555 €
Margin Ratio (Net Profit / Net Income)	-68%	-9%	1%	13%	17%	17%	20%	21%	22%	21%

Table 19 – Summary of Profit and Loss Statement from 2017 to 2026

Portugal Hiking&Company will register a positive Net Income (earning) in the third year of the business activity (2019), representing 1% margin of the Net Sales amount. This positive outcome is related to the break-even sales, meaning that 2019 will be the year where the sales

revenues are starting to be sufficient to cover all the costs and expenses. The break-even sale¹⁸ indicates what is the minimum sale needed per year to pay all the related expenses (Table 20).

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Net Sales	49.810 €	68.744 €	91.318 €	111.923 €	122.413 €	128.182 €	133.029 €	136.809 €	139.405 €	140.728 €
Break Even Sales	83.787 €	75.296 €	88.460 €	91.244 €	92.480 €	97.509 €	95.460 €	96.114 €	96.683 €	99.070 €
Difference (Net Sales - Break Even Sales)	↓ -33.977 €	↓ -6.552 €	↑ 2.859 €	↑ 20.679 €	↑ 29.933 €	↑ 30.673 €	↑ 37.569 €	↑ 40.695 €	↑ 42.722 €	↑ 41.658 €

Table 20 - Break-even Sales

9.2.3. Financial Performance Indicators

To cover the initial years of activity with negative Net Income earnings, and to have enough to spend on the tangible (i.e. three computers) and intangible assets (i.e. website and APP), an initial capital contribution of 70.000 € will be invested. This capital will come from two partners of the company, and will be exceeding the money needed to cover the initial costs of above mentioned. Therefore the business will have a secure operating fund for eventual additional expenses needed. Moreover, the payment to partners will be done on a prompt basis, partners will receive 30% of the cost of their service before the hiking, (with a part of the advance payment required for customers to ensure the booking) and the rest will be paid at the end of each tour (i.e. payment time will not exceed the 30 days after the tour end). Additionally, the cost of goods sold (meals lunch) will be needed only during tours duration and will be paid with current cash.

To calculate the Free Cash Flow¹⁹, all information needed to determine this value was mentioned above except for the working capital. This is usually calculated by the current assets minus the current liabilities, to evaluate the amount needed to meet short-time obligations. Having into account that Portugal Hiking&Company will not need to have loan expenses and inventory material, the estimated changes of the net working capital, in this case, will be low and for so these were calculated by the assumption of representing 1% of the annual sales (Table 21).

¹⁸ Formula equation: Break-even sale= $[Total\ operating\ expenses / 1 - (Cost\ of\ Goods\ Sols/Net\ Sales)]$.

¹⁹ Formula equation FCF = $[Net\ income\ (earnings) + Depreciation + amortisation - changes\ in\ net\ working\ capital - capital\ expenditure]$

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	TERMINAL VALUE
Net income (earning)	0 €	-33.969 €	-5.877 €	955 €	14.277 €	21.001 €	21.544 €	26.558 €	28.835 €	30.317 €	29.555 €	
Plus Depreciation and Amortization		1.995 €	1.995 €	1.995 €	1.500 €	1.500 €	1.500 €	1.500 €	1.500 €	1.500 €	1.500 €	
Less Changes in Net Working Capital		745 €	1.006 €	1.307 €	1.569 €	1.726 €	1.812 €	1.885 €	1.941 €	1.980 €	2.000 €	
Operating Cash flow	0 €	-32.719 €	-4.888 €	1.643 €	14.208 €	20.775 €	21.232 €	26.173 €	28.394 €	29.837 €	29.056 €	
CAPEX	70.000 €											
Free Cash flow	-70.000 €	-32.719 €	-4.888 €	1.643 €	14.208 €	20.775 €	21.232 €	26.173 €	28.394 €	29.837 €	29.056 €	370.459 €
NPV FCF (>0)	102.196 €											
IRR (> 10%)	19,6%											

Table 21 - Free Cash Flow NPV and IRR estimation

The only year with an investment in Capex will be in 2016. Including this and the two following years the Free Cash Flow will be negative, only during and after the third year of business activity Free Cash Flow will be positive. Moreover, the terminal value of 370.459€ was calculated with a perpetual growth rate of 2% in a forecast horizon and a discount rate of 10%²⁰, to determine the continuing value of Free Cash Flow expected.

Once the Free Cash Flow and discount rate were obtained, the next step was to calculate the Net Present Value (NPV) of the business. This value was obtained in function of all the Net Cash Flow (positive and negative) and by applying a return rate of 10%. The NPV value for this project is 102.196 €, signifying that this business plan is advantageous because the value is higher than zero. When the NPV is zero, it means that the initial investment, as well as the minimum percentage rate required by the capital investors (i.e owner and co-partner), is going to be covered. In this case, the NPV is positive, meaning that an exceeding gain will be earned after covering the capital and expected return rate costs.

Meanwhile, the Internal Rate of Return (IRR) considers a project financially attractive if the rate obtained is superior to the discount rate. In this circumstances, the IRR obtained is 19,6%, being superior to the return rate of 10%, meaning that this business is efficient and in the future will be profitable.

²⁰ The discount rate is also known as the cost of capital, representing the return profit that investors will receive from investing capital.

10. Conclusion

The purpose of this business plan is to open a tour company with the purpose of providing guiding hike services in a natural environment far from touristy locations. However, due to the increased competition that the tourism market in Portugal is facing resulting from a growth in the industry, it might be difficult to start a tourism business and to survive among others. Therefore the business plan strategy was established on the experience dimensions (i.e. hedonic, interactive, novelty, comfort, safety and stimulation) and sustainable practices (i.e. social, education and information). This approach will offer an authentic experience to consumers and fulfil their expectations.

The main target of this business plan is nature lovers and people who seek to diverse from the main tourist attractions and want to discover the countryside. Individual customers and also groups concerned with environmental causes and nature followers, from both national and international communities.

In order to reach the target consumers, a marketing strategy will be built on the travel experience using a storytelling approach, and promotion will be mainly done online through travel website and social media. Additionally, the enterprise will work closely with regional partner promoters to augment the networking and participate in communitarian projects.

Previsions estimate that Portugal Hiking&Company will reach a positive net income earning after three years of running the business. Moreover, the NPV of 102.196 € and IRR of 19,6% determine that the business is financially viable, meaning that the initial investment and associated costs will be compensated and profit will be earned.

Regarding future implications, a business expansion can eventually be made by recurring to investment funds of the program Portugal 2020 provided by the Tourism of Portugal through European funds, enabling Portugal Hiking&Company to invest deeper in the practice of sustainable measures in local destinations, as well as expand the tours to other regions, where competition is higher, like the areas of Douro and Algarve, and the islands of Azores and Madeira. The expansion will always be centred in the purpose of the company: to provide an authentic travelling experience driven by sustainability and ecological matters.

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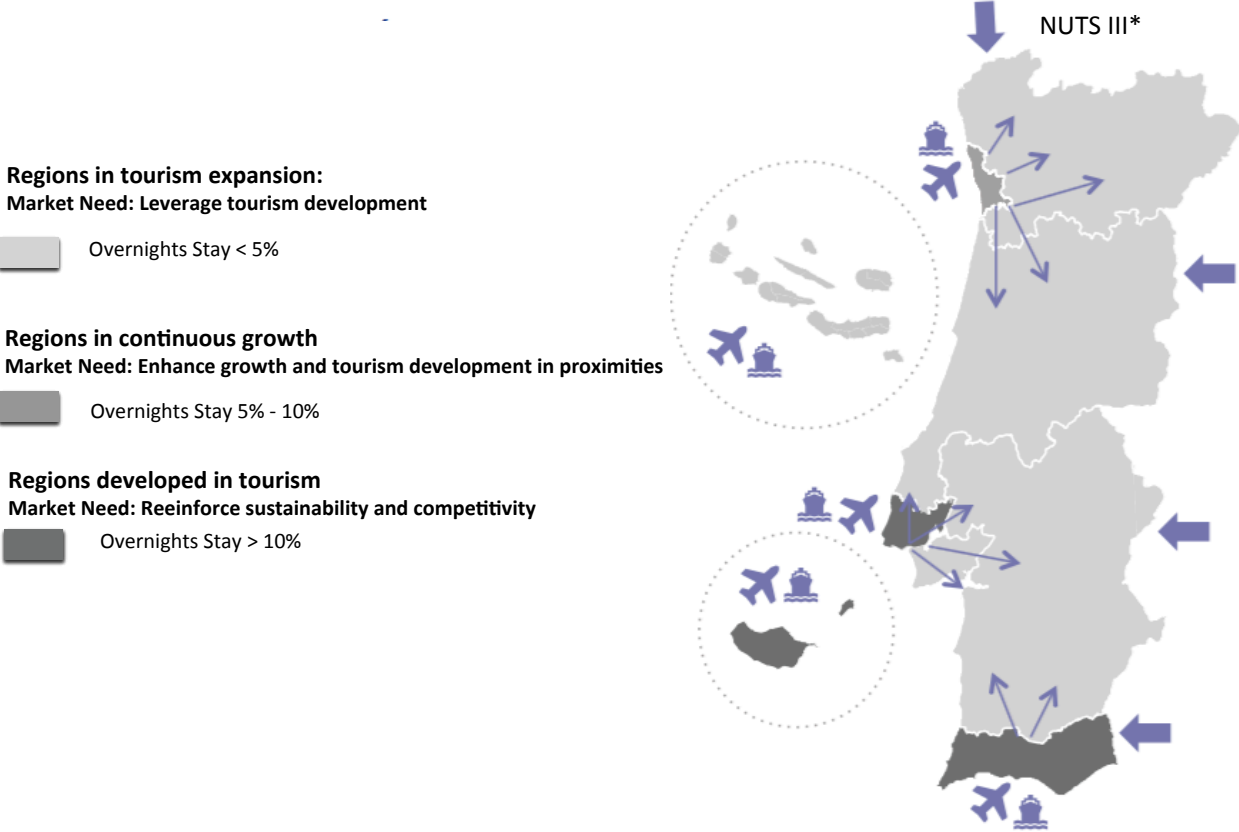
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Annexes

Annexe A - Tourism development level according to demand per region



Source: TP (2015b)

Annexe B - Development stage strategy of the 10 main tourism products in Portugal per region

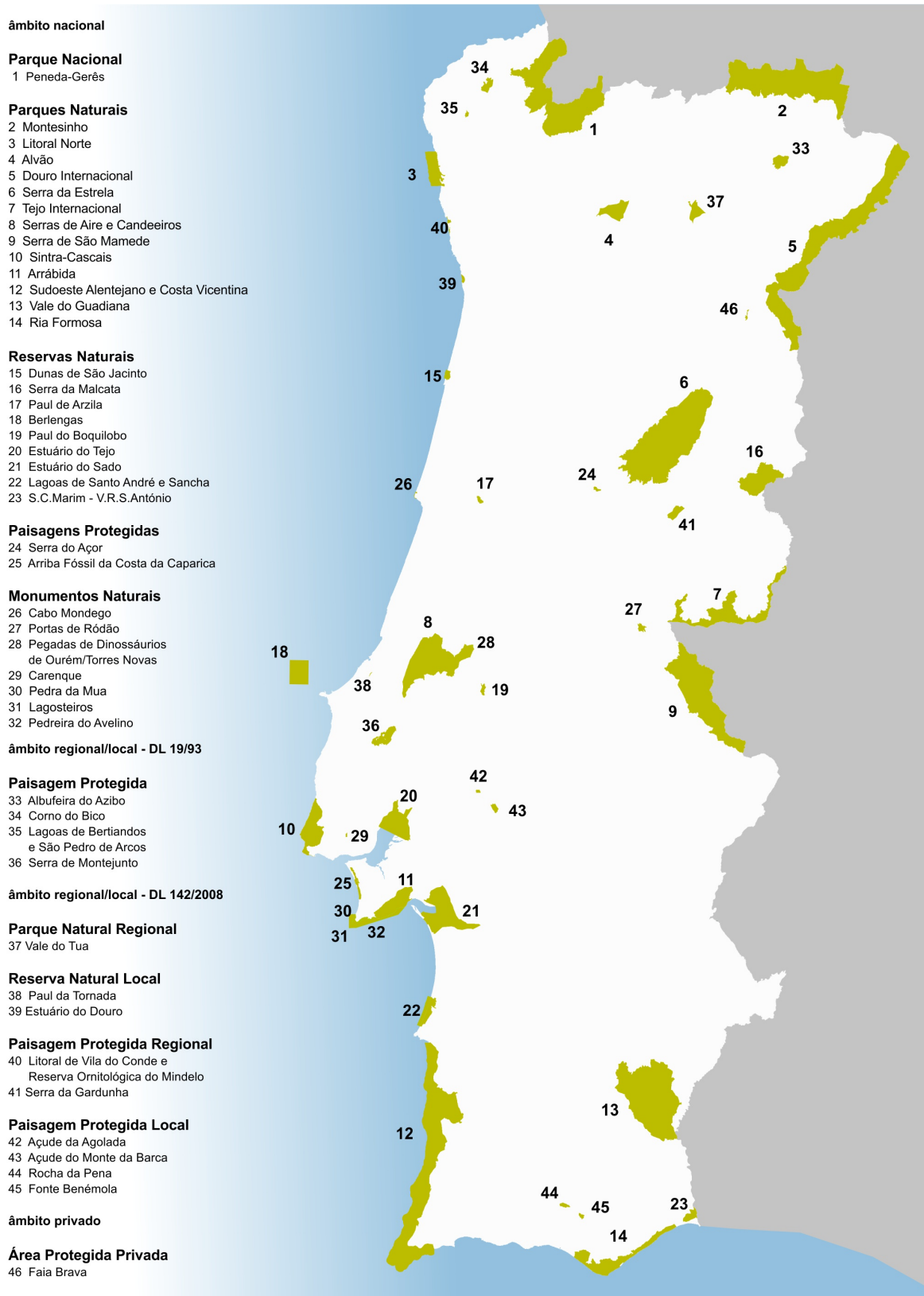
TOURISM PRODUCTS/ DESTINATION	Sun and sea	Touristic circuit, religious and	Short city break	Business tourism	Golf	Nature tourism	Nautical tourism	Residential tourism	Health tourism	Wine and gastronomy tourism
North (region)		P includes religious touring			C	D tours D equestrian	E recreational boating E surfing		P thermal C SPA/thalasso	C
Porto (region)		short breaks	D	D					E medical tourism	C
Central	C	P				D tours	E surfing		P thermal E medical tourism C SPA/thalasso	C
Lisbon (region) (*)	C	P includes religious touring P pilgrim			D	C tours D equestrian D birdwatching	D recreational boating D surfing	D	C SPA/thalasso	C
Lisbon (city)		short breaks	P	P					E medical tourism	C
Alentejo	C	P				D equestrian D birdwatching	D surfing	E		C
Algarve	P	C		D	P	D birdwatching	D recreational boating D surfing	P	C SPA/thalasso E medical tourism	C
Azores		D				P tours D birdwatching	D recreational boating E surfing			C
Madeira	D	P				P tours	D recreational boating E surfing	E	C SPA/thalasso	C

P - mature product D - product under development C - complementary product E - emerging product

(*) includes NUT III West, Tagus Floodplain, Middle Tagus

Source: TP (2015c)

Annexe C –Natural protected areas of Portugal



Source: ICNF

Appendixes

Appendix A - Values estimation for price calculation and relative description

	PPSA	PNSSM	PNPG	PNSACV	
	Value Per unit				Comments:
Provide by Partners					Value negotiated with partners
Number of Nights					
Night with breakfast	20,00 €	20,00 €	30,00 €	30,00 €	Accommodation are more expensive in PNPG and PNSACV
Dinner	15,00 €	15,00 €	17,50 €	17,50 €	Costs are more expensive in PNPG and PNSACV
Luggage transfer	8,00 €	8,00 €	8,00 €	8,00 €	no need during the weekend
Accommodations Partners					
Number of Activities					
Additional activities	12,50 €	12,50 €	15,00 €	15,00 €	Activities are more expensive in PNPG and PNSACV
Activities Partners					
No margin applies (sustainability)					
Number of Restaurants meals					
Traditional meal (restaurants)	20,00 €	20,00 €	30,00 €	45,00 €	Restaurants are more expensive in PNPG and PNSACV and one includes sea food meal
Restaurants Partners					
Price for partner services					
Provide by Portugal hiking&company					
Number of lunches					
Light lunch	8,00 €	8,00 €	8,00 €	8,00 €	
Number of Round-trip					
Private transportation services from/to main cities	70,00 €	70,00 €	100,00 €	100,00 €	From PNPG to PNSACV the distance is longer cost are higher
Number of transportation services					
Occasional transportation services	8,00 €	8,00 €	12,00 €	12,00 €	
Days of activity					
Guide services per day	55,00 €	55,00 €	55,00 €	55,00 €	Guide Cost p/day: Anual Salary+Allowance+Social security = 26.699 € /12 month/21 days = 105,95 € Tour only accept a minium of two people 105,95 € /2 people = 52,98 €
Price for Portugal hiking&company services					
Price for services (Partner + Portugal hiking&company)					
Margin applied to final Price					25% of margin - Margin was not applied to Activities Partners
Price with Margin included					
Margin € in final price					Margin was not applied to Activities Partners
VAT in Margin (23%)					Travel agencies apply VAT above margin € of 1,23% > cost will be considered in final price
Discount of 5% for long package (2 weeks)					Discount of 5% will be applied on the two week tours price to incentive customers to buy.
Final price (price for services + Margin € + Vat in Margin)					

Appendix B - Price value per region and duration of the hikes

	PPSA		PNSSM		PNPG		PNSACV		PPSA +PNSSM	PNPG + PNSACV
	Schist villages hike		Castle villages hike		Peneda-Gerês National Park hike		Vincentian coast hike		Castle villages and Schist villages	Peneda-Gerês National Park and Vincentian Coast
	2 days	7 days	2 days	7 days	2 days	7 days	2 days	7 days	14 days	14 days
Provide by Partners										
Number of Nights	1	7	1	7	1	7	1	7	14	14
Night with breakfast	20,00 €	140,00 €	20,00 €	140,00 €	30,00 €	210,00 €	30,00 €	210,00 €	280,00 €	420,00 €
Dinner	15,00 €	105,00 €	15,00 €	105,00 €	17,50 €	122,50 €	17,50 €	122,50 €	210,00 €	245,00 €
Luggage transfer		56,00 €		56,00 €		56,00 €		56,00 €	112,00 €	112,00 €
Accommodations Partners	35,00 €	301,00 €	35,00 €	301,00 €	47,50 €	388,50 €	47,50 €	388,50 €	602,00 €	777,00 €
Number of Activities	1	3	1	3	1	3	1	3	5	6
Additional activities	12,50 €	37,50 €	12,50 €	37,50 €	15,00 €	45,00 €	15,00 €	45,00 €	62,50 €	90,00 €
Activities Partners	12,50 €	37,50 €	12,50 €	37,50 €	15,00 €	45,00 €	15,00 €	45,00 €	62,50 €	90,00 €
Number of Restaurants meals		1		1		1		1	2	2
Traditional meal (restaurants)		20,00 €		20,00 €		30,00 €		45,00 €	40,00 €	75,00 €
Restaurants Partners	0,00 €	20,00 €	0,00 €	20,00 €	0,00 €	30,00 €	0,00 €	45,00 €	40,00 €	75,00 €
Price for partner services	47,50 €	358,50 €	47,50 €	358,50 €	62,50 €	463,50 €	62,50 €	478,50 €	704,50 €	942,00 €
Provide by Portugal hiking&company										
Number of lunches	2	7	2	7	2	7	2	7	14	14
Light lunch	16,00 €	56,00 €	16,00 €	56,00 €	16,00 €	56,00 €	16,00 €	56,00 €	112,00 €	112,00 €
Number of Round-trip	1	1	1	1	1	1	1	1	2	2
Private transportation services from/to main cities	70,00 €	70,00 €	70,00 €	70,00 €	100,00 €	100,00 €	100,00 €	100,00 €	140,00 €	200,00 €
Number of transportation services	1	3	1	3	1	3	1	3	6	6
Occasional transportation services	8,00 €	24,00 €	8,00 €	24,00 €	12,00 €	36,00 €	12,00 €	36,00 €	48,00 €	72,00 €
Days of activity	2	7	2	7	2	7	2	7	14	14
Guide services per day	110,00 €	385,00 €	110,00 €	385,00 €	110,00 €	385,00 €	110,00 €	385,00 €	770,00 €	770,00 €
Price for Portugal hiking&company services	204,00 €	535,00 €	204,00 €	535,00 €	238,00 €	577,00 €	238,00 €	577,00 €	1.070,00 €	1.154,00 €
Price for services (Partner + Portugal hiking&company)	251,50 €	893,50 €	251,50 €	893,50 €	300,50 €	1.040,50 €	300,50 €	1.055,50 €	1.774,50 €	2.096,00 €
Margin applied to final Price	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Price with Margin included	311,25 €	1.107,50 €	311,25 €	1.107,50 €	371,88 €	1.289,38 €	371,88 €	1.308,13 €	2.202,50 €	2.597,50 €
Margin € in final price	59,75 €	214,00 €	59,75 €	214,00 €	71,38 €	248,88 €	71,38 €	252,63 €	428,00 €	501,50 €
VAT in Margin (23%)	13,74 €	49,22 €	13,74 €	49,22 €	16,42 €	57,24 €	16,42 €	58,10 €	98,44 €	115,35 €
Discount of 5% for long package (2 weeks)									110,13 €	129,88 €
Final price (price for services + Margin € + Vat in Margin)	324,99 €	1.156,72 €	324,99 €	1.156,72 €	388,29 €	1.346,62 €	388,29 €	1.366,23 €	2.190,82 €	2.582,97 €
Price without private transports from and to main cities										
Price for services (Partner + Portugal hiking&company) without private transports	181,50 €	823,50 €	181,50 €	823,50 €	200,50 €	940,50 €	200,50 €	955,50 €	1.634,50 €	1.896,00 €
Price with Margin included	223,75 €	1.020,00 €	223,75 €	1.020,00 €	246,88 €	1.164,38 €	246,88 €	1.183,13 €	2.027,50 €	2.347,50 €
Margin € in final price	42,25 €	196,50 €	42,25 €	196,50 €	46,38 €	223,88 €	46,38 €	227,63 €	393,00 €	451,50 €
VAT in Margin (23%)	9,72 €	45,20 €	9,72 €	45,20 €	10,67 €	51,49 €	10,67 €	52,35 €	90,39 €	103,85 €
Discount of 5% for long package (2 weeks)									101,38 €	117,38 €
Final price without private transport (price for services + Margin € + Vat in Margin)	233,47 €	1.065,20 €	233,47 €	1.065,20 €	257,54 €	1.215,87 €	257,54 €	1.235,48 €	2.016,52 €	2.333,97 €

Appendix C - Example of a two months schedule of Portugal Hiking&Company tours per day

Area	PPSA		PNSSM		PNPG		PNSACV		PPSA + PNSSM	PNPG + PNSACV	
	Hikes		Castle villages hike		Peneda-Gerês National Park hike		Vincetian coast hike		Castle villages and Schist villages	Peneda-Gerês National Park and Vincetian Coast	
	N° of Days		7 days	2 days	7 days	2 days	7 days	2 days	7 days	2 days	14 days
Week days	Month days										
Monday	1										
Tuesday	2										
Wednesday	3										
Thursday	4										
Friday	5										
Saturday	6										
Sunday	7										
Monday	8										
Tuesday	9										
Wednesday	10										
Thursday	11										
Friday	12										
Saturday	13					x					x
Sunday	14					x					x
Monday	15					x					x
Tuesday	16					x					x
Wednesday	17					x					x
Thursday	18					x					x
Friday	19					x					x
Saturday	20							x			x
Sunday	21							x			x
Monday	22							x			x
Tuesday	23							x			x
Wednesday	24							x			x
Thursday	25							x			x
Friday	26							x			x
Saturday	27								x		
Sunday	28								x		
Monday	29										
Tuesday	30										
Wednesday	31										
Thursday	1										
Friday	2										
Saturday	3	x								x	
Sunday	4	x								x	
Monday	5	x								x	
Tuesday	6	x								x	
Wednesday	7	x								x	
Thursday	8	x								x	
Friday	9	x								x	
Saturday	10			x						x	
Sunday	11			x						x	
Monday	12			x						x	
Tuesday	13			x						x	
Wednesday	14			x						x	
Thursday	15			x						x	
Friday	16			x						x	
Saturday	17					x					
Sunday	18					x					
Monday	19										
Tuesday	20										
Wednesday	21										
Thursday	22										
Friday	23										
Saturday	24			x						x	
Sunday	25			x						x	
Monday	26			x						x	
Tuesday	27			x						x	
Wednesday	28			x						x	
Thursday	29			x						x	
Friday	30			x						x	
Saturday	31	x								x	
Sunday	1	x								x	
Monday	2	x								x	
Tuesday	3	x								x	
Wednesday	4	x								x	
Thursday	5	x								x	
Friday	6	x								x	
Saturday	7										
Sunday	8										
Monday	9										
Tuesday	10										
Wednesday	11										
Thursday	12										
Friday	13										
Saturday	14							x			x
Sunday	15							x			x
Monday	16							x			x
Tuesday	17							x			x
Wednesday	18							x			x
Thursday	19							x			x
Friday	20							x			x
Saturday	21					x					x
Sunday	22					x					x
Monday	23					x					x
Tuesday	24					x					x
Wednesday	25					x					x
Thursday	26					x					x
Friday	27					x					x
Saturday	28							x			
Sunday	29							x			
Monday	30										
Tuesday	31										

Appendix D - Detailed Profit and Loss Statement from 2017 to 2026

Profit and Loss Statement - Detailed	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Sales										
Sale of goods/services	74.499,44 €	100.574,25 €	130.746,52 €	156.895,83 €	172.585,41 €	181.214,68 €	188.463,27 €	194.117,16 €	197.999,51 €	199.979,50 €
Total Sales	74.499,44 €	100.574,25 €	130.746,52 €	156.895,83 €	172.585,41 €	181.214,68 €	188.463,27 €	194.117,16 €	197.999,51 €	199.979,50 €
Less Discounts/Commissions										
Accommodations Partners	20.557,00 €	27.751,95 €	36.077,54 €	43.293,04 €	47.622,35 €	50.003,46 €	52.003,60 €	53.563,71 €	54.634,98 €	55.181,33 €
Activities Partners	2.457,50 €	3.317,63 €	4.312,91 €	5.175,50 €	5.693,04 €	5.977,70 €	6.216,80 €	6.403,31 €	6.531,37 €	6.596,69 €
Restaurants Partners	1.675,00 €	2.261,25 €	2.939,63 €	3.527,55 €	3.880,31 €	4.074,32 €	4.237,29 €	4.364,41 €	4.451,70 €	4.496,22 €
Extra Commissions to Partners (growth of customers)		-1.500,66 €	-3.901,72 €	-7.023,09 €	-7.023,09 €	-7.023,09 €	-7.023,09 €	-7.023,09 €	-7.023,09 €	-7.023,09 €
Total Discounts/ Commissions (Partners)	24.689,50 €	31.830,17 €	39.428,36 €	44.973,00 €	50.172,61 €	53.032,39 €	55.434,61 €	57.308,34 €	58.594,97 €	59.251,15 €
Net Sales	49.809,94 €	68.744,08 €	91.318,17 €	111.922,83 €	122.412,80 €	128.182,29 €	133.028,66 €	136.808,82 €	139.404,54 €	140.728,35 €
Cost of Sales										
Lunch Supplies	1.676,00 €	2.262,60 €	2.941,38 €	3.529,66 €	3.882,62 €	4.076,75 €	4.239,82 €	4.367,02 €	4.454,36 €	4.498,90 €
Total Cost of Sales	1.676,00 €	2.262,60 €	2.941,38 €	3.529,66 €	3.882,62 €	4.076,75 €	4.239,82 €	4.367,02 €	4.454,36 €	4.498,90 €
Gross Profit	48.133,94 €	66.481,48 €	88.376,79 €	108.393,17 €	118.530,18 €	124.105,53 €	128.788,83 €	132.441,80 €	134.950,18 €	136.229,45 €
Operating Expenses										
General & Administrative										
Bank charges	120,00 €	121,32 €	122,90 €	124,74 €	126,86 €	129,27 €	131,99 €	135,02 €	138,40 €	142,13 €
Credit card commission	30,00 €	30,33 €	30,72 €	31,19 €	31,72 €	32,32 €	33,00 €	33,76 €	34,60 €	35,53 €
Consultant fees	1.800,00 €	1.819,80 €	1.843,46 €	1.871,11 €	1.902,92 €	1.939,07 €	1.979,79 €	2.025,33 €	2.075,96 €	2.132,01 €
Office Supplies	1.010,52 €	1.021,64 €	1.034,92 €	1.050,44 €	1.068,30 €	1.088,60 €	1.111,46 €	1.137,02 €	1.165,45 €	1.196,91 €
License fees	3.625,13 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €
Business insurance	1.012,00 €	1.015,04 €	1.028,24 €	1.043,66 €	1.061,41 €	1.081,57 €	1.104,29 €	1.129,68 €	1.157,93 €	1.189,19 €
Total General & Administrative	7.597,65 €	4.008,13 €	4.060,24 €	4.121,14 €	4.191,20 €	4.270,83 €	4.360,52 €	4.460,81 €	4.572,33 €	4.695,78 €
Marketing & Promotional										
Advertising	4.000,00 €	0,00 €	0,00 €	0,00 €	0,00 €	4.100,27 €	0,00 €	0,00 €	0,00 €	0,00 €
Promotion - General (online Ads, subscriptions)	5.000,00 €	5.046,91 €	5.112,52 €	5.189,21 €	5.277,43 €	5.377,70 €	5.490,63 €	5.616,91 €	5.757,34 €	5.912,78 €
Promotion - Other (flyers, occasional promotions)	1.000,00 €	1.002,91 €	1.015,95 €	1.031,19 €	1.048,72 €	1.068,64 €	1.091,09 €	1.116,18 €	1.144,09 €	1.174,98 €
Total Marketing & Promotional	10.000,00 €	6.049,82 €	6.128,47 €	6.220,40 €	6.326,15 €	10.546,61 €	6.581,72 €	6.733,09 €	6.901,42 €	7.087,76 €
Operating Expenses										
Travel/Acommodation	4.705,50 €	6.352,43 €	8.258,15 €	9.909,78 €	10.900,76 €	11.445,80 €	11.903,63 €	12.260,74 €	12.505,96 €	12.631,01 €
Total Operating Expenses	4.705,50 €	6.352,43 €	8.258,15 €	9.909,78 €	10.900,76 €	11.445,80 €	11.903,63 €	12.260,74 €	12.505,96 €	12.631,01 €
Motor Vehicle Expenses										
Fuel	3.885,00 €	5.244,75 €	6.818,18 €	8.181,81 €	8.999,99 €	9.449,99 €	9.827,99 €	10.122,83 €	10.325,29 €	10.428,54 €
Vehicle service costs	2.773,44 €	2.803,95 €	2.840,40 €	2.883,01 €	2.932,02 €	2.987,72 €	3.050,47 €	3.120,63 €	3.198,64 €	3.285,01 €
Total Motor Vehicle Expenses	6.658,44 €	8.048,70 €	9.658,57 €	11.064,82 €	11.932,01 €	12.437,72 €	12.878,46 €	13.243,46 €	13.523,93 €	13.713,55 €
Website Expenses										
Domain name registration	20,00 €	20,00 €	20,00 €	20,00 €	20,00 €	20,00 €	20,00 €	20,00 €	20,00 €	20,00 €
Hosting expenses	960,00 €	960,00 €	960,00 €	960,00 €	960,00 €	960,00 €	960,00 €	960,00 €	960,00 €	960,00 €
Total Website Expenses	980,00 €	980,00 €	980,00 €	980,00 €	980,00 €	980,00 €	980,00 €	980,00 €	980,00 €	980,00 €
Employment Expenses										
Permanent										
Salaries/Wages	34.300,00 €	46.200,00 €	46.200,00 €	46.893,00 €	46.893,00 €	46.893,00 €	47.877,75 €	47.877,75 €	47.877,75 €	49.170,45 €
Superannuation	8.146,25 €	10.972,50 €	10.972,50 €	11.137,09 €	11.137,09 €	11.137,09 €	11.370,97 €	11.370,97 €	11.370,97 €	11.677,98 €
Other - Employee Benefits (food allowance)	3.155,46 €	4.733,19 €	4.733,19 €	4.804,19 €	4.804,19 €	4.804,19 €	4.905,08 €	4.905,08 €	4.905,08 €	5.037,51 €
Work Insurance	552,70 €	736,91 €	736,91 €	747,96 €	747,96 €	747,96 €	763,67 €	763,67 €	763,67 €	784,29 €
Government support trainee		-10.745,77 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €
Total Perm. Employment Expenses	46.154,41 €	51.896,83 €	62.642,60 €	63.582,24 €	63.582,24 €	63.582,24 €	64.917,47 €	64.917,47 €	64.917,47 €	66.670,24 €
Casual										
Salaries/Wages	3.535,02 €	3.535,02 €	3.535,02 €	3.535,02 €	3.535,02 €	3.535,02 €	3.609,26 €	3.609,26 €	3.609,26 €	3.706,71 €
Work Insurance	184,21 €	184,21 €	184,21 €	184,21 €	184,21 €	184,21 €	184,21 €	184,21 €	184,21 €	184,21 €
Total Casual Employment Expenses	3.719,23 €	3.719,23 €	3.719,23 €	3.719,23 €	3.719,23 €	3.719,23 €	3.793,47 €	3.793,47 €	3.793,47 €	3.890,92 €
Total Employment Expenses	49.873,64 €	55.616,06 €	66.361,83 €	67.301,47 €	67.301,47 €	67.301,47 €	68.710,93 €	68.710,93 €	68.710,93 €	70.561,15 €
Occupancy Costs										
Telephones and Internet	292,56 €	295,78 €	299,62 €	304,12 €	309,29 €	315,16 €	321,78 €	329,18 €	337,41 €	346,52 €
Total Occupancy Costs	292,56 €	295,78 €	299,62 €	304,12 €	309,29 €	315,16 €	321,78 €	329,18 €	337,41 €	346,52 €
Total Operating Expenses	80.107,79 €	72.322,22 €	85.108,31 €	87.856,91 €	89.028,86 €	93.879,88 €	91.878,58 €	92.494,76 €	93.028,05 €	95.322,24 €
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)	-31.973,85 €	-5.840,73 €	3.268,47 €	20.536,26 €	29.501,32 €	30.225,66 €	36.910,25 €	39.947,04 €	41.922,13 €	40.907,21 €
Depreciation and Amortization	1.995,00 €	1.995,00 €	1.995,00 €	1.500,00 €	1.500,00 €	1.500,00 €	1.500,00 €	1.500,00 €	1.500,00 €	1.500,00 €
EBIT (Earnings Before taxes and interests)	-33.968,85 €	-7.835,73 €	1.273,47 €	19.036,26 €	28.001,32 €	28.725,66 €	35.410,25 €	38.447,04 €	40.422,13 €	39.407,21 €
Interest Expenses	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €
EBT (Earnings Before Taxes)	-33.968,85 €	-7.835,73 €	1.273,47 €	19.036,26 €	28.001,32 €	28.725,66 €	35.410,25 €	38.447,04 €	40.422,13 €	39.407,21 €
Taxes	0,00 €	-1.958,93 €	318,37 €	4.759,07 €	7.000,33 €	7.181,41 €	8.852,56 €	9.611,76 €	10.105,53 €	9.851,80 €
Net Income (earnings)	-33.968,85 €	-5.876,80 €	955,10 €	14.277,20 €	21.000,99 €	21.544,24 €	26.557,69 €	28.835,28 €	30.316,59 €	29.555,41 €
% Inflation year rate	0,9%	1,1%	1,3%	1,5%	1,7%	1,9%	2,1%	2,3%	2,5%	2,7%
% Variation forecast number of customers		35%	30%	20%	10%	5%	4%	3%	2%	1%
Extra Commissions to Partners (growth of customers)		5%	10%	15%	0%	0%	0%	0%	0%	0%