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A MARKETING PLAN TO HOTEL CASTELÃO

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Abstract

The purpose of this project is to study how to increase Hotel Castelão's sales, hence a marketing plan was elaborated. Hotel Castelão never, in its existence, had one, which is very important and useful for companies, as it provides a strategy and explains how to accomplish it.

Hotel Castelão is a two-star hotel in Mafra, Lisboa; built in 1982, to fill a market opportunity, since Mafra had no accommodation establishments, the closest place was in Ericeira. Due to its longevity and location, near the centre, in one of the main roads, Hotel Castelão is already a well-known brand in the region.

The Hotel has some direct competitors in the region, however only one in Mafra. Therefore, since the region is growing, the management feels the establishment has potential for more; desiring a sales increase.

Following the structure of a marketing plan, this thesis presents analysis to tourism, lodging, competitors and the company itself. The reasons why the Hotel does not have more sales are shown and solutions and implementations proposals to increase sales are presented. Proposals are presented throughout the paper, but with more detail in the operational part of the marketing plan. It was analysed what is happening now and what could be adjusted, more specifically in the STP, as well as in the marketing mix.

With this analysis, and the adjustments proposed, being implemented, an improvement in the Hotel and its service is achieved, resulting in an expected increase in sales.

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Resumo

O objetivo desta tese é estudar como aumentar as vendas do Hotel Castelão, pelo que foi elaborado um plano de marketing. O Hotel Castelão nunca teve um, apesar de ser algo muito importante e útil para as empresas, dado que providencia uma estratégia e explica como a atingir.

O Hotel Castelão é um hotel de duas estrelas em Mafra, Lisboa; contruído em 1982 para responder a uma oportunidade de mercado, dado que Mafra não tinha nenhum estabelecimento do género, o mais perto localizava-se na Ericeira. Graças à sua longevidade e localização, perto do centro, numa das principais avenidas, este Hotel é já uma marca bem reconhecida na região.

O Hotel tem alguns concorrentes diretos, contudo apenas um em Mafra. Assim, e sabendo que a região está a crescer, a administração sente que o estabelecimento tem potencial para mais, ambicionando um aumento nas vendas.

Seguindo a estrutura de um plano de marketing, esta tese apresenta análises ao turismo, à hotelaria, à concorrência e à própria empresa. Os motivos que explicam as atuais vendas são apresentados, assim como soluções e medidas de implementação que permitem aumentar vendas. As propostas estão presentes ao longo do projeto, com especial detalhe na parte operacional do plano de marketing. Foi analisado o panorama atual e o que pode ser ajustado, mais concretamente na STP e no marketing mix.

Com esta análise e as alterações propostas, sendo implementadas, o Hotel e a qualidade do serviço irão melhorar, pelo que se espera um consequente aumento nas vendas.

Palavras-chave: Plano de marketing, turismo, hotelaria, satisfação dos consumidores, online reviews, hotel, aumentar vendas, marketing-mix

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Sumário Executivo

Este projeto surgiu com o propósito de estudar como aumentar as receitas do Hotel Castelão. Para alcançar esse objetivo foi elaborado um plano de marketing. Este tipo de plano é bastante importante, já que permite a uma empresa concentrar num projeto todos os fatores relacionados com o seu negócio, desde análise de mercado, passando por análise aos concorrentes, e à própria empresa, providenciando uma estratégia de como atuar, e quais as ferramentas que levam ao sucesso da estratégia definida.

O Hotel Castelão é um estabelecimento de duas estrelas, situado na vila de Mafra, no distrito de Lisboa. Vendo uma oportunidade no mercado, já que não existia nenhum estabelecimento do género em Mafra, sendo o mais perto na Ericeira, a 8kms, a administração construiu o hotel em 1982, estando o mesmo a operar por mais de 35 anos. Assim sendo, este estabelecimento é já conhecido na região, devido à sua longevidade e localização privilegiada, numa das principais avenidas da vila, próximo do centro, e da principal atração turística, o Palácio de Mafra, assim como das famosas praias da Ericeira.

O Hotel tem alguns concorrentes diretos, contudo apenas um em Mafra. Assim, e sabendo que a região está a crescer, a administração sente que o estabelecimento tem potencial para mais, ambicionando um aumento nas vendas.

O plano de marketing foi elaborado tendo em conta todos estes fatores.

Começando por uma completa Revisão de Literatura, executada de modo a ter uma melhor compreensão dos fundamentos e teorias relevantes. Os conceitos de Plano de Marketing, Turismo, Hotelaria e Hospitalidade foram analisados. A satisfação do consumidor foi também um conceito tido bastante em mente, devido ao facto de ser um dos principais motivos que leva um cliente, tanto a voltar a um hotel, como a recomendá-lo, algo que hoje em dia é extremamente importante para qualquer estabelecimento. Deste modo, a importância das críticas feitas por clientes online é também examinada, já que, no dia-a-dia do mundo moderno, a tecnologia e a Internet, estão presentes a todo o momento, incluindo, na escolha de um hotel, sendo que um hotel com repetidas más críticas, é um hotel que não será frequentemente escolhido.

Para que as propostas a ser feitas fossem introduzidas com sucesso, foi necessária uma análise ao mercado (PESTEL), onde se constatou principalmente que a economia portuguesa está a recuperar da crise, e que estamos cada vez mais ligados às novas

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tecnologias graças à internet e aos smartphones, e que a tecnologia fez mudanças significativas no mercado hoteleiro, com a aparição de plataformas tais como Airbnb, Booking.com e TripAdvisor.

De seguida para analisar a atratividade da indústria hoteleira foram estudadas as 5 Forças de Porter. Verificou-se que existem importantes barreiras à entrada, que a indústria hoteleira está ameaçada por substitutos e que os clientes têm um poder considerável porque esta é uma indústria fragmentada com muitos concorrentes e substitutos.

A concorrência do Hotel foi também examinada de forma a conseguir conhecer os concorrentes e as suas ofertas e valências. Viu-se que o Hotel Castelão tem seis concorrentes diretos, apesar de apenas um se localizar em Mafra, e todos os outros estarem situados na Ericeira.

Depois foi vez de analisar a empresa internamente, investigando a sua história, missão, valores, objetivos e vantagens competitivas, assim como o seu portfolio e relevantes dados estatísticos internos.

Seguidamente foi conduzida uma análise SWOT e uma SWOT dinâmica, de forma a melhor conhecer o Hotel, e respetivas forças e fraquezas. Pelas forças passam, portanto, a localização, notoriedade e staff simpático e acessível, entre outras. As fraquezas são então, as instalações e estética desatualizadas, e a necessitar de uma renovação, a má classificação na plataforma Booking.com, e o rácio preço-qualidade desadequado, entre outras.

Este aumento da importância da Internet na vida do consumidor moderno, previamente mencionado, foi também tido em mente na realização e escolha da metodologia utilizada no projeto, para melhor compreender a opinião dos clientes do Hotel Castelão. Com este objetivo foi realizada uma netnografia, que compila os comentários feitos pelos clientes na plataforma Booking.com, permitindo ter uma perceção mais clara sobre as suas opiniões em relação ao Hotel. Assim, foi possível obter informações sobre o que poderia ser melhorado no Hotel, e essa informação foi usada mais tarde no desenvolvimento do plano de marketing.

A elaboração das propostas de implementação, foi conseguida através da análise estratégica e depois a operacional. A estratégica é constituída pelo estudo da segmentação, que leva à definição do público-alvo, e depois a escolha do posicionamento,

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onde foi feito um mapa percetual e o triângulo de ouro do posicionamento para ajudar no processo.

Já a componente operacional, estuda o marketing-mix do serviço, abrangendo os 7 P's (produto, preço, distribuição, comunicação, pessoas, processos e evidências físicas).

A elaboração do marketing-mix foi feita tendo em conta tudo que havia sido estudado e analisado, assim como os fatores críticos de sucesso (FCS), previamente identificados que incluem: limpeza, preço, relação qualidade-preço, localização, segurança, qualidade do pessoal, estética das instalações, reputação, serviços oferecidos, conforto, número de estrelas e avaliações on-line. Outros FCSs relevantes são: estacionamento conveniente, pequeno-almoço bom e diversificado, ar condicionado e acesso Wi-Fi gratuito.

As propostas têm em vista, maioritariamente, a remodelação e redecoração do Hotel, de forma a, não só, torná-lo mais apelativo à vista, mas também mais contemporâneo e confortável. Passam, também por melhorar o serviço fornecido, e por oferecer mais hipóteses de programas e serviços adicionais aos clientes, abrangendo e chamando a atenção de um público mais extenso. Um ajuste no preço foi também proposto de forma a oferecer um melhor equilíbrio qualidade-preço. Finalmente, e de forma, a divulgar e diferenciar esta renovação, uma proposta de re-branding da marca foi feita. Um novo nome, logótipo e slogan são sugeridos para que seja feita uma distinção entre a antiga e a renovada e melhorada versão do estabelecimento.

Concluindo, baseadas numa prévia Revisão de Literatura, foram conduzidas análises a todas as áreas relevantes, para conhecer melhor o Hotel, o mercado, e a indústria onde está inserido. Tendo em conta as análises interna e externa, e a resultante implementação das propostas, é esperado um aumento da qualidade do Hotel e do serviço oferecido, tendo como consequência o desejado aumento das vendas.

1. Introducing The Problem Context

The hotel business is a very special and specific business, due to the nature of the service, which in its core is providing a place to sleep for people who are far from home. So, this means that a hotel is the opposite of most of the services industry. For example, a restaurant, a clothing store, a hair salon and a school, these are four different services, from four different industries, however all of them have one thing in common, which is their clients residing or working near them. People do not travel hundreds of kilometres to go there. However, for a hotel it is different, a hotel makes business from people who are far from home, making this a very interesting industry to study.

This is a very relevant topic once the hotel industry is one of the most significant not only in Portugal, a tourism driven country, but also in the world.

The purpose of this project is to study how to increase Hotel Castelão's sales.

The Hotel is located in one of the main roads, being near Mafra's Palace and just 8km far from the beaches in Ericeira. This establishment has been operating for over 35 years being already a well-known brand in the region. The Hotel has a few direct competitors in the region, however only one is in Mafra. Considering all of this, and since the region is growing, the Hotel administration thinks that this establishment could be more successful, and have more sales. This does not mean that the company has few sales, however it is seen that they may increase in a more consistent basis, and not only in the summer.

So, knowing already that the hotel industry is much influenced by seasonality (the summer is the best period, during the rest of the year the demand is smaller), and that Portugal went through an economic crisis, which surely affected sales, it is important to go deeper, and study all the reasons which may affect general sales in hotels and this Hotel in particular.

This thesis will present a broad range of activities and actions that a hotel can put to use, in order to increase sales.

2. Literature Review

2.1. The Marketing Plan

2.1.1. Marketing Definition

Marketing is sometimes confused as self-promotion or advertising, however marketing is much more than that. According to Kotler (n.d) as cited by Bradley (1996: xvii) *"…the marketing concept holds that the key to achieving organizational goals lies in determining the needs and wants of target markets and delivering the desired satisfaction more efficiently and effectively than the competition"*. This statement introduces the key actors in the marketing planning process: the company and its goals, the consumers, and the competitors. Plus, it highlights the key elements of marketing planning: targeting, establishing customer's needs, strategy, implementation and control (Bradley, 1996: xvii).

According to Westwood (1992), Marketing involves finding what the customer desires and adapting the company products and services to meet those wishes, and in the process bringing some profit to the company. This means that it is necessary to understand: the company capability, the customer's desires, and the environment/market surrounding the company. Peter Drucker goes even further by saying that the aims of marketing are to know and understand the customer so well that the product or services fits him and sells itself (Kotler and Keller, 2006).

The American Marketing Association also offers a definition: "*Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders*" (Kotler and Keller, 2006: 6).

Kotler and Keller (2006: 6) summarize it stating that *"Marketing management is the art and science of choosing target markets and getting, keeping and growing customers through creating, delivering and communicating superior customer value"*.

2.1.2. What is a Marketing Plan

A marketing plan is the written document or outline that contains the framework within which the needs of the organization and the needs of the target markets are defined and the necessary actions prescribed to meet those needs. It is used for implementing and to control the marketing activities associated with a specific marketing tactic (Bradley, 1996; Dibb *et al.,* 1996).

"Marketing Planning is a systematic process involving assessing marketing opportunities and resources, determining marketing objectives, and developing a plan for implementation and control" (Dibb *et al.,* 1996: 3).

The marketing plan is the central instrument for directing and coordinating the marketing effort (Kotler and Keller, 2006).

 "Marketing planning results in a detailed set of actions which implement the recommended marketing strategy and which aim to satisfy the targeted customers. These actions manifest themselves in the marketing-mix: the determination of product portfolios, branding policies, pricing and payment issues, distributions channels, promotional campaigns and service levels. These marketing programs must be specific, clear, achievable, and cost-effective. They must reflect the needs of the specified strategy, customer's expectations, competitive activity and market trends. Control mechanisms need to be in place to monitor the progress of the marketing plan and its marketing programs" (Bradley, 1996: xxvi).

A Marketing plan cycle is chosen by the company, some have an extended plan that lasts years, others last months. This is something to be updated when is needed in order to avoid being out of date. The most common, perhaps, is an annual revision with a 3-year focus, this includes detailed recommendations for the next two years, with extrapolations for the third year (Dibb *et al.,* 1996).

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2.1.3. The importance of a Marketing Plan

"A well-structured, objective and comprehensive marketing planning program does bring order to the chaos of markets and provides a clear sense of purpose for a business" (Bradley, 1996: xvi).

Marketing planning as a process helps individuals and organizations to:

- Understand markets and anticipate market trends
- Understand the needs and wants of a range of customers and potential customers
- Combat and beat competitors
- Understand the organization's strengths and weaknesses relative to competitors
- Develop competitive products/services
- Ensure the implementation of the strategies which have been developed.
- Test planning assumptions
- Set marketing objectives and strategies
- Structure and balance the marketing mix
- Create maximum personnel motivation
- Optimize the use of scarce resources, both financial and people
- Position the company and product range so that stability and growth can be maintained in volatile markets

Figure 1: The Benefits of Marketing Planning
Source: Adapted from Bradley (1996: xvi)

Marketing planning allows businesses to identify the most beneficial target markets and maximize competitive advantages, making the best of company strengths and resources and minimizing weaknesses to help tackle impending threats with confidence (Dibb *et al.,*, 1996).

Marketing planning is something that all big companies should do, once it allows to keep companies in-tune with trends in the marketplace, up-to-date of customer needs, and aware of the competition. Planning helps ensure that resources are used effectively, and that businesses are ready to respond to the unexpected.

"Businesses that fail to incorporate marketing planning into their marketing activities may not be in a position to develop a sustainable competitive edge in their markets" (Dibb *et al.,* 1996: 4).

According to Kotler and Keller (2006: 4), "*the companies at greatest risk are those that fail to carefully monitor their customers and competitors and to continuously improve their value offering."* Thus, proving once more the importance of having a good marketing department with a good marketing plan that helps companies to thrive.

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2.1.4. How to make a Marketing Plan

First of all, the elaboration of a marketing plan should be preceded by a systematization of the company vision, mission and values, in order to achieve coherence (Lendrevie *et al*., 2015).

According to Lendrevie *et al.* (2015), the process of elaboration of a marketing plan involves ten steps. The first is a situation analysis/diagnosis of the elements that can affect the company. In this stage it is analyzed the macro environment (PESTEL analysis – Political, Environmental, Social, Technological, Economical, Legal) and the micro environment (Porter's 5 forces: Threat of New Entrants, Competitive Rivalry, Threat of Substitute Products, Bargaining Power of Suppliers, Bargaining Power of Buyers). The market/industry is analyzed to better understand its potential and the current trends. Then, an analysis to Clients is done mainly to understand their profile and behavior as well as their demands. Afterwards, a Competition analysis is done to study the direct and indirect competitors, to realize how many they are and what are they offering. To conclude this first stage a self-analysis of the company is done, to study its performances, its structure and its resources.

Then, it is time to do a SWOT analysis to study the company's strengths and weaknesses and the market's opportunities and threats. As a result of this analysis, it is possible to conduct a Dynamic SWOT by crossing the opportunities and threats with the strengths and weaknesses becoming easy to establish the main guidelines to implement in the marketing plan.

The next step is to identify the critical requirements of success in order to have a prolific business.

Defining the goals is the following step, as it allows the company to know which direction to take and to begin thinking what they must to do accomplish it.

Afterwards, it is time to draft the marketing strategy, a STP process should be conducted in order to study the segmentation, targeting and positioning for the company. This is a very important step, as it will define much about the company and the way it is placed in the market.

The elaboration of the marketing-mix is the next step, which is associated with operational decisions about the four Ps: product, price, promotion and place/distribution. The following steps aim at assessing and controlling performance measures to monitor the company progress.

Finally, the last step is drafting the budget for the marketing plan.

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Dibb *et al.* (1996: 6), summarize the marketing plan dividing it in three stages: "*the analysis stage involves the collection and organization of information about markets and the trading environment; the strategy stage encompasses the determination of core target markets, identification of differential advantages and decisions about positioning; the programmes stage involves the construction of detailed marketing mixes and implementation actions*".

Analysis	**Strategy Decisions**	**Programmes for Implementation**
•Of market opportunities and trends	•Determination of core target markets	•Specification of plans for marketing mix programmes:
		•Products
•Of the marketing environments	•Basis for competing/differential advantage	•Promotion
		•Place: distribution/marketing channels
•Of the organization's Strengths, Weaknesses, Opportunities and Threats – SWOT	•Desired product positioning	•Pricing/payment terms
		•People/service levels
•Of customer's needs and perceptions; market segmentation and brand positioning	•Marketing objectives/sales target	•Specification of tasks, responsibilities, timing, costs and budgets
		•Additional development
•Of competition and competitor's strategies		•Monitoring process/measuring effectiveness of the plan

Figure 2: The Stages of the Marketing Plan
Source: Adapted from Dibb, Simkin and Bradley (1996: 6)

One other author, Westwood (1992) draws a marketing plan process as follows:

1. Establish corporate objectives
2. Conduct an external and internal marketing analysis
3. Perform a SWOT analysis
4. Establish marketing goals and predict the expected outcomes
5. Develop a maketing strategy and action plans
6. Analyse the application of the strategy in the marketing mix
7. Draw a budget
8. Write the plan
9. Communicate the plan
10. Use a control system for monitoring
11. Review and update the plan

2.2.   Tourism

2.2.1. Tourism Definition

First of all, it is important to define and clarify some concepts such as tourism, trip, travel and visitor, in order to better understand what they really are.

"Travel refers to the activity of travellers. A traveller is someone who moves between different geographic locations for any purpose and any duration" (United Nations, 2010: 9). A similar concept to this, is visitor, *"the visitor is a traveller taking a trip to a main destination outside his/her usual environment, for less than a year, for any main purpose (business, leisure or other personal purpose) other than to be employed by a resident entity in the country or place visited"* (United Nations, 2010: 10).

A visitor can be classified as a tourist or an overnight visitor, according to if the trip includes an overnight stay, or not (being in this case a same-day visitor or excursionist). It is important to mention that an overnight traveller may have unpaid accommodation, for example by staying with friends and relatives, or even trips to owner-occupied vacation homes, in this case the traveller is not a potential hotel client (United Nations, 2010).

Tourists/travellers are hotels main target, it is for them that hotels exist, as The United Nations (2010: 52) stated *"Because they spend a night outside their usual environment, tourists will need a specific place to stay overnight",* so whether it is a business or a recrational trip, people will need an accomodation.

Regarding Tourism, The United Nations (2010: 1) defined it as *"a social, cultural and economic phenomenon related to the movement of people to places outside their usual place of residence, pleasure being the usual motivation"*. Therefore, we can infer that tourism is a subset of a travel, having pleasure as a motivator.

Another relevant concept is the trip, The United Nations (2010: 9) defined a trip as *"the travel by a person from the time of departure from his usual residence until he/she returns: it thus refers to a round trip. A trip is made up of visits to different places"*.

2.2.2. Forms of tourism

According to the country of reference, three basic forms of tourism can be distinguished, as stated by The United Nations (2010):

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- Domestic tourism, which comprises the activities of a resident visitor within the country of reference
- Inbound tourism, which includes the activities of a non-resident visitor within the country of reference
- Outbound tourism, which encompasses the activities of a resident visitor outside the country of reference

Furthermore, those basic forms of tourism can be combined and derive the following types of tourism:

- Internal tourism, which comprises domestic tourism and inbound tourism, that is to say, the activities of resident and non-resident visitors within the country of reference
- National tourism, which comprises domestic tourism and outbound tourism, that is to say, the activities of resident visitors within and outside the country of reference
- International tourism, encompasses the activities of a resident visitor outside the country of residence (outbound tourism), and the activities of non-resident visitors within the country of reference (inbound tourism)

2.2.3. Characteristics of tourism trips - Main purpose of a tourism trip

The classification of a trip according to its main purpose is related to the main activities undertaken while on the trip.

Trips can be of two kinds, either personal or in business. In the case of being personal, the main motivations for a trip are: holidays, leisure and recreation; visiting friends and relatives; education and training; health and medical care; religion/pilgrimages; and finally shopping. In the business case, this is a trip with work as a main purpose for the travel (United Nations, 2010).

According to Goeldner *et al.* (2000), the basic motivators that promote tourism are:

- Physical motivators, which is travelling due to physical reasons, such as rest and relaxation activities or specific medical treatment, this is, individual physical health and well-being
- Cultural motivators, which are linked with the individual wish for travel to learn about the country and the region, their population, their heritage and culture

- Inter-personal motivators, which are identified with the desire to visit friends and relatives, to meet new people, or even for spiritual reasons
- Status and prestige motivators, which are related to the needs of personal esteem and personal developments, this is, travelling for business, continuation of education, professional interest

So, it is possible to grasp that the main motives to travel are: seeking for pleasure and relaxation, desire for discovery and exploration, wanting to know other cultures, taking personal time for building interpersonal relationships, and finally for working purposes.

"*Tourism involves a host community, a physical setting, accommodation, transport, built and natural attractions, commercial services and infrastructure, and it is the particular combination of these components that make a destination unique, and that contributes to its success and competitiveness. The choice of a destination for leisure tourists depends primarily on its attractiveness (e.g. natural, cultural, and local resources), but is also highly dependent on the costs and time necessary to reach the destination*" (OECD, 2016: 70).

Generally, people choose their tourism destination according to their interests and what they want to see or do, whether it is nature tours, visits to historical and cultural sites, visits to a particular city, the practice of specific sports, the beach, etc. It is this that makes some places "tourism products" for certain activities, that is why it is so common to label places, for example Ericeira being marketed as a surf destination, or the Alps as a Winter destination.

It is then possible to speak of specific types of "tourism products", such as culinary tourism, ecotourism, city tourism, sun-and-sand tourism, agro-tourism, health tourism, winter tourism, etc. This classification is increasingly requested and used by tourism stakeholders as a marketing tool (United Nations, 2010).

Subsequently, Portugal tourism potential was acknowledged taking into account its resources and distinctive features. Due to the climatic conditions and the natural and cultural resources of Portugal, ten strategic tourism products were identified: Sun and sea; Cultural and landscape touring; City Break; Business tourism; Religion Tourism; Nautical/Surf tourism; Nature tourism; Health and wellness; Golf; Integrated resorts and residential tourism; Gastronomy and wines (Turismo de Portugal, 2007).

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2.2.4. Trends in Tourism

"The current strategies to enhance destination attractiveness focus on diversification, product development (such as rural tourism, food tourism, major events, human-powered mobility options) and competitiveness (creating both high-value products and alternative low price offers). In addition, countries also recognise the importance of striking a balance between promoting ease of travel, a positive welcome, and a safe environment for legitimate travellers, with the need for security and border protection" (OECD, 2016: 17).

Consumer trends are changing the tourism landscape. According to OECD (2016), the new trends consist of:

- Trips becoming shorter and people searching for more unique, personalised experiences in alternative destinations
- Tourists increasingly connected to the internet, utilising any number of tourism-related mobile apps. Accessing real-time news, transport and online booking platforms (such as travel agents, airlines, trains, rental cars, Uber) as well as utilising social networks to review, assess and book accommodation (e.g. Airbnb, Trip Advisor).
- Increase in online bookings of hotels, while bookings through travel agencies have stagnated
- New marketplaces in areas as diverse as transportation, accommodation, travel and dining experiences, due to the rapid growth of peer-to-peer and shared usage platforms. People now have new options for where to stay, what to do and how to get around. These developments present opportunities to expand consumer options and grow the tourism economy, but also pose challenges for established operators
- Focusing on identifying, nurturing and investing in product development experiences that emphasise unique selling points for particular destinations
- Travellers getting older, with 23% aged over 55 in 2012
- Holidays being the major reason for taking an international trip (71%) ahead of business travel and visiting friends and relatives. The effects of these changes can be seen in the growing fragmentation of tourism markets, and in the emergence of new niche markets

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- Holidays for singles, the retired, and money-rich/time-poor short-break travellers, developing into major market segments
- Emerging niches for adventure experiences and luxury travel (e.g. cruise tourism)
- Customers becoming increasingly experimental, willing to try new products, foods and attractions, and less willing to give a second chance to destinations providing poor products or services
- Greater emphasis on value for money
- Air transport increasing and accounting for just over half (54%) of all international arrivals, while travel by road accounted for 39%, water 5%, and rail 2%

2.2.5. Challenges in Tourism

The major challenges facing the tourism sector are: rapid growth in international tourism flows, new consumer trends, digitalisation of the economy, security issues, and adaptation to climate change. These will require active, innovative and integrated policy responses to ensure that tourism remains a competitive sector and continues to deliver economically and sustainably in the years to come (OECD, 2016)

The management of synergies must be efficient and effective, to ensure visitor mobility across a range of transport options, including human-powered mobility such as walking and cycling, once the transport system is a fundamental element of the tourism experience (OECD, 2016).

Safety and security remain important concerns for international travellers, which has implications for mobility and the movement of people, with repercussions at destination level, as well as for outbound flows. Therefore, countries need to cooperate closely to facilitate legitimate travellers and reduce avoidable barriers to travel (OECD, 2016).

Another challenge is dealing with the changes in local climate conditions which make destinations more or less attractive and induce changes in both domestic and international tourist flows and expenditures (OECD, 2016).

Digital technology, social media and online distribution platforms also create challenges and opportunities for tourism organisations and enterprises, by changing the relationship between consumers and producers, supporting co-creation and facilitating the more personalised experiences sought by consumers (OECD, 2016).

2.3.   Hospitality/Lodging

People who travel and stay away from home for more than a day need lodging for sleep, rest, food, safety, shelter from cold temperatures or rain, storage of luggage and access to common household function.

The hospitality service product is a bundle of features and benefits. The service offering has three elements: a core benefit, essential facilitating services, and competitive supporting services.

The core benefit is the generic function the service product provides to the guest. It is the reason to be in the market. In a Hotel the core benefit is a night's lodging.

Facilitating services are services that are essential to the operation. If the facilitating services are lacking, delivering the core benefit is impossible. In a hotel, for instance the absence of a front desk would make the hotel's operation impossible.

Supporting services are not essential to proving the core benefit, but they are essential to marketing the operation. Supporting services are used to differentiate from competitors. For instance, a restaurant is not a necessary component of a hotel, however its presence is a plus (Powers, 1997).

The lodging business, is one of the oldest ever, therefore in history and more specifically in Portugal many types of lodging emerged, some are still active (hostel, motel, hotel, pousada, resort, aparthotel, pension, camping), some are vanishing (albergaria, estalagem, residencial), and others are emerging (Airbnb).

2.3.1. Hotels Classification

The star rating of a hotel is designed to reflect the overall quality of hotel facilities, by evaluating them in a 1 to 5 grade, with 5 being the highest (meant to reward the best hotels in terms of the range of the services provides). However, it is important to mention that the star rating is not completely uniform, once different countries have different measures and standards (Setup My Hotel, n.d.; Das, n.d.).

Generally, one or two stars are given to Budget/Limited Service Hotels, these provide clean, comfortable, safe, cheaper rooms and meet the basic need of guests. Budget hotels appeal primarily to budget minded travellers who want a room with minimum services and amenities required for comfortable stay, without unnecessary paying additional cost for expensive services (Setup My Hotel, n.d.; Das, n.d.).

Three or four stars are given to Mid-Range Service Hotels, these compared to the above offer a wider range of services, have better looks, and are more expensive (Setup My

Hotel, n.d.; Das, n.d.).

Five stars are meant to Luxury hotels, these target wealthy clients as their primary markets, amongst their clients are top business executives, entertainment celebrities, and high-ranking political figures. They have luxurious spaces, in terms of aspect and dimensions, as well as all kinds of comforts. Providing the widest range of guest services such as upscale restaurants and lounges, valet, concierge service, swimming pool, sport and exercise facilities, among others (Setup My Hotel, n.d.; Das, n.d.).

2.3.2. Trends in lodging

"Over the past years, the millennial generation has increasingly impacted the lodging industry, calling into question products and offerings that have for decades been industry mainstays. Today's emerging traveller, millennials and millennial-minded travellers, is more cost-conscious and experience-focused than ever before, whether traveling for business or leisure. To meet these changing demand preferences, hoteliers are seeking innovative alternatives to traditional lodging products" (EY, 2015:14).

"As hotels continue to fight against the popularity of Airbnb, they are expanding their appeal to millennial travellers (18-35 year-olds). For example, some big-brand hotel groups are tapping into the youth market by launching diffusion brands which come at a cheaper price point, and often have a strong focus on lifestyle and locality" (Conroy, 2016).

Aligned with this, the low-cost, amenity-rich hostel, lifestyle budget hotel and hostel/hotel combination concepts are now becoming viable. With a focus on limited service with added conveniences, some hotels began to decrease costs by removing unnecessary and high-cost elements, such as large guestrooms with full furniture sets, full-service restaurants, room service and daily housekeeping (EY, 2015). Attracting guests due to cheap prices and a more basic approach to hospitality. Visitors appreciate the emphasis on having a decent bed, shower, free Wi-Fi and a television (Garrahan, 2016). Furthermore, a greater emphasis is being given to common areas, such as lounges and bars as the focal point of the property thus inviting guests to spend more time congregating in revenue-generating areas of the hotel (EY, 2015).

Despite this growing popularity, it is important to mention that some players of this industry think that this is just a temporary trend. So, as demand for new lodging products

and experiences continues to grow, hoteliers will need to balance satisfying this demand with investments in traditional products (EY, 2015).

From the consumer perspective, cheaper hotel stays have become the new norm for some guests which now are reluctant to go back to spending more (Garrahan, 2016).

Another significant trend is the advances in technology which are altering the relationship between hotels and guests. As the use of mobile devices, social media and advanced analytics continues to proliferate, and as online distribution channels become more accessible, technology has created new opportunities for hotels to drive operating efficiencies and engage with guests, from booking to checkout (EY, 2015).

"According to a 2013 global survey by TripAdvisor, 87% of travellers use a smartphone and 44% use a tablet while traveling. As such, hotels are rethinking all aspects of the hotel experience, with a focus on accommodating these devices in guestrooms, meeting spaces, lobbies and front desks. Hotel companies are turning to products and applications that empower guests to browse inventory, book amenities, complete reservations and purchase a variety of services (such as room service) via mobile devices to drive engagement and increase revenue-generating opportunities" (EY, 2015: 22). If a guest wants to find information using his/her smartphone, providing an app or mobile website which accommodates that information will appeal to many (Rauch, 2014).

Another significant trend is occurring in the booking, once internet booking revenue has grown by more than 73% over the past five years, making hotel brands seek to drive bookings to their own proprietary websites by leveraging the power of loyalty programs and streamlining the booking experience (EY, 2015).

One more change is the power that clients have now, because if what they desire is not handled to their liking, they may turn to Twitter, Facebook, Booking or TripAdvisor to voice their complaints. So, now more than ever reputation management is vital. Engaging with guests and responding to their needs publicly through those platforms can go a long way in driving future bookings (Rauch, 2014).

In summary, the trends in lodging include: smaller guestrooms emphasizing functional design, public spaces designed to stimulate social interaction, amenities and offerings that promote different lifestyles, increase of technological means throughout the process and

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the property, the integration of local cultural elements into the guest experience, and affordable luxury design and service levels.

2.3.3. Customer Satisfaction

"*Customer satisfaction is a business philosophy which tends to the creation of value for customers, anticipating and managing their expectations, and demonstrating ability and responsibility to satisfy their needs. Quality of service and customer satisfaction are critical factors for success of any business*" (Gronroos, 1990; Parasuraman *et al.,* 1988 as cited by Dominici and Guzzo, 2010: 3).

"*Service quality and customer satisfaction are key factors in the battle to obtain competitive advantage and customer retention*" (Dominici and Guzzo, 2010: 3).

With these two citations it is possible to have a clear perception of how important customer satisfaction is for a business. It is major to have a good service quality in order to have a sustainable business, otherwise customers will be dissatisfied and that is one of the worst things that can happen.

Moreover, in the hospitality industry, customer satisfaction is determinant to success, as hotels are not able to compete effectively without fulfilling their guests' wishes (Radojevic *et al.,* 2015). Meaning that, in this competitive industry a hotel must satisfy their customers or else they will not be able to thrive. As Dominici and Guzzo (2010: 4) cited "*In a competitive hospitality industry which offers homogeneous services, individual hoteliers must be able to satisfy customers better than their counterparts*".

Customer satisfaction, service quality, and price are very important selection criteria for guests and are also the key determinants of post-purchase behaviour such as word-of-mouth recommendations and repurchase (Matzler *et al.,* 2006 as cited by Radojevic *et al.,* 2015). A satisfied guest provides positive word-of-mouth promotion at no cost to the enterprise, and with an effect and credibility superior to those of conventional advertising (Lee *et al.,* 2006; Tarn, 2005; Villanueva *et al.,* 2008 as cited by Radojevic *et al.,* 2015). Concluding, it is possible to say that customer satisfaction is crucial for a business as it allows to maintain and also attract new customers, thru the positive word-of-mouth that comes with it.

Therefore, in a service it is major that the consumer gets satisfied, if a consumer is satisfied he will possibly return, or recommend it to a known person, or even write a

positive review. However, if the customer is not satisfied or even dissatisfied the opposite may happen, which is not returning and giving a bad feedback to friends or even write a bad review. Having this in mind, having satisfied customers is being one step closer to increasing sales.

2.3.4. Factors that influence customer satisfaction

To achieve customer satisfaction, it is required a certain service quality. According to Lewis and Booms (1983) as cited by Radojevic *et al.* (2015), service quality is determined by how well customers' needs are met.

It is known that not all customers have the same needs and desires, however there are some factors that are common to most of customers, factors that influence customer satisfaction. Therefore, it is very important to be aware and to know which are those factors, because neglecting to pay attention to those hotel attributes considered most important by guests, may lead to negative evaluation of the hotel (Dominici and Guzzo, 2010). "*To expand and improve their businesses, hotel managers should have a clear perception of which factors provide customers with higher value*" (Narver, 2000 as cited by Radojevic *et al.,* 2015: 13).

Wuest, Tas, and Emenheiser (1996) as cited by Radojevic *et al.* (2015) discussed the importance of various hotel facilities and attributes deemed necessary for achieving customer satisfaction. Attributes such as cleanliness, price, location, security, personal service, physical attractiveness, opportunities for relaxation, standard of services, appealing image, and reputation are recognized as critical determining factors. Therefore, a hotel aiming to have a good service quality to promote customer satisfaction must have special focus on the attributes mentioned. The way in which a hotel addresses each one of those factors determines its success, so, ideally a hotel should be great in all those things, and not only some.

The location is one of the main attributes that impact the choice of hotels being also an influencer of price. For example, the central location has a double effect on the hotel room rates in downtown Chicago, as the strong competition in the central area leads to higher discounts in low season (Borges *et al.,* 2015).

Cleanliness and comfort of the room are some of the most important characteristics according to Portuguese hotel guests (Chaves *et al.,* 2012 as cited by Borges *et al.,* 2015).

Satisfaction with the staff, constitutes also an important quality as clients seek for courtesy, warmth, friendliness and helpfulness. (Borges *et al.,* 2015)

"Besides the tangible components of the hotel product, such as the presence of a restaurant or convenient parking, the aesthetics of the hotel, both interior and exterior, are of particular concern to customers" (Saleh and Ryan, 1992 as cited by Radojevic *et al.,* 2015: 14). So, not only a hotel must have a good service quality to attract customers but also it must look good aesthetically. People when looking for a hotel will prefer a beautiful one.

The presence of specific hotel amenities such as air conditioning, free Wi-Fi, and a hotel bar also have a positive influence in customer satisfaction (Radojevic *et al.,* 2015). Clients will appreciate if the hotel offers more services than the expected standard, some bonus services are becoming more and more important nowadays. Free Wi-Fi is an example of this, as some clients have it as criteria to choose a hotel to stay.

The price factor is also much related to customer satisfaction as hotel guests tend to be more demanding, and equally more rigid, in terms of their requirements and expectations when paying more for a certain service (Radojevic *et al.,* 2015).

All the factors mentioned are also taken into account in the star rating of a hotel, meaning that the better the attributes are, the more stars a hotel will have.

Guests' satisfaction is predominantly influenced by hotels' star ratings, which are primarily determined by physical aspects of a facility and its service quality (Ryan and Gu, 2007 as cited by Radojevic *et al.,* 2015).

The star rating of a hotel is the most reliable predictor of typical customer experience, as star classification is designed to reflect the overall quality of hotel facilities (Radojevic *et al.,* 2015).

2.3.5. Online Reviews

One of the most prevalent methods used by customers to provide feedback on satisfaction with the services provided is evaluating the hotel in online hotel booking websites. The evaluation is done according to how well the hotel provided relevant aspects of service. These evaluations are commonly compiled to form a single figure called a rating score, which can be regarded as a comprehensive metric of customer satisfaction. In addition to being a means of providing hotel management with valuable feedback, rating scores also

act as recommendations for future customers, thus affecting the overall reputation of a hotel. The reviews discuss many hotel characteristics, ranging from general aspects such as pricing and location, to more specific information itemizing activities and facilities, and even details regarding pet policy or languages spoken by the staff (Radojevic *et al.,* 2015).

"The website Booking.com has a large market share, especially in Europe, operating on a commission-based model and allowing its registered users to carry out a complete booking procedure online quickly and securely. One of the main advantages of this internet-based service is its large and active community, which continually generates valuable feedback information. Shortly after a stay, a user is routinely invited via email to fill out a guest review form. The first part of the form allows users to evaluate the property they stayed in, using a standardized set of criteria specifically: cleanliness, comfort, location, facilities, staff, and value for money while the second part of the form gives users the option to write additional comments. Information received is then rendered anonymous, processed, summarized, and finally presented publicly in the guest reviews section of the page dedicated to the corresponding property" (Radojevic *et al.,* 2015: 14)*.* Booking.com is one of the biggest websites about hospitality, it is a place much appreciated by clients, due to its organization and its usefulness, it allows to search for hotels, to do the booking, to read reviews from people that went to the hotel, and it also has images of the hotel. All these characteristics made Booking.com grow to this point, being now an important partner for hotels and travellers.

According to Gretzel and Yoo (2008) as cited by Ye *et al,* (2009), 75% of travellers have considered online consumer reviews as an information source when planning their trips. This proves that online consumer reviews, have a great impact on people planning trips, so, this is a tool that hotels must take very seriously. A hotel needs to do everything in its power in order to have good reviews, as it is a way to attract customers. A hotel with bad reviews, is a hotel in danger, firstly because customers are dissatisfied with the service, secondly because it will affect the image that people have towards the hotel.

Online user-generated reviews are an important source of information to travellers. Travel reviews are often perceived as more likely to provide up-to-date, enjoyable, and reliable information than any other content (Gretzel and Yoo, 2008 as cited by Ye *et al.,* 2009). Proving that consumer's decision-making process is strongly influenced by Word of Mouth (WOM).

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However, it is important to have in mind that online reviews are perceived as having lower credibility than traditional WOM, from friends or family, due to the absence of source cues on the Internet (Smith *et al.,* 2005; Dellarocas, 2006 as cited by Ye *et al.,* 2009).

Hotel managers have to be aware that customers rarely view online comments beyond the first two web pages (Pavlou and Dimoka, 2006 as cited by Ye *et al.,* 2011). This means that a hotel has to be always at its best, because people focus more in the most recent comments, and if those are bad, the hotel image will be compromised.

"Responding to customers' negative online comments delivers to customers the message that the firm listens to guest complaints and is willing to make up for service failures" (Chen and Xie, 2008 as cited by Kim *et al.,* 2015:169). Appropriate responses to online complaints make dissatisfied customers more satisfied and, therefore, more likely to retain disgruntled customers. So, hotels should designate staff members to regularly respond to online comments.

According to Ye *et al.* (2009) a 10% improvement in reviewers' rating can increase sales by 4.4%. So, hotels must always seek to improve their online reviews as it drives sales.

Tourism managers thus need to be aware that an increasing number of travellers will make their purchases online, and that the purchase decisions of these travellers will be strongly influenced by online reviews. If a hotel can provide more resources to improve the valence of its online consumer reviews, it is likely to receive more bookings (Ye *et al.,* 2011).

Traveller reviews also helps a tourism business by giving feedback on how to improve their services. Also, a rapid resolution of consumer online reviews can provide an opportunity for hotels to gain consumers' trust, leading to additional future businesses (Ye *et al.,* 2011).

Having all this in mind, hotel managers should motivate consumers to write online reviews.

2.3.6. Customer Loyalty
"Positive relationships can create customer's higher commitment and increase their return rate. Long-term and reciprocally advantageous relationships between customers and the hotel is becoming progressively important because of the highly positive

correlation between guests' overall satisfaction levels and the probability of their return to the same hotel" (Choi and Chu, 2001 as cited by Dominici and Guzzo, 2010: 3). Having a satisfied customer is being one step closer to having a loyal a customer, and for some hotels that important. However, it is essential to have in mind that this is not possible for all hotels, as some have a low return rate. It depends on the target, the strategy, and the location.

Although the search for new locations being one of the most important factors for many tourists, several studies highlighted that there is a portion of customers that choose to repeat their holidays' destination, showing a certain degree of loyalty.

According to Dominici and Guzzo (2010: 4), "*the main factors which affect the repetition of the trip to the same tourist place are:*

- *the desire to reduce the risk of making a mistake when choosing an alternative destination;*
- *the chance to meet the same people again;*
- *the emotional affection to a specific place;*
- *the possibility to explore the place better;*
- *the desire to show the place to other people"*

It is hard for a hotel to have loyal customers, since many will only go there once. To explain this, it is necessary to think about what drives a person to a hotel (see attachment 1). The main reasons leading someone to a hotel are vacations and work. People on vacation do not usually repeat the same destination, therefore they will not return to the hotel where they went. However, some tourists repeat the destination, due to the factors mentioned, and those represent an opportunity for hotels to acquire a loyal customer. Regarding the people who travel due to work, they may or may not return to that destination, if they do return then the hotel has the possibility to make that person a loyal client.

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3. External Analysis - Market

3.1. Tourism Worldwide

As seen in the literature review, the hospitality/lodging business is much connected to tourism, therefore it is important to analyse both industries (lodging and tourism).

"International tourism (comprising both earnings in destinations and passenger transport) represents 30% of services exports. As a worldwide export category, tourism ranks third after fuels and chemicals, and ahead of food and automotive products." (UNWTO, 2016: 6)

International tourist arrivals have increased from 25 million globally in 1950 to 674 million in 2000, and 1186 million in 2015 (UNWTO, 2016).

Expenditure by international visitors on accommodation, food & drink, entertainment, shopping and other services and goods in the destinations reached US\$ 1260 billion in 2015, which represents an increase of 4.4% over 2014 (UNWTO, 2016).

Worldwide economic factors, violent conflicts and terrorist attacks as well as the refugee crisis in Europe are impacting the global tourism industry. Nevertheless, worldwide outbound travel grew by 4.5% in terms of trips over the first eight months of 2015, the number of overnights rose by 3% and average spending increased by 4% per night (table 1).

World travel trends *(change in % over respective previous year)*

	2012	2013	2014	2015 YTD
Outbound trips	+4%	+4%	+5%	+4.5%
Outbound nights	+2%	+4%	+3%	+3%
Outbound spending per night	+9%	+1%	+2%	+4%

Table 1- Evolution of Outbound Trips
Source: IPK International (2015)

Global outbound travel growth this year, was driven by Asia Pacific (+5%), North America (+5%), South America (+4%), Europe (+4.5%), and the Middle East with a strong 9%. Africans however were the ones who travelled less, presenting the worst results with a 6% decrease (IPK International, 2015).

In terms of countries, the biggest outbound markets (the citizens who travel the most), are the German, the North American, the British and the Chinese. People from these countries are the ones who exit the most for trips (table 2) (IPK International, 2015).

Rank	Top 6 outbound markets By trips	Top 6 outbound markets By spending
1	Germany	USA
2	USA	China
3	UK	Germany
4	China	UK
5	France	Japan
6	Canada	Canada

Table 2- Outbound markets by trips and spending
Source: IPK International (2015)

Europe was the world's most visited region, recording a 5% increase in international tourist arrivals (attachment 2), Asia and the Pacific, the Americas and the Middle East all registered a 4% growth, while Africa points to an estimated 5% decrease (IPK International, 2015).

Europe's growth was driven mostly by intra-regional travel from major source markets such as the UK and Germany. In 2015 it was expected a 30% rise in Chinese arrivals and 11% from the USA, however from Russia an 18% fall was expected (IPK International, 2015).

In 2015, Europe had 608 million visitors (51% share), followed by Asia and the Pacific with 279 million visitors (24%), the Americas come third with 193 million (16%), then Africa and the Middle East both with 53 million (5%). Regarding the International tourism receipts, the rank follows the same order, as Europe is the biggest earner with US$ 451 billion (36% share), then comes Asia and the Pacific with US$ 418 billion (33%), followed by the Americas with US$ 304 billion (24%), and the Middle East with US$ 54 billion (4%), lastly Africa earning US$ 33 billion (3%) (UNWTO, 2016).

Looking more in detail to International tourist arrivals, the first places are occupied by France (84.5 million), United States (77.5 million) and Spain (68.2 million), moreover all these countries grew when compared with the previous year (table 3) (UNWTO, 2016).

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International tourist arrivals			(million)		Change (%)	
Rank		Series	2014	2015*	14/13	15*/14
1	France	TF	83.7	84.5	0.1	0.9
2	United States	TF	75.0	77.5	7.2	3.3
3	Spain	TF	64.9	68.2	7.0	5.0
4	China	TF	55.6	56.9	-0.1	2.3
5	Italy	TF	48.6	50.7	1.8	4.4
6	Turkey	TF	39.8	39.5	5.3	-0.8
7	Germany	TCE	33.0	35.0	4.6	6.0
8	United Kingdom	TF	32.6	34.4	5.0	5.6
9	Mexico	TF	29.3	32.1	21.5	9.4

Table 3- International tourist arrivals
Source: UNWTO (2016)

Regarding the international tourism receipts the United States is the world's top tourism earner with US$ 205 billion recorded in 2015, China is the second with US$ 114 billion, Spain comes third with US$ 57 billion, France is the fourth largest tourism earner with US$ 46 billion (table 4) (UNWTO, 2016).

International tourism receipts[1]		US$		Change (%)		Local currencies Change (%)	
		(billion)					
Rank		2014	2015*	14/13	15*/14	14/13	15*/14
1	United States	191.3	204.5	7.8	6.9	7.8	6.9
2	China	105.4	114.1	n/a	8.3	n/a	9.8
3	Spain	65.1	56.5	3.9	-13.2	3.9	4.0
4	France	58.1	45.9	2.8	-21.0	2.8	-5.4
5	United Kingdom	46.5	45.5	11.8	-2.3	6.2	5.2
6	Thailand	38.4	44.6	-8.0	16.0	-2.7	22.0
7	Italy	45.5	39.4	3.6	-13.3	3.6	3.8
8	Germany	43.3	36.9	4.9	-14.9	4.9	1.9
9	Hong Kong (China)	38.4	36.2	-1.4	-5.8	-1.5	-5.8
10	Macao (China)	42.6	31.3	-1.1	-26.4	-1.1	-26.5

Table 4- International tourist receipts
Source: UNWTO (2016)

3.2. Travel types and timings

"Historically, it is possible to verify that more and more people are travelling abroad on holiday, with 34% growth between 2007 and 2014. Regarding the type of travel, cruise holidays have boomed with a dynamic 248% increase over the seven years while city trips have increased 82% to reach a 22% share of all holidays. In comparison, sun & beach holidays grew by 39% between 2007 and 2014 and make up 29% of all holidays. Tours have grown more slowly by 21%, and make up 20% of all holiday trips. In contrast, countryside holidays have stagnated in volume terms and now only represent 7% of all holidays" (IPK International, 2015: 8).

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Short trips make up 33% of all outbound trips, while trips of 4 to 7 nights represent 37% and longer trips (8 nights or more) represent 30% (IPK International, 2015).

"In terms of timing, the number of trips taken between January and April increased by 60% from 2007 to 2014 and now accounts for 27% of all trips. In comparison, summertime trips (May – August) increased by 17%, and have a 41% share, while September – December trips rose by 16% and have a 31% share" (IPK International, 2015: 8).

3.3. National Tourism and Lodging

The direct contribution of Travel & Tourism (tourism-characteristic sectors such as hotels, airlines, airports, travel agents and leisure & recreation services that deal directly with tourists) in 2015 to the Portuguese GDP was EUR 11.3bn (6.4% of GDP), and is forecast to keep rising in the following years (chart 1) (World Travel & Tourism Council, 2016).
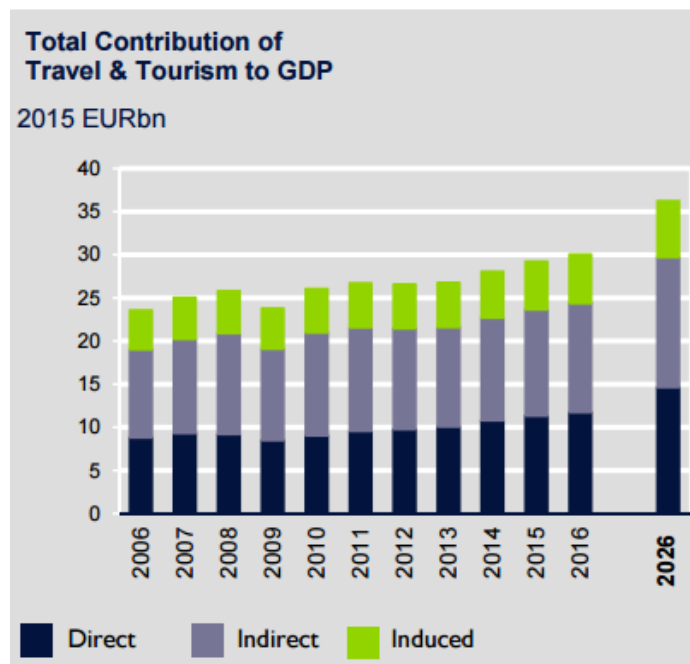
Chart 1- Total Contribution of Travel & Tourism to the Portuguese GDP
Source: World Travel & Tourism Council (2016)

In 2015, the direct contribution of Travel & Tourism to employment, was 7.9% of total employment (363,000 jobs) and is expected to continue rising in the following years (World Travel & Tourism Council, 2016).

According to OECD (2016), the Portuguese tourism industry recorded its best ever results in 2014. Overnight guests amount to 16.1 million people in 2014 (12% more than in 2013), with 45.9 million overnight stays registered (10% more).

International overnight guests in hotels and similar establishments increased 11.8%, thus reaching 9.3 million people (57.8% of the total guests), this translates into 32.1 million overnight stays (a rise of 9% from 2013).

Domestic overnight stays in hotels and similar establishments reached 13.8 million in 2014, an increase of 12.8% on the previous year.

Therefore, international tourism represents 70% of tourist demand, with the domestic market accounting for the remaining 30%.

The five leading international source markets in 2014 were in order of importance: United Kingdom, Germany, Spain, France and Netherlands (Attachment 3).

Hotels were the most chosen place to stay, in 2015, having registered 13.1 million overnight guests (3.9 million more since 2010), followed by hotel-apartments with 1.5 (table 5) (Turismo de Portugal, 2016).

(Hóspedes)	2010	2011	2012	2013	2014	2015
Apartamentos	678.482	710.950	729.301	742.223	865.672	898.541
Hoteis	9.178.195	9.753.988	9.838.003	10.443.418	11.928.383	13.100.303
Hoteis-Apartamentos	1.248.859	1.374.364	1.444.792	1.505.009	1.539.806	1.549.930
Outros	1.874.492	1.571.185	1.230.924	1.096.789	1.108.491	1.123.992
Pousadas	254.328	262.599	215.623	209.252	229.721	267.683
Aldeamentos	302.684	319.696	386.776	375.265	385.069	418.098

Table 5- Overnight guests by typology
Source: Turismo de Portugal (2016)

In terms of region, Lisboa and Algarve were the most successful with 5.2 and 3.7 million overnight guests, numbers that have been increasing, Lisboa has 1.3 million more since 2010 and Algarve 0.8 (table 6) (Turismo de Portugal, 2016).

(Hóspedes)	2010	2011	2012	2013	2014	2015
Norte	2.545.911	2.641.977	2.626.472	2.777.229	3.048.315	3.424.877
Centro	2.154.941	2.217.210	2.086.996	2.077.294	2.307.171	2.579.928
Lisboa	3.940.314	4.025.272	4.115.832	4.318.738	4.928.376	5.242.762
Alentejo	697.477	718.370	651.072	635.303	729.152	801.663
Algarve	2.874.136	3.008.494	3.043.920	3.147.196	3.558.284	3.664.564
Açores	347.902	344.595	326.370	333.446	345.594	428.012
Madeira	976.359	1.036.864	994.757	1.082.750	1.140.250	1.216.741

Table 6- Overnight guests by region
Source: Turismo de Portugal (2016)

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In terms of overnight stays, in 2015, hotels recorded 32.3 million overnight stays (10.8 million more since 2010), hotel-apartments had 6.9, followed by tourist apartments with 4.6 (table 7) (Turismo de Portugal, 2016).

(Dormidas)	2010	2011	2012	2013	2014	2015
Apartamentos	3.759.178	3.816.511	3.959.491	4.061.253	4.354.666	4.556.838
Hoteis	21.846.374	23.837.305	24.289.093	26.100.320	29.678.861	32.268.927
Hoteis-Apartamentos	5.728.545	6.279.376	6.477.693	6.541.451	6.857.289	6.906.989
Outros	4.013.168	3.443.233	2.767.938	2.540.663	2.525.103	2.503.656
Pousadas	413.409	427.139	355.336	383.403	435.766	489.614
Aldeamentos	1.630.617	1.636.751	1.831.489	1.942.626	2.020.814	2.124.643

Table 7- Overnight stays by typology
Source: Turismo de Portugal (2016)

Regarding the region, Algarve, despite having less overnight guests, had more overnight stays than Lisboa, with 16.6 million against 12.3, which means that people have longer stays in Algarve (table 8) (Turismo de Portugal, 2016).

(Dormidas)	2010	2011	2012	2013	2014	2015
Norte	4.437.756	4.547.011	4.541.919	4.865.579	5.398.996	6.103.053
Centro	3.884.548	4.043.543	3.767.924	3.735.463	4.140.041	4.504.713
Lisboa	8.620.423	9.027.432	9.439.853	10.040.808	11.527.482	12.263.192
Alentejo	1.172.558	1.243.652	1.142.145	1.113.427	1.297.609	1.430.204
Algarve	13.247.450	13.979.866	14.326.774	14.741.969	16.177.153	16.619.138
Açores	1.035.031	1.033.525	954.740	1.054.102	1.063.775	1.274.207
Madeira	4.993.525	5.565.286	5.507.685	6.018.368	6.267.443	6.656.160

Table 8- Overnight stays by region
Source: Turismo de Portugal (2016)

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Regarding the Accommodation revenue, in 2015, it was over 1775 million euros, with Lisboa earning the most, amounting 577 million €, and Algarve in second with 550 (table 9).

(Proveitos Aposento)	2010	2011	2012	2013	2014	2015
Norte	150.028.977	153.245.377	149.283.810	158.548.119	178.188.120	218.034.740
Centro	115.164.326	117.820.554	109.229.187	107.780.853	120.042.076	135.346.113
Lisboa	373.584.393	404.863.296	390.905.071	424.682.117	500.174.493	576.837.637
Alentejo	39.081.683	43.115.130	39.081.276	37.625.802	43.625.431	50.439.243
Algarve	375.255.132	401.945.138	417.047.964	437.972.087	491.777.647	550.167.462
Região Autónoma dos Açores	35.347.749	33.782.472	30.405.239	32.613.310	32.858.187	40.235.450
Região Autónoma da Madeira	137.048.722	152.902.189	154.149.954	170.881.873	182.335.387	205.406.862

Table 9- Accommodation revenue by region
Source: Turismo de Portugal (2016)

Hotels were the accommodation establishment grossing more, receiving 1.305 million €, followed by hotel-apartments with 192 million €. Furthermore, it is important to note that all these numbers have been significantly increasing since 2010 (table 10) (Turismo de Portugal, 2016).

(Proveitos Aposento)	2010	2011	2012	2013	2014	2015
Aldeamento	43.928.069	51.168.378	56.823.204	62.484.289	67.439.850	71.996.666
Apartamentos	68.580.663	74.458.371	81.103.165	82.902.531	93.133.013	106.226.311
Hoteis	839.705.118	909.788.666	898.477.206	967.501.097	1.116.387.387	1.304.861.343
Hotel-apartamento	146.018.814	155.776.664	160.810.002	166.973.989	178.591.164	191.872.921
Outros	109.020.378	97.264.020	76.093.227	71.219.961	72.596.466	74.757.477
Pousadas	18.257.940	19.218.057	16.795.697	19.022.294	20.853.461	26.752.789

Table 10- Accommodation Revenue by typology
Source: Turismo de Portugal (2016)

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According to Turismo de Portugal (2017), in 2016, the country had 2,036 accommodation establishments, 8 more than in the year of 2015 (chart 2).
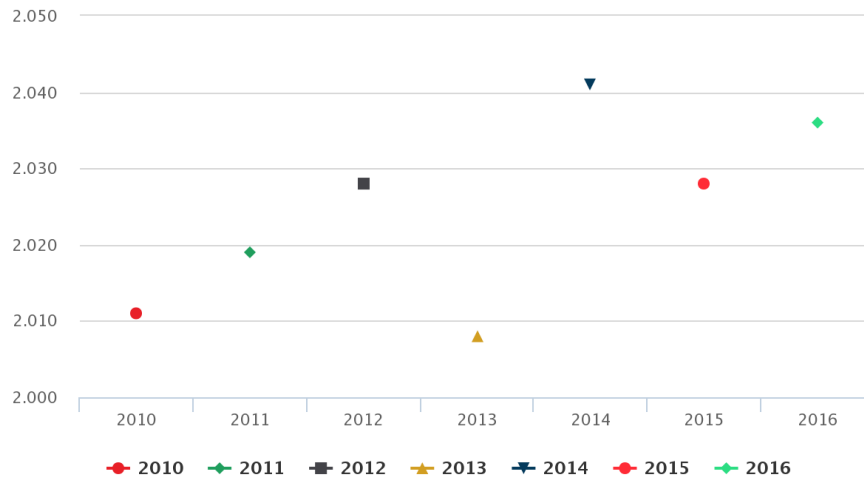
Chart 2- Number of Accommodation Establishments
Source: Turismo de Portugal (2017)

This translates into 143,164 rooms (5,805 more than the previous year), which have been increasing consistently since 2010, when they were less than 125,000 (20,000 rooms more in a 6 years' period), which shows how much the industry as grown due to the progress of tourism, as seen above (chart 3).
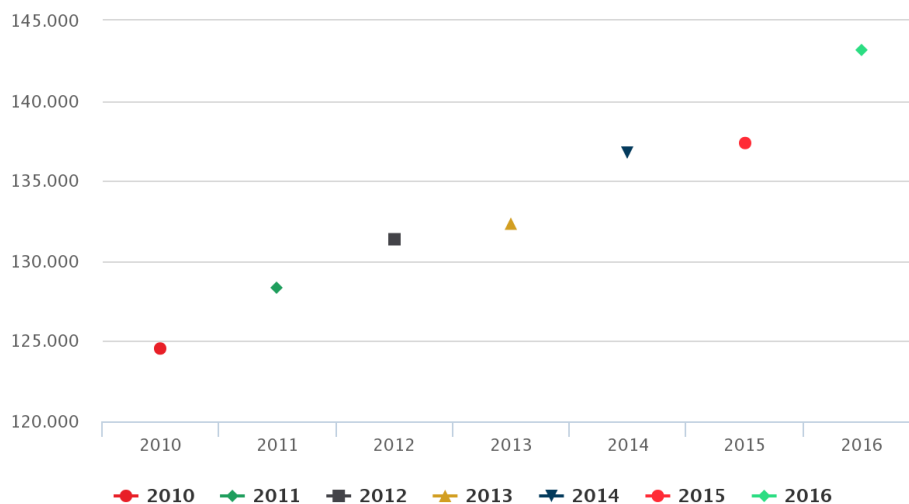
Chart 3- Number of Rooms
Source: Turismo de Portugal (2017)

From the 2,036 accomodation establishments, 61% (1,238 units) are hotels, 10% (194 units) are tourist apartments, 7% (142 units) hotel-apartments, 3% (52 units) tourist

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villages, 2% (36 units) pousadas and 18% (374 units) others (pensão, estalagem and motel) (table 11) (Turismo de Portugal, 2017).

(Nº Estabelecimentos)	2010	2011	2012	2013	2014	2015	2016
Aldeamento	38	40	45	44	46	45	52
Apartamentos	183	184	195	192	195	197	194
Hoteis	771	873	988	1.039	1.121	1.164	1.238
Hotel-apartamento	137	144	150	145	145	141	142
Outros	842	739	614	553	499	445	374
Pousadas	40	39	36	35	35	36	36

Table 11- Number of accommodation establishments by typology
Source: Turismo de Portugal (2017)

The number of hotels has been increasing throughout the years, in 2010, Portugal had 771 hotels and now there are 1,238 (467 more in a 6 years' period), which shows again the progress in the accomodation industry (chart 4) (Turismo de Portugal, 2017).
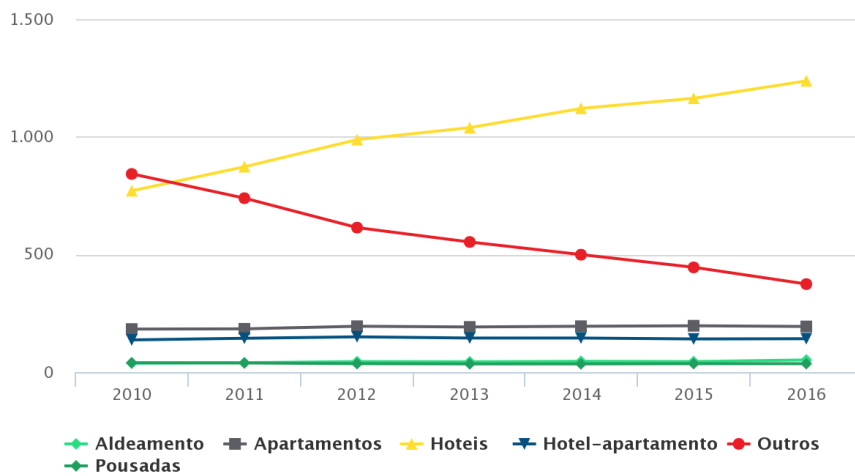
Chart 4- Number of accommodation establishments by typology
Source: Turismo de Portugal (2017)

The hotel groups leading the market are: Pestana Hotels & Resorts/Pousadas de Portugal, Vila Galé Hotéis and Accor Hotels, with 65, 20 and 32 hotels establishments respectively (Deloitte, 2016).

Concerning the classification of the hotels, 8% have a 5 star rating, 37% are 4 star hotels, 34% 3 star hotels, 16% 2 star hotels, and 3% 1 star hotels (Deloitte, 2016).

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Norte is the region with more accomodation establishments having a 22% share (457 establishments, 16 more since 2010), followed by Centro and Algarve both with a 21% share, and Lisboa with 16% (332 establishments, 19 more since 2010) (chart 5 and attachment 4).
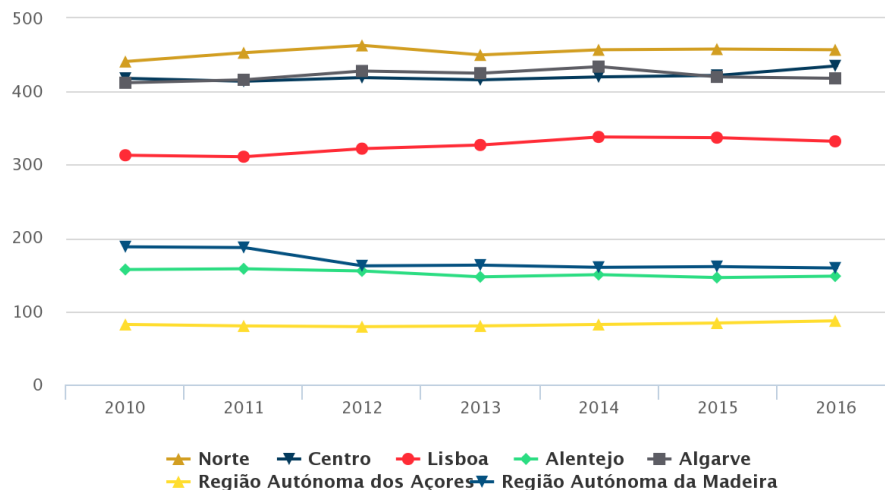
Chart 5- Number of accommodation establishments by region
Source: Turismo de Portugal (2017)

Regarding the number of rooms Algarve and Lisboa are the leader regions having a 31% (44,466 rooms) and 21% (30,646 rooms) share, respectively (chart 6 and attachment 5) (Turismo de Portugal, 2017).
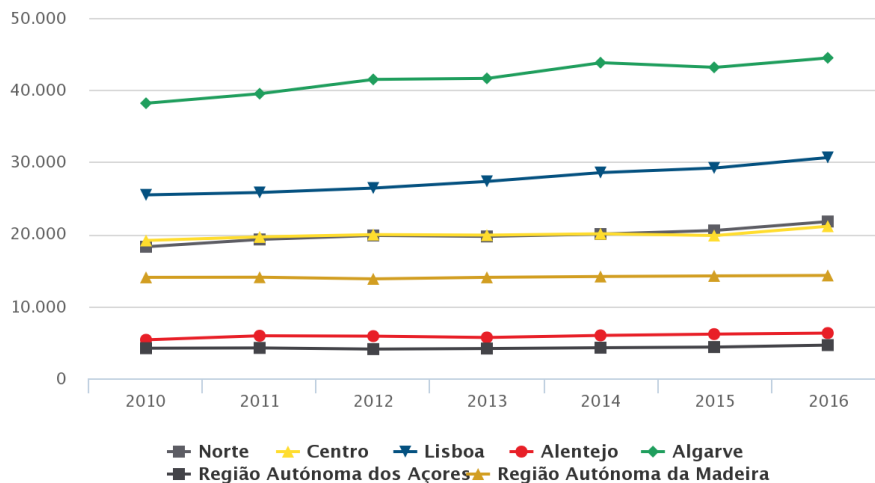
Chart 6- Number of rooms by region
Source: Turismo de Portugal (2017)

Looking more in detail to Lisboa, in 2015, 70% of the accommodation establishments were hotels (237 establishments), a number that has been increacing since 2010 when the city had only 136 (101 new hotels in a 10 years' period) (Attachment 6) (Turismo de Portugal, 2016).

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Regarding the Rev Par, in 2015, Lisboa had the highest with 54.4€, followed by Madeira and Algarve with 41.3€ and 40.1€ respectively, number that have been increasing consistently throughout the years (table 12).

(Revpar)	2011	2012	2013	2014	2015
Norte	22,5	21,1	22,5	24,9	29,7
Centro	17,2	15,6	15,5	17,3	19,4
Lisboa	43,3	40,5	43,1	48,3	54,4
Alentejo	20,7	19,2	19,2	21,1	23,7
Algarve	31,2	31,6	33,2	35,2	40,1
Açores	22,8	20,8	22,6	22,2	26,8
Madeira	30,4	31,4	34,8	36,7	41,3

Table 12- RevPar €
Source: Turismo de Portugal (2016)

 In terms of occupancy rate, those three regions are also in the lead, as Lisboa has 56.8%, Madeira 66.2%, and Algarve 46.9% (table 13) (Turismo de Portugal, 2016).

(OCTotal)	2011	2012	2013	2014	2015
Norte	39,0%	36,0%	37,2%	41,3%	45,9%
Centro	32,0%	29,9%	29,6%	30,0%	32,6%
Lisboa	49,4%	48,1%	49,4%	53,4%	56,8%
Alentejo	33,4%	27,8%	27,8%	26,9%	33,3%
Algarve	42,2%	40,8%	44,2%	45,3%	46,9%
Açores	35,1%	33,6%	38,1%	37,4%	44,8%
Madeira	55,1%	55,9%	61,0%	62,7%	66,2%

Table 13- Occupancy rate %
Source: Turismo de Portugal (2016)

3.4. Mafra's Tourism and Lodging

Mafra is a county in the metropolitan area of Lisboa, located in the coast of Portugal. This county biggest villages, and the more popular, are the villages of Mafra and Ericeira. These villages are the main focus of tourism in the region, Mafra having the Palace, and Ericeira the famous beaches for surf and relaxation (Quaternaire Portugal, 2015)

Mafra's county is growing, data shows that its population increased 5.89% in the period between 2011 and 2014, if we look more in the past it is even more visible as in 2001 the number of residents was 54,358 people and in 2014 it was 81,199. Not only the number of people is increasing but also and consequently the number of buildings. (Quaternaire Portugal, 2015).

3.4.1. Mafra's Tourist Profile

Vacations and surf are the two main reasons for tourists visiting the region (2 ii – Informática & Informação, 2016).

Most tourists are of Spanish, English, French and German nationality, they come with friends or family generally, and are typically of middle and middle-high class, with a high degree of education (2 ii – Informática & Informação, 2016).

In terms of age, 31.3% have between 45 and 54 years; 27.9% between 24 and 34; 26.4% between 35 and 44; 11% between 55 and 64, and 2.1% are between 15 and 24 (2 ii – Informática & Informação, 2016).

The main factors influencing the choice of destination are: travel price (44.7%), travel sites search (42.8%), and suggestions of friends (39.5%) (2 ii – Informática & Informação, 2016).

70.8% of the tourists stay in hotels, the remaining stay in hostels, camping, or with friends and family (2 ii – Informática & Informação, 2016).

In terms of classification, tourists visiting the region on a scale of 1 to10, rated it at 7.95, which can be considered very good. There are distinguishing factors, namely those related to environment, hygiene and safety, climate, population friendliness and the gastronomy (2 ii – Informática & Informação, 2016).

In terms of expenses it is possible to compare the daily average spending between the regular tourist and the surf tourist, allowing to verify that the regular tourist spends 93.55 euros per day and the surf tourist 72.61. The difference may be explained by the

accommodation costs (many surfers stay in hostels and local lodging), and also a smaller spending on shopping and in visiting monuments (2 ii – Informática & Informação, 2016).

Many of the tourists visiting the region state they will probably return to this destination since it met or exceeded their initial expectations (2 ii – Informática & Informação, 2016).

3.4.2. Mafra's Lodging Market

Regarding the offer of accommodation, it is verified that the hotel capacity is limited. In the period between 2009 and 2014 there was no change in the number of accommodation establishments in Mafra's county, being six, four of them hotels.

The capacity of the accommodation establishments, all combined reach an amount of 636, this is how many guests Mafra can lodge per night (Quaternaire Portugal, 2015).

At the level of local lodging there is a considerable supply, which has grown exponentially in recent years (chart 7); 66% are in Ericeira. (Quaternaire Portugal, 2015).

Chart 7- Number of registrations of local lodging
Source: Quaternaire Portugal (2015)

The county also offers lodging in municipal camping, having a total of 86 beds in bungalows and teepees (Quaternaire Portugal, 2015).

Concerning the number of overnight stays in Mafra, chart 8 shows a positive evolution, as in 2010 it was around 90,000, and in 2014 it was already near 130,000.

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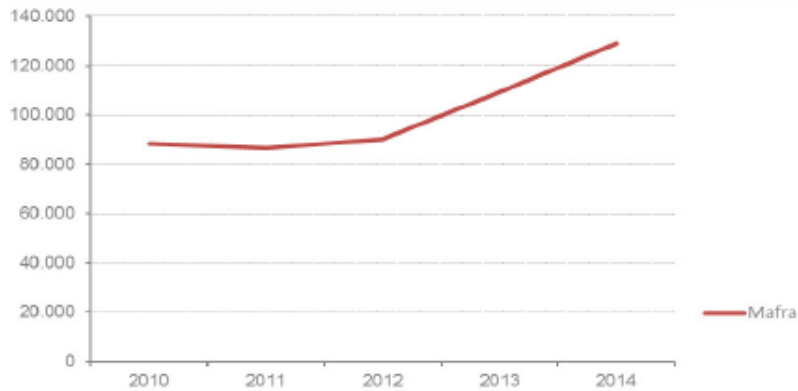
Chart 8- Evolution in the number of Overnight Stays in Mafra's county
Source: Quaternaire Portugal (2015)

The number of overnight guests has also been increasing. From 2014 to 2015 the number of overnight guests rose from 57,469 to 62,094, which poses as one more sign of the region growth (INE, 2016).

The total revenue from accommodation establishments (local lodging and rural tourism included) is growing as well. From 2014 to 2015 the number rose from 4.9 to 5.8 million euros (INE, 2016).

In chart 9 it is possible to see the evolution of the occupancy rate, presenting some irregularity with increases and decreases, posing somehow as a surprise since the number of overnight stays has been increasing consistently. The year of 2014 registered an occupancy rate around 41%.
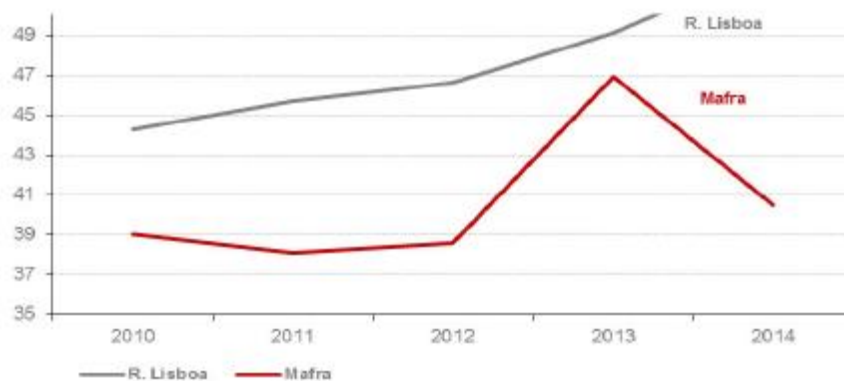
Chart 9- Evolution of the occupancy rate in Mafra's county
Source: Quaternaire Portugal (2015)

The evolution of foreign guests allows us to infer a clear increase in international demand, as in 2002 the proportion of foreign guests in Mafra was 32.3%, and in 2014 it was already 53.7%. It can be inferred that the national economic context (unfavourable for the national

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tourism market) and the classification of Ericeira as World Surfing Reserve (favourable for the international tourist market) may have contributed to this change (Quaternaire Portugal, 2015).

As for the average stay, there were no significant changes since Mafra presents the same value in 2014 as in 2010, that is, an average stay of 2.2 days (Quaternaire Portugal, 2015).

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4. PESTEL Analysis

4.1. Political/Legal Environment

In Portugal, the institution responsible for tourism and tourism enterprises is Turismo de Portugal, which is integrated within the Ministry of the Economy. This institution is *"the authority responsible for promotion, enhancement and sustainability of tourism activities, aggregating within a single entity all the institutional competencies related to stimulation of tourism activities, from the supply sector to demand"* (Turismo de Portugal, n.d.)

Turismo de Portugal's mission is to enhance and develop tourism infrastructures, develop human resources training, support investment in the sector, and to coordinate Portugal's domestic and international promotion as a tourism destination (Turismo de Portugal, n.d.).

The industry occasionally has some legislation changes, whether it is to impose new rules or to draw new definitions to maintain the sector updated to time. When those changes happen they are announced in a decree-law.

The Decree-Law nº 228/2009 of September 14 and the annex of the Republication of Decree-Law nº 39/2008 of March 7, defines Tourism Enterprises as *"establishments intended to provide accommodation services against remuneration, having an appropriate set of facilities, equipment and complementary services for their operation"*.

Besides Tourism Enterprises there is another possibility of accommodation, which is Local Lodging. *"Local lodging establishments are considered to be villas, apartments and lodging establishments that, having authorisation of use, provide temporary accommodation services for remuneration, but do not meet the requirements to be considered tourism enterprises"* (Diário da República, 2009).

The Decree-law mentioned above, also defines the types of Tourism Enterprises, which are: hotel establishments, tourist villages, tourist apartments, resorts, town and country house tourism accommodation, tourism enterprises in rural areas, campsites and caravan sites, and nature tourism enterprises (Diário da República, 2009).

Hotel establishments *"are those tourism enterprises designed to provide temporary accommodation and other ancillary or support services, with or without meals, on a daily rental basis."*

 These, can be divided in three groups: *"a) Hotels; b) Aparthotels, when most of the*

accommodation units consist of apartments; c) Pousadas, when located in buildings classified as national monuments, public-interest buildings, buildings of regional or municipal interest, or buildings that, for their age and architectural and historical value, are representative of a particular era."

The article 12 of the decree-law defines the setting-up conditions of hotel establishments, as follows: *"1- Hotel establishments shall have at least 10 accommodation units. 2- Hotels may occupy an independent part of a building, consisting of complete and contiguous floors, or the whole of one or more buildings constituting a harmonious, interlinked whole and forming part of a set of contiguous spaces, having coherent architecture and functional characteristics. 3- A single building may accommodate hotels of different groups or categories."* (Diário da República, 2009).

Concerning the grading/classification of hotel establishments, it is overseen by Turismo de Portugal, which does the evaluation according to a set of requirements, in the end resulting in the star rating (one to five) of the establishment. These requirements include: characteristics of the facilities and equipment, reception and concierge service, cleaning and laundry services, complementary services, food and beverage service. The grading is reviewed every four years (Diário da República, 2009).

4.2. Economic Environment

Portugal and the EU have experienced a serious economic crisis, which began in 2008 and only now the economy is showing signs of recovery. The country had to ask for international help from the ECB and IMF to be able to finance itself and overcome the crisis. In the process, many businesses went bankrupt, leading to many unemployed people.

The crisis lead to an environment of instability which affected all industries. Some economic indicators are still negative, such as the rating which is still "junk", once agencies are still careful and suspicious about the fragilities of our economy. Being a small and exporter country (exportations have a big impact in the economy), Portugal's economy is much influenced by what happens abroad, and currently the EU is suffering some political instability due to sensible matters such as the refugees, and the elections in many countries such as France and the USA (Barroso, 2017).

The crisis as it would be to expect, impacted some industries more than others, since people when in a bad financial shape, cut with the non-essential needs, to assure firstly

the basic ones (such as alimentation, education, clothes). Therefore, the hospitality industry was much affected, as the Portuguese were spending much less money on holidays and travels.

Nevertheless, some indicators are showing signs of recovery, for example the real GDP growth rate, which is the principal indicator of economic health, has been positive since 2014, promising some stability. In the years of 2011, 2012 and 2013, the worst period, this indicator was negative, reaching its worst in 2012 with -4.03%. However, in 2014 it returned to positive numbers and in 2016 it was 1.43% (185 thousand million Euros) (table 14) (PORDATA, 2017).

	Taxa de variação - %
Anos	Taxa de crescimento real do PIB
2007	2,49
2008	0,20
2009	-2,98
2010	1,90
2011	-1,83
2012	-4,03
2013	-1,13
2014	0,89
2015	Pre 1,60
2016	Pre 1,43

Table 14- GDP real growth rate %
Source: PORDATA (2017)

The unemployment rate, between 2009 and 2013 increased consistently, reaching its peak in 2013 registering 16.2% of unemployment, which was a huge concern as it affects not only the economy but also the society. In 2014 and 2015 it decreased, to hit the 12.4% mark, still being above the average of the Eurozone (10.8%) (table 15) (PORDATA, 2016).

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Taxa - %

Anos	Taxa de desemprego		
	UE28	Zona Euro (19 Países)	Portugal
2007	7,1	7,4	8,0
2008	7,0	7,4	7,6
2009	8,9	9,5	9,4
2010	9,5	10,1	10,8
2011	9,6	10,1	⊥ 12,7
2012	10,4	11,3	15,5
2013	10,8	11,9	16,2
2014	10,2	11,6	13,9
2015	9,4	10,8	12,4

Table 15- Unemployment rate %
Source: PORDATA (2016)

Concerning the minimum wage, during 2011 to 2014 it was 485€ per month, however in the last three years it has been increasing, to reach nowadays 557€ per month, thus giving the Portuguese a bigger purchase power and allowing to meet the rise in inflation (PORDATA, 2017). Nevertheless, it may still be considered a low amount when compared to Germany or Belgium where it is around 1500€ per month, according to chart 10 it is possible to see that Portugal is in the middle of the rank (Portugal appears there with 649.8€, by merging the holiday and Christmas allowances) (PORDATA, 2017).

Salário mínimo nacional: valor médio mensalizado (Euro)
Valor(es) do(s) ano(s) 2017

1. Luxemburgo	1.998,6
2. Irlanda	1.563,3
3. Países Baixos	1.551,6
4. Bélgica	1.531,9
5. Alemanha	1.498
6. França	1.480,3
7. Reino Unido	1.396,9
8. Estados Unidos da América	1.192,2
9. Espanha	825,7
10. Eslovénia	790,7
11. Malta	735,6
12. Grécia	683,8
13. Portugal	649,8
14. Estónia	470
15. Polónia	453,5
16. Eslováquia	435
17. Croácia	433,4
18. Hungria	411,5
19. República Checa	407,1
20. Letónia	380
21. Lituânia	380
22. Roménia	275,4
23. Bulgária	235,2

Salário mínimo nacional: valor médio mensalizado (Euro) (Euro)

Chart 10- Monthly minimum wage €
Source: PORDATA (2017)

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To reinforce this, it is also possible to analyse the GDP per capita PPS, which renders the average wealth created by each citizen of a country and is regularly used to assess the life quality of a state and the purchase power of its inhabitants, and according to it Portugal is below the average of the Eurozone (22.242€<30.477€) (PORDATA, 2017).

Concerning the inflation, in the last four years it has been stable, presenting around 0,5% growth, which means the prices are increasing, though not much (PORDATA, 2017).

4.3.   Social Environment

The number of inhabitants in Portugal has been oscillating, in 2007 there was 10.543 million people, and until 2011 it increased to 10.557 million people, but since then the number has been dropping, with 2015 recording 10.358 million people (PORDATA, 2017).

Concerning the gender, it is possible to realize that women outnumber men, with 5.445 against 4.912 million people, respectively (PORDATA, 2017).

Regarding the age groups, the most expressive are: 35-39, 40-44, 45-49 and 50-54 as each of them has more than 750 thousand people. The youngsters' classes, 15-19, 20-24, 25-29, each have around 550 thousand people (chart 11) (PORDATA, 2017).
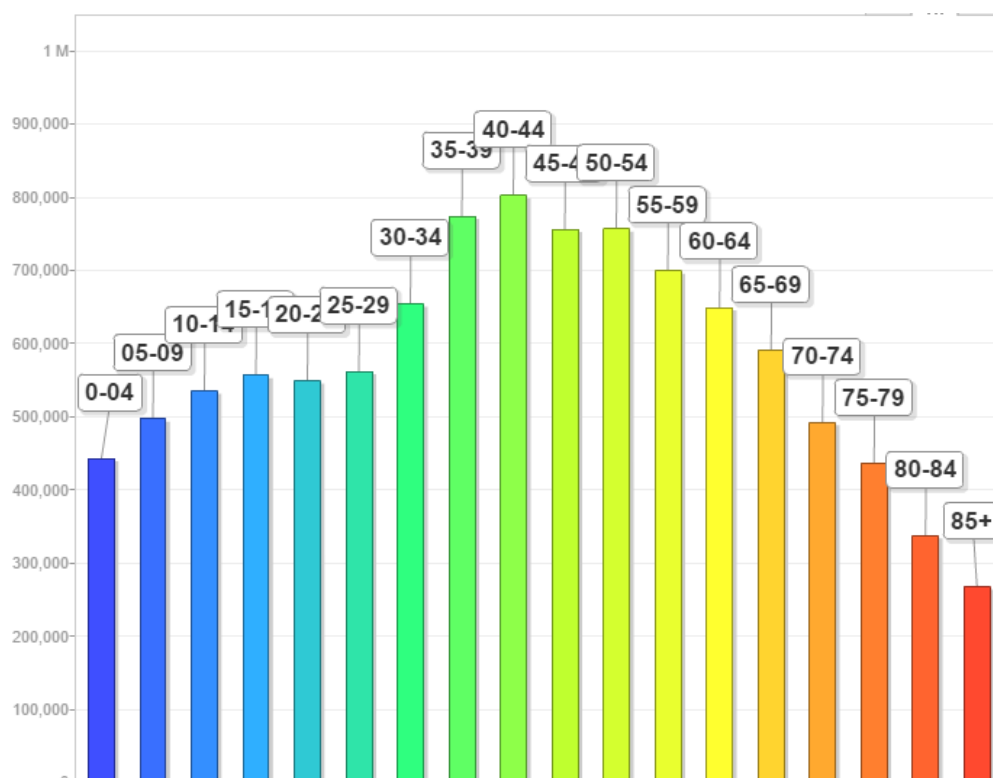
Chart 11- Population by age group
Source: PORDATA (2017)

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It is possible to grasp that the region with more inhabitants is Norte with 3.6 million people, followed by Lisboa with 2.8 million. Looking more in detail to Lisboa, we see that 1.8 million people have 15 to 64 years old, 581 thousand have more than 65, and 446 thousand are less than 14 years old (table 16) (PORDATA, 2016).

| Territórios	Grandes grupos etários			
	Total	0-14	15-64	65+
Anos	2015	2015	2015	2015
Portugal	10.358.076	1.475.537	6.759.544	2.122.996
Continente	9.854.462	1.396.015	6.407.951	2.050.497
Norte	3.612.782	497.160	2.440.382	675.241
Área Metropolitana do Porto	1.727.486	242.033	1.166.777	318.676
Centro	2.260.178	290.720	1.445.846	523.613
Área Metropolitana de Lisboa	2.810.923	446.352	1.783.916	580.656
Alentejo	728.881	94.885	454.669	179.328
Algarve	441.699	66.899	283.140	91.660
Região Autónoma dos Açores	246.060	40.935	172.185	32.940
Região Autónoma da Madeira	257.555	38.587	179.409	39.560

Table 16- Population by region and age group
Source: PORDATA (2016)

Concerning the natality, it has been decreasing since the year 2000, when it was 11.7 ‰, to mark 8.3 ‰ in 2015, this can be explained by the change in lifestyle and mentality (PORDATA, 2017).

Many factors contributed to the decrease in population in the last years, such as the decrease in natality and the negative balance in migration. In 2006 the natural balance, the difference between the births and deaths, was 3.5 thousand people (more births than deaths), however between 2007 and 2015 the balance got worse every year, to reach the mark of -23 thousand people (the number of deaths is bigger than the number of births). Moreover, the migratory balance which in 2009 was 15.4 thousand people, also decreased to the current record of -10.5 thousand people (more emigrants than immigrants). All this led to the total balance of -33.5 thousand people in 2015 (PORDATA, 2017).

Furthermore, it is important to mention that the average life expectancy has been increasing consistently to the current mark of 80.4 years old, which led to raise the retirement age to 66.3 years old (PORDATA, 2016).

Finally, concerning the education levels of the people, there is an improvement, as in 2002 only 12.9% of the people between 30 and 34 years old were graduates, and in 2015 the number rose to 31.9%, nevertheless it is still below the EU average which is 38.7% (Lusa, 2016).

4.4. Technological Environment

Technology is a fascinating world, that is constantly evolving and improving in many ways, whether it is to provide help, information, entertainment or even to connect people. Nowadays people are more dependent and engaged with technology than ever, things like internet or social media are present in our everyday life. Therefore, many industries adapted to explore this opportunity.

Technology provided one more mean for companies to understand what customers want and need. Therefore, they must evolve in that direction and keep pace with these new technologies if they want to be up to date. The internet and the social media brought not only the opportunity to communicate with clients and to keep in touch with them, but also the possibility to advertise a business.

It is estimated that already 91% of hotels have a website and use social media to connect and inform clients, 72% have an app to do such things as booking a room or even to pay, furthermore having wi-fi for the guests is already a must for hotels. All this has led to an improvement in consumer experience (Publituris).

Technology is also responsible by significant changes in the hospitality market, such as the appearing of platforms like Airbnb (which is one more competitor for hotels), Booking and TripAdvisor (which empowered consumers, allowing them to review their experience), to name the ones that had a greater impact.

5. Porter's 5 Forces Analysis

Porter's Five Forces Model is a model developed by Michael Porter which studies the attractiveness of an industry through an examination of five fundamental forces: threat of new competitors, threat of substitutes, bargaining power of suppliers, bargaining power of buyers and competitive rivalry. This analysis allows to understand the strength and the potential that a business may have in a certain industry.

Threat of new competitors

The entry of new competitors is a threat to established companies as with the increase of competition a decrease in market share and in sales might be expected. Moreover, these new competitors may introduce new features thus revolutionizing the competitive dynamics of the industry, hence creating a threat for established businesses. Accordingly, the threat of new competition relies on the barriers to entry and the anticipated retribution from the established players.

The high initial investment cost and the risk associated to it, is perhaps the biggest entrance barrier discouraging new competitors to enter the industry. Nevertheless, there are some incentives and financial help provided by programmes such as Portugal 2020 and Turismo de Portugal, which after a successful application ensure monetary help.

Building a brand is also an important barrier, as in this industry consumers prefer an established enterprise in order to avoid the risk of having a bad stay. A proof of this is potential clients reading previous clients online reviews, to know what to expect from that establishment.

The battle of competitive prices is also an entrance barrier to new competition because sometimes enterprises decrease the price or create promotions leading to a greater struggle for the new player to strive and endure in the market, due to the uncertainty of income and the large expenses made in the early phase.

However, it is relevant to mention one ease, which is the easiness to replicate the services offered by competitors, especially in the more simplistic hotels.

Due to the many difficult barriers to entrance mentioned, it is possible to conclude that the hotel industry is attractive.

Threat of substitutes

Substitutes are alternative products/services which satisfy the same needs of the industry's clients, thus increasing the pressure to the existent companies by affecting their sales.

In this case, there are some important substitutes of hotels such as: tourist apartments, hotel-apartments, tourist villages, pousadas, motels, pensões/residenciais, estalagens, and

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local accommodations (Airbnb). They all satisfy the same need which is the need of accommodation. Therefore, the hotel industry is much threatened by substitutes. The solution for this lies in the differentiation of services provided by hotels, whether it is better conditions or a more diversified offering.

Bargaining power of suppliers

The bargaining power of suppliers assesses the capacity of suppliers to dictate the terms under which the goods or services are sold to the industry. Therefore, the greater their bargaining power, more they can influence the business and even impose a policy of selling prices, billing, delivery and quality of products.
The ideal is having many suppliers for the same thing, thus empowering hotels to dictate terms.

This industry, to operate, relies mainly on the suppliers of energy, water and telecommunications, and for these there are only a few suppliers, so here the bargaining power of suppliers is elevated.

Then, comes the need of supply for some more secondary services/products such as food and drinks or cleaning, however for these the bargaining power of suppliers is low, once there are many suppliers for it.

Bargaining power of buyers

Clients have a big bargaining power because this is a very fragmented industry with many competitors and substitutes, hence consumers have a vast range of choices thus empowering them. Buyers, generally are price sensitive so they choose the best hotel which in their vision has the best quality/price relation. Thus, impacting the prices in the industry, and the demand for the services offered.

Moreover, nowadays clients have even more power than before due to social media, online reviews and word-of-mouth. Clients opinions are now more important than ever once they affect the choice of other potential clients. Currently many consumers before choosing the hotel, read its online reviews to know what to expect, so now more than ever hotels must avoid having a dissatisfied costumer.

<u>Competitive rivalry</u>

This fragmented industry is characterized by an elevated competitive rivalry. There are many competitors in the accommodation industry, which affects the price, once it must be competitive and it also affects the offer.

Concerning the offer, it is very diversified. There are some simpler hotels which offer the basics, such as 1 or 2 star hotels, there are mid-range hotels such as 3 star hotels, and then there are luxury hotels which offer a vast range of quality services and facilities (4 or 5 star hotels). Hence, the consumer can choose the offer that best suits its desire.

Moreover, due to the competitive rivalry, some hotels are also known for their occasional promotions, aiming to promote the brand and increase sales. Some hotels even make partnerships, for example with travel agencies to overcome competitors.

Differentiation and innovation are also key factors in this sector as each competitor seeks to offer something distinctive and unique to the customers.

Finally, seasonality is also an important factor to have in mind, once in Portugal the accommodation industry is much affected by it, with sales increasing during the summer and the holidays, and decreasing during the winter.

6. Competition

Competitors are enterprises that operate in the same market. In this case, Hotel Castelão competitors are other enterprises which provide accommodation. However, not all providers of accommodation are competitors, it depends on the market in which the company operates. So, if Hotel Castelão is in Mafra, we may say its competitors are other hotels and providers of lodging in the region nearby (Mafra and Ericeira which is 8km away). Therefore, we exclude as competitors hotels from Lisboa, Sintra and Torres Vedras, as they are more than 20km distant, hence not in the same niche as Hotel Castelão.

Guesthouses (Airbnb), hostels and local lodging were not considered as competitors once their offer and target are different of hotels. Nevertheless, the number of those (hostels, guesthouses and local lodging) registered in Booking.com, for the considered area, is over 40 establishments. In Airbnb, it is even more, with over 300 announcements between rooms and houses to rent for the night.

To have a clearer and more insightful knowledge of the competitors it is now important to study each of them in detail, analysing the pricing, the offer, the facilities provided and the building itself, as well as the strategies.

- Pousada de Mafra - Palácio dos Marqueses (Attachment 7)

This establishment is the only competitor that Hotel Castelão has in Mafra (guesthouses were not considered), all the others are in Ericeira (8km from Mafra). This is a very recent player as it was born about two years ago. The business takes place in an historic building, which began its renewing in 2011 and was concluded in 2015. This is an interesting although a bit confusing project, as the pousada operates together with "Universidade dos Valores", a place for formation and investigation, culture, and entertainment which is open to the public, also integrating a museum.

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The Pousada de Mafra has 15 rooms and 50 beds. Their offer is as follows:

Type of room	Number of people	Low Season (Oct-April) Price €	High Season (May-Sep) Price €
Double room (12 m²)	2	65	80
Family room (20 m²)	3	85	105
Family room (20 m²)	4	100	120
Family room (22 m²)	5	115	135
Family room (22 m²)	6	130	150
Family room (22 m²)	7	165	165
Family room (22 m²)	8	180	180
Single room (12 m²)	1	55	65

Table 17- Pousada de Mafra Offer
Source: Booking.com (2017), Universidade dos Valores (2017)

The rooms have television, private bathroom, free wi-fi, towels, closets, double glass windows, heating, and desk, and the hotel provides free parking, as well as included breakfast. The hotel is located near the centre of Mafra (in Vila Velha), 1km away from the Palace. Nevertheless, for outsiders it may be hard to find since it is away from the main roads in which people go by when they pass through Mafra.

Regarding the facilities and the furniture, they are simple but modern and appealing; the establishment has a clean look.

The check-in is between 15:00 – 20:00, and the check-out between 08:00 – 12:00, with the reception working from 08:00 to 20:00.

In terms of online presence, the pousada does not have its own website, instead it has a tab in Universidade dos Valores website, where it is possible to see the rates, the contact information for reservations (phone or e-mail), and a video with pictures of the facilities. The pousada also has an account it Booking.com, having a 6.8 rating with 32 comments from previous clients. Finally, the establishment owns a Facebook account with 63 followers, having only a few posts and some pictures of the facilities.

Strengths:

- o Good appearance, clean and modern look

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o Politeness and good cleaning, according to comments from previous clients

Weaknesses:

o Location away from the main roads makes it unknown for outsiders who pass by Mafra

o The integration with Universidade dos Valores, is a bit confusing

o Not having its own website

o Still unknown to many

o Breakfast with little diversity, according to comments from previous clients

- Hotel Camarão (Attachment 8)

This 2-star hotel was born in 1989 and is located in the centre of Ericeira, operating already for 28 years, with a 24 rooms capacity.

The offer present in their website is as follows:

Type of room	Number of people	Oct-May Price €	Jun/Sep Price €	Jul/Aug Price €
Single (12 m²)	1	40	45	50
Double Inside Courtyard view (12 m²)	2	60	65	70
Twin Inside Courtyard view (12 m²)	2	60	65	70
Twin (13 m²)	2	65	70	75
Double (13 m²)	2	65	70	75
Double Sea View	2	75	80	85
Twin sea view	2	75	80	85
Double Premium Promotion	2	85	90	95
Triple	3	85	90	95
Double Premium (20 m²)	2	130	135	140
Double Premium Sea View (20 m²)	2	135	140	145

Table 18- Hotel Camarão Offer
Source: Booking.com (2017), Hotel Camarão (2017)

It is possible to realize that the offer is diverse, having many types of rooms and different prices according to the season and the number of people. However, we may say that the offer is a little confusing, as there are many kinds of double rooms, making it hard to grasp the differences between them, besides the price.

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The rooms have television, private bathroom, towels, closets, heating, desk, and free wi-fi, and the hotel provides free parking, as well as included breakfast.

Regarding the facilities and the furniture, they are simple but modern and appealing. The establishment has a clean look.

The check-in starts at 15:00 and the check-out is until 12:00, with a 24-hour reception.

Concerning the website, it is divided in tabs which provide information and images of the hotel. There, it is also possible to do the reservations, buying the type of rooms desired.

The Hotel also has an account in Booking.com, but with a smaller diversity in the offering than in the website, excluding the Double Sea View, Twin Sea View, Double Premium Promotion and the Triple. Notwithstanding it may be good, hence it is clearer and simpler. There we can see that the differences between the double rooms lie in the size of the room (it may have 12, 13 or 20 m²) and the view. Furthermore, there were no available Single rooms for the Summer at Booking.com. Concerning the Triple room, it is unclear if it really exists, as the only proof of it is an announcement in the website, but there are no pictures of this type of room nor it is present in Booking.com.

Still regarding Booking.com, it is important to mention that sometimes Hotel Camarão has some promotions there, as well as two options for the purchase which are being refundable or not (the price differs for each option).

The hotel owns a Facebook page with 1158 followers, having many posts of events and news about the region, and sometimes announcements of discounts.

Hotel Camarão has an 8.6 rating and 700 comments at Booking.com, which is quite good as it not only shows that previous clients were satisfied, but it also makes it easier to potential clients to trust this establishment once they see that other clients enjoyed the hotel.

Strengths:

- o Good location, near the centre and the beach
- o Rooms with sea view
- o According to online reviews: polite staff, clean facilities, good value for money

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Weaknesses:

- o Confusing offer in the website (too many types of double rooms), lacking a description of the characteristics of each type of room (all the rooms have the same description), inexistent photos of the Triple room

- Hotel Vila Galé Ericeira (Attachment 9)

This 4-star hotel, exists as it is since 2002, because it was remodelled and recovered. The history of the building starts in 1956, also as an hotel, the Hotel Turismo da Ericeira. However, in 2002 the Vila Galé group, acquired the building and remodelled it, to start the Vila Galé Ericeira Hotel. The Vila Galé group began in 1986, and it is now one of the leading groups in the Portuguese Hotel industry, having 20 establishments, making this a well-known and trusted brand of quality hotels.

All this, combined with a capacity of 202 rooms makes this establishment the biggest player in the region.

The offer of the Hotel is as follows:

Type of room	Number of people	Oct-May Price €	June Price €	July/Aug Price €	Sept Price €
Twin Sea View (20 m²)	1	92	133	189	148
Twin Sea View (20 m²)	2	108	156	222	174
Twin Sea View (20 m²)	3	146	211	301	236
Twin Sea View and Balcony (20 m²)	1	99	144	205	161
Twin Sea View and Balcony (20 m²)	2	117	169	241	189
Twin Sea View and Balcony (20 m²)	3	158	229	326	255
Twin Standard (20 m²)	1	77	Unavailable	157	123
Twin Standard (20 m²)	2	90	Unavailable	185	145
Twin Standard (20 m²)	3	122	Unavailable	250	196
Suite Junior (28 m²)	1/2	117	169	241	189
Suite Junior Superior (28 m²)	1/3	146	211	300	235
Suite Junior (28 m²)	3	157,95	228,15	325,35	255,15
Suite Junior Superior (28 m²)	3	197,1	284,85	405	317,25

Table 19- Vila Galé Ericeira Offer
Source: Booking.com (2017), Vila Galé (2017)

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Relevant information:

- o No extra charge for children
- o Prices may differ in Booking.com and the hotel website
- o Suites are not available at Booking.com
- o Breakfast is included in every type of room
- o To include dinner, it costs 23€ per person

It is possible to realize that the offer is diverse, having many types of rooms and different prices according to the season and the number of people.

The rooms have television, telephone, air-conditioning, mini-bar, towels, closets, desk, and private bathroom. Concerning the aesthetics of the rooms, they are beautiful with good-looking furniture and curtains, everything matching and in harmony with the hotel decoration/style.

The hotel provides: gardens and outdoor spaces, outdoor pool, free wi-fi, free parking, playground for children, games room, laundry service, and 24-hour desk. The facilities include a restaurant and two bars, as well as a free wellness club for its clients with sauna, jacuzzi, gym, and a massage room. Concluding, the facilities are big, beautiful and offer many services.

The check-in starts at 14:00 and the check-out is until 12:00.

The website is integrated in the Vila Galé group's, having a "sub-site" with all its own information, services and pictures. The website is user-friendly, having a good look, with many colours, it is well organized and it allows to do reservations according to the type of room desired.

The Vila Galé group owns a Facebook page with 130,353 followers, the page is very active with many posts about contests, news, and events in the hotels, as well as pictures of the various hotels of the group.

 The hotel has an 8.5 rating from 1229 comments at Booking.com, and won an excellence certificate from TripAdvisor in 2015, which is a sign of quality for potential clients.

Strengths:

- o Good location, near the centre and the beach
- o Rooms with sea view

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- o Beautiful hotel and rooms

- o Diversity and quality of services (wellness club, bars, pool)

- o Big capacity, 202 rooms

- o Brand well-known and trusted

- o Good Website

- o According to online reviews: polite staff, clean facilities, good breakfast

Weaknesses: Comparing to the competition mentioned in this paper, there were not found relevant weaknesses.

- Hotel Pedro O Pescador (Attachment 10)

This 2-star hotel has over 50 years and is located in the centre of Ericeira, with a 25 rooms capacity.

The offer of the Hotel is as follows:

Month	Single Room (14 m²)	Double / Twin Room (14 m²)	Triple Room (16 m²)
Jan	30,00 €	40,00 €	55,00 €
Feb	30,00 €	40,00 €	55,00 €
Mar	30,00 €	45,00 €	55,00 €
Apr	35,00 €	45,00 €	55,00 €
May	35,00 €	45,00 €	55,00 €
Jun	45,00 €	55,00 €	70,00 €
Jul	50,00 €	70,00 €	85,00 €
Aug	70,00 €	75,00 €	85,00 €
Sep	45,00 €	55,00 €	70,00 €
Oct	35,00 €	45,00 €	55,00 €
Nov	30,00 €	40,00 €	55,00 €
Dec	30,00 €	40,00 €	55,00 €

Table 20- Hotel Pedro O Pescador Offer
Source: Booking.com (2017), Hotel Pedro O Pescador (2017)

Concerning the offer, it is possible to realize that the three types of rooms have different patterns regarding price, for example the triple room changes prices not as often as the double/twin room. It is also important to mention that the single room despite having the pricing in the website, it is not possible to book it there, only by telephone or in person.

The rooms have private bathroom, television, free wi-fi, air conditioning, and the breakfast is included. According to the hotel website all the rooms were recently

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refurnished, however it does not inform when. Concerning the aesthetics of the rooms it could be more appealing as the colours and its matching is outdated.

The hotel has a small garden leading to the bar, a lounge and dining room.

The check-in starts at 12:00, and the check-out is until 12:00, the breakfast is served between 8:30 and 10:00 and the reception is open 24 hours.

The hotel website is unappealing, at first it does not even look as an hotel website due to the choice of colours and the main image presented (a picture of a beach and a starfish). Moreover, it has few and repetitive information, it could have more information about the services and the conditions of the hotel (for instance its age and if the breakfast is included or not) as well as more pictures, there are only five and they look old. Nevertheless, it is possible to do bookings for two or more people (just for one it is not possible) and see the contact information.

The hotel has an account at Booking.com, however it could have more and better pictures, as well as more information. The single room is not available at this platform.

The hotel has an 7.6 rating and 488 comments at Booking.com.

Strengths:

- o Good location, near the centre and the beach
- o Brand well-known in the region, as it has been operating for over 50 years
- o According to online reviews: polite staff

Weaknesses:

- o Bad website: it has few and repetitive information; it is not possible to book singles; few (only five) and apparently old pictures; unclear pictures of the bathrooms; misspelled words; it says the rooms were refurnished, however it was already 10 years ago; it does not say how old is the hotel; ugly website
- o The Booking.com account could be better, as it should have more and better pictures
- o Aesthetically is less appealing than the competitors, as the colours and its matching is outdated
- o Clients having to book the single room only by telephone or in person

o   According to online reviews: disappointing breakfast (lack of diversity); difficulty to find parking for the car; too much noise near the hotel (the sound isolation could be better); bad wi-fi coverage; the facilities should be renewed

- Hospedaria Bernardo (Attachment 11)

This establishment has over 25 years and is located in the centre of Ericeira, with an 8 rooms capacity.

The offer is as follows:

Room	Number of people	Jun-Aug Price €	Mar/Apr/May/Sep Price €	Jan/Feb/Oct/Nov Price €
"Estúdio 10"	1	20	15	13
"Estúdio 11"	5	70	55	45
"Estúdio 8"	3	60	50	40
"Estúdio 7"	4	70	55	45
"Estúdio 6"	2	55	45	40
"Quarto 3"	2	50	40	35
"Quarto 2"	3	65	50	40
"Quarto 1"	3	70	55	45

Table 21- Hospedaria Bernardo Offer
Source: Booking.com (2017), Hospedaria Bernardo (2017)

The difference in price between rooms with the same capacity is explained by the existence of balcony (or not) as well as the size of the room. The Breakfast is not included, however it is an extra that can be requested.

The rooms have: free-wi-fi, television, private bathroom, heating, a desk and towels. They also have a kitchenette with microwave, stove, fridge, electric kettle, table and cutlery. The rooms are big, having between 45 and 50 m², except "Estúdio 10".

Concerning the aesthetics of the rooms, they look ugly, old and outdated in terms of decoration and furniture. Moreover, there is not a harmony/consistency between rooms, they look very different from each other.

The establishment is composed by the reception and the rooms, not having a common area.

The check-in starts at 14:00 and the check-out is until 12:00.

The website provides information about the services, the rooms available, as well as pictures. The website is user-friendly, having a modern and visually appealing look, with many colours, being well organized.

In Booking.com the hospedaria has a smaller offer than in the website, having just three types of room available. There it is possible to see the services provided and many pictures of the facilities. It is important to mention that the individual room is not available in this platform.

Hospedaria Bernardo has a 7.0 rating from 111 comments at Booking.com.

Strengths:

- o Good location, near the centre
- o The rooms are big
- o Rooms with kitchenette
- o According to online reviews: polite staff

Weaknesses:

- o Aesthetically is less appealing than the competitors as the colours and its matching is outdated
- o The facilities, the rooms and the furniture look old and outdated
- o Single room not available at Booking.com
- o Does not have an elevator
- o According to online reviews: difficulty to find parking for the car; the facilities should be renewed; bad smell in the room sometimes

- • Pensão Fortunato (Attachment 12)

This establishment has a 22 rooms capacity and is operating since 1932, being one of the oldest players in the region. It is located in the centre of Ericeira, near the beach.

Pensão Fortunato offers 22 double and triple rooms with elevator, private bathroom, double glass windows, cable television and heating. Some rooms have balcony and sea view and others have a view to the centre of the village. The service includes breakfast, lounge and garage.

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Pensão Fortunato has a bad website as: it is ugly and outdated (the last update was in 2005), with unappealing colours and visuals; it only has four pictures of the facilities, there are no pictures of the bathroom, and even of the room there is only one; it is not possible to do reservations; there is no information about the prices, as well as the hours of the check-in and check-out. Moreover, the establishment does not own a Booking.com account. Therefore, we may say that Pensão Fortunato has a poor online presence.

To do a reservation is only possible by telephone, e-mail or in person. To know the prices of this establishment it was necessary to call Pensão Fortunato by telephone, and the information is that the double room is 35€ and the triple is 47.5€ (this information is not available online).

From the few online pictures, we may say that the rooms looks simple but visually appealing. There are no pictures of the reception or the bathrooms anywhere online.

Strengths:

- o Good location, near the centre
- o Well-known and trusted establishment in the region, operating for more than 85 years, which makes it one of the oldest players

Weaknesses:

- o Poor online presence, bad website and lack of a Booking.com account
- o Not possible to do online bookings, only reservations by e-mail
- o Lack of relevant information online such as: prices, hours of check-in and check-out, pictures of the facilities

7. Internal Analysis – Organization Analysis

After the literature review and the market and competitor's analysis, which allowed to better understand the important theories beyond this industry, and provided a bigger knowledge about this type of business, it is now time to study the establishment itself.

7.1. History

To better understand this business, it is important to know its history, in order to grasp the evolution it went through.

Hotel Castelão history starts in 1982, at the time being Albergaria Castelão, a 4-stars establishment. It was born to fill a market opportunity, since the village of Mafra did not had any relevant accommodation establishment.

The 90's was the most thriving period for this establishment. It was when it became a 2-star Hotel, and it was also a good period in terms of sales having even illustrious clients such as Sporting Clube de Portugal, Farense, Belenenses, Marítimo, among others. At that time, many sport teams were clients, due to the partnership with Centro Militar de Educação Física e Desportos (CMEFD), and later with Parque Desportivo Municipal Engº Ministro dos Santos (created in 1998).

In 2004 with the Euro-2004, and its impact in Portugal in terms of visitors, it was also a great period for the Hotel, translating into good sales. This was the year in which Hotel Castelão created its website page. The Booking.com account was created later, in 2009.

In 2010 with the beginning of the economic crisis in Portugal, a decrease in sales happened, which lasted until 2015.

In 2012 with the VIII edition of the Jogos da CPLP, that took place in Mafra, many of the delegations stayed in the Hotel, such as the delegation of Cape Verde and Angola. This was the last time that the hotel had a sport team as a client. It was also the year in which the hotel made a remodelling. At the time, this establishment had already 30 years of existence, therefore a remodelling was needed to renew the interior of the rooms which were already outdate and old.

From 2015 to nowadays, the Hotel has been recovering from the economic crisis, as shown by the increase in sales.

7.2.   Vision

To make all clients happy and satisfied with their staying at Hotel Castelão. Clients must feel they were respected and got a good deal.

To have a good value for money, in costumer's mind. Clients expectations must be delivered or even surpassed.

7.3.   Mission

Hotel Castelão mission must be to offer an affordable, clean and comfortable hotel, providing good accommodation and a pleasant stay for a fair price.

7.4.   Values

The client is a guest, so he must be treated well, therefore Hotel Castelão must have as guiding values: respect, politeness, hospitality, cleanliness, calm/harmony, fairness and familiarity. All these values combined, lead to a pleasant stay and a good relationship with all the stakeholders.

7.5.   Goals

The main goals must be to make clients happy and satisfied with the staying, and also to increase sales.

7.6.   Competitive Advantage

Hotel Castelão is a well-known establishment in the region, operating for 35 years already, it was the first accommodation establishment in Mafra. The only competitor Hotel Castelão has in Mafra is only 2 years old, hence not as recognized as Hotel Castelão.

Hotel Castelão has a good location, as it is situated in one of the main roads in Mafra being very near the Palace.

8. Internal Analysis – Portfolio Analysis

A portfolio is the collection of products and services provided by a company (Business Dictionary, n.d.).

So, Hotel Castelão portfolio is composed by one service, and that is providing accommodation.

For the business to take place, the hotel has 28 rooms to offer, divided between singles, doubles/twins, triples and suites (attachment 15).

8.1. Company Characterization

The Hotel has 20 + 8 rooms, and that is because in the building of the hotel the capacity is 20 rooms, however there is 8 more rooms outside the building, located in the edifice in front of the hotel. However, those 8 rooms are only used when the hotel building is full. So, we will consider the 20 rooms as the capacity.

Table 22, presents the types of rooms available and the quantity of each type, the numbers change depending on the capacity considered. It is important to mention that the majority of the rooms are doubles and singles.

Type of room	Number of rooms	
Capacity	**20**	**28**
Single Room	6	6
Double / Twin Room	10	16
Triple Room	2	4
Suite	2	2

Table 22- Hotel Castelão's Capacity
Source: Adapted from Hotel Castelão data (2017)

Considering the offer of the Hotel in terms of prices, it is as presented in Table 23. As we can see the prices differ according to the type of the room and the season. The prices also change regarding the demand, so in moments of higher demand the prices may raise, and in moments of lower demand the prices may decrease.

Type of room	Number of people	Oct-Mar Price €	Apr-Jun Price €	July-Sep Price €
Single Room	1	45	54	64
Double / Twin Room	2	55	64	74
Triple Room	3	65	74	84
Suite	3/4	72	84	90

Table 23- Hotel Castelão offer
Source: Booking.com (2017), Hotel Castelão data (2017)

Table 24 presents some important statistics about the Hotel, which provide a greater knowledge about it. As it would be to expect there is a big seasonality, in the high season the occupancy is the double of the low season, even with higher prices. It is also important to note points 3 and 4, which show the proportion of the types of guests according to each season. In the low and middle season, most guests are Portuguese people on business trips, and in the high season the majority is foreigners in leisure trips.

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Relevant Data	Oct-Mar	Apr-Jun	July-Sep
1.Occupancy rate	30%	45%	60%
2.Monthly Sales €	10000	17300	26500
3. Nationality of the guests: Portuguese-Foreigner	80%-20%	70%-30%	30%-70%
4.Guests: Business-Leisure	70%-30%	60%-40%	20%-80%

Table 24- Hotel Castelão statistics
Source: Adapted from Hotel Castelão data (2017)

Looking more in detail to the rooms, they offer television, private bathroom, free wi-fi, towels, closets, double glass windows, and a desk. The size of the rooms depends on the type of room, they vary between 16 and 23 m². It is important to mention that some rooms have air conditioning.

The hotel provides free parking, as well as included breakfast. The breakfast includes: bread/toasts (with jam, butter, cheese, ham), cereals, yogurt, croissants and occasionally fruit (it varies, it is not always the same fruits, but the most common is oranges, apples and bananas). To drink there is coffee, juice, milk and tea (attachment 16).

Regarding the facilities, the exterior of the Hotel looks old and outdated, in the rooms the walls and the floor look good (due to the remodulation of 2012), however the furniture and decoration are not appealing, on the overall the interior is ugly, needing a redecoration (attachment 14 and 15).

The check-in begins at 13:00, and the check-out is until 12:00, with the reception working 24 hours.

9. Competitive Analysis

The competitive analysis consists of the development of a SWOT and then a Dynamic SWOT analysis, to better know the market and the company. Followed by a Critical Success Factors (CSF) analysis, to comprehend the more important matters of the industry and the business.

9.1. SWOT Analysis

This analysis reviews the companies' internal strengths and weaknesses, as well as the market opportunities and threats.

Strengths:

- o Good location, in one of the main roads and near the centre
- o Well-known and trusted establishment in the region, operating for more than 35 years, being the first accommodation establishment in Mafra
- o Polite and friendly staff
- o Free parking

Weaknesses:

- o Bad and outdated website: ugly appearance; few and old images; lack of information such as the services offered and the price; unable to do bookings; last update was in 2004 (attachment 17)
- o The hotel needs a big remodelling, once it is visibly old inside and outside. The rooms, the bathrooms, the reception, the corridors, the exterior, all need to be renewed (attachment 14 and 15)
- o Aesthetically is not as beautiful and good looking as the competitors
- o Some clients complain about the cleaning, there should be a tighter control about it
- o Only some rooms have air conditioning, moreover it is not reliable, as sometimes it does not work. Furthermore, some clients say the rooms are cold
- o Low rating (6) at Booking.com, having many bad comments from previous clients. The main complaints are about the old facilities especially the bathrooms, the low diversity breakfast, and occasionally the cleaning. The hotel should be

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more aware and reply to the comments, instead of ignoring and not solving the matters discussed there

- o Some clients feel that it is expensive, that the price/quality proportion is wrong, especially in the summer when the prices are higher
- o Lack of a communication strategy and programme

Opportunities:

- o The region is growing, having more and more tourists each year
- o There are still few competitors, especially in Mafra where there is only one
- o Hotel Castelão could do some relevant partnerships with other establishments, to have a more attractive offer for potential clients
- o A market for sport teams as clients, like happened in the past
- o Many groups of tourists visiting Mafra
- o Technology is constantly evolving so people are now more educated, critic and dependent on it

Threats:

- o Huge increase of guesthouses, hostels, and local lodging
- o The growth of Airbnb in the region. Over 300 announcements between rooms and houses to rent for the night
- o The growth of the region may lead to the appearing of another hotel
- o Losing potential clients due to the bad online reviews and the lack of a good website
- o Most of the competitors have a higher rating at Booking.com
- o Significant seasonality

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9.2. Dynamic SWOT

After the SWOT analysis, it is important to do a Dynamic SWOT, by crossing the strengths with the opportunities and threats, and the weaknesses with the opportunities and threats. This provides a more detailed investigation of the company and the market allowing to understand what can be done to improve the establishment as well as avoiding potential problems.

Strengths + Opportunities:

- o Since the region is growing, one possibility to capitalize this, is partnering with more travel agencies and touristic operators to reach more people
- o Partnerships with other businesses, to have a more attractive and differentiating offer for clients
- o The hotel used to have many sport teams as clients but along the way this tradition was lost. So, they should try to bring it back, moreover because it was a stamp of credibility for the establishment
- o Target more at groups, this is an important market, moreover because the Palace of Mafra brings many groups to the region

Strengths + Threats:

- o The hotel must take advantage of its experience and longevity, to battle with all the new emerging players. Therefore, that longevity must be communicated clearly, because it is a sign of credibility
- o Communicate the advantages of staying in an hotel instead of a hostel or a guesthouse or even local lodging, to overcome this new wave of competitors
- o Be more aware and responsive to online reviews, to avoid losing customers
- o Partnering with more travel agencies and touristic operators may help to decrease the effect of seasonality
- o At the low season the hotel could adjust its target for those who are less influenced by seasonality, such as: business people who need to travel, retired people, people who like to avoid the crowds of the summer and prefer the calmness of the low season, and finally people who are more price sensitive, so they can enjoy the lower rates of the low season

Weaknesses + Opportunities:

- o Since the region is growing it was important a remodelling, renovation and redecoration of the hotel, to be more competitive and attractive
- o The hotel needs to create a good website where it is possible to do bookings. It must have a beautiful appearance, many images of the facilities, and information about the services and the price. This allows to reach more people, and it shows the hotel is up to date and it confers credibility
- o Develop a communication strategy and programme, to be more organized internally and to reach a bigger audience
- o The Breakfast must be improved, having more diversity and quality. If the hotel cannot ensure this, then a possibility could be to do outsourcing of the Breakfast, or doing a partnership with a bakery
- o Since people are now more educated, critic and dependent on technology, furthermore with the importance of online reviews, Hotel Castelão should encourage clients to do so. However, the hotel must be more aware and be responsive to the remarks, trying to solving the matters discussed
- o To have a better value for money, especially in the Summer when the rates are higher, the hotel should improve its value proposition, thus making clients feel that it was worth the price. A solution could be partnering with other establishments, for example with restaurants, hence providing a more attractive and differentiating offer for customers

Weaknesses + Threats:

- o Hostels, guesthouses and local lodging entering the market with beautiful facilities and many with good value for money. These establishments provide a bigger freedom, a more familiar environment, as well as some differentiating services for the clients that an hotel does not, such as cooking

9.3. Critical Success Factors

Critical Success Factors (CSF) refer to specific activities, procedures or areas that a business or organization depends on, for its continued survival (Techopedia, n.d.). These are elements which are necessary for an organization to thrive.

The Critical Success Factors for this business are:

- Cleanliness – the facilities, rooms, bathrooms must be clean
- Price – most of the people choose an establishment according to its price, and considering how much they may spent. This factor is also a way of positioning for the hotel
- Value for money - clients buy something when they feel that the price is fair for what they are buying. Moreover, guests tend to be more demanding, and equally more rigid, in terms of their requirements and expectations when paying more
- Location – people often choose an hotel due to its location
- Security – clients want to stay in a place where they feel safe
- Quality of the Staff – guests must be treated with courtesy, warmth, friendliness and helpfulness
- Physical attractiveness/Aesthetics of the facilities – people when looking for a hotel will prefer a beautiful and up to date establishment
- Reputation/Credibility – clients give preference to an enterprise with a good reputation, it is a sign of quality
- Services offered – guests want to have many and good services at their disposal
- Comfortability – customers when choosing an hotel, they want to stay in one that offer comfort, so they can relax and rest
- Star classification – the number of stars of a hotel is an indicator of its quality, the more stars the better
- Online reviews – this is very important nowadays, as clients choose their hotel according to reviews, to know what to expect and make a good and informed decision
- Other relevant CSFs are: convenient parking, good and diverse breakfast, air conditioning and free Wi-Fi

10. Methodology

A research about the problem and an analysis on the theoretical background was done to provide a greater knowledge about the subject.

Then, an external analysis was conducted to better understand the market in which the Hotel is included and to examine the competition.

Afterwards, it was done an internal analysis to the company, to know more about the establishment.

Now, to better understand the customers of Hotel Castelão, it is time to gather some more information, hence a qualitative approach will be used.

In the qualitative approach, a netnography will be done to have a clearer perception about customer's opinions towards this hotel. It will also allow to better define the customer profile, so it is possible to know more about the average client of this hotel.

Developed by Robert Kozinets, netnography is the branch of ethnography (the scientific description of the customs of individual peoples and cultures) that analyses the free behaviour of individuals on the Internet, using online marketing research techniques to provide useful insights (Karr, 2015). "*Netnography compiles and analyses data about the free social behaviour of individuals on the Internet. The key is that this data is collected when consumers are behaving freely, as opposed to research surveys in which consumers sometimes respond to prevent embarrassment or please the surveyor*" (Karr, 2015).

The information for the netnography, will be retrieved from Booking.com, the major website for the hotel and hospitality industry. The comments section will be analysed to see the opinions that the Hotel guests had about their staying.

Knowing more about this will enable to identify how to attract more clients, and how to keep them satisfied. It will also allow to see the opinions about the Hotel, knowing what was liked and disliked, and what can be improved.

Relevant information:

- The information for the netnography, will be retrieved from Booking.com, the major website for the hotel and hospitality industry
- Only customers that made a reservation through Booking.com may write a review, hence providing credibility to the comments, otherwise anyone could comment

- At the end of the staying, Booking.com sends an e-mail to guests, encouraging them to write a comment
- The comments are real and true, according to the experience guests had
- The comments are visible for 24 months, after this period they are deleted by Booking.com, to ensure they are, as well as the rating, up to date

10.1. Data collection – Netnography

All comments were translated to English. Only comments with text are presented (comments without text, just with the evaluation, are not considered). The comments are presented from the most recent to the oldest. Concerning the evaluation, according to Booking.com, it is as follows: 1-3 Very Poor, 3-5 Poor, 5-7 Okay, 7-9 Good, 9+ Superb.

Name	Review	Evaluation	Date
Custodio	(-) Dissatisfied with the bathrooms and the breakfast	6.7	5/5/2017
Urbano	(-) The room should be cleaner. The air conditioning was not working. The door in the room has slack so it was slamming all night driven by the wind. (+) Polite receptionist. The bread of the Breakfast was excellent.	5.8	4/5/2017
Mariusz	(-) Poor Breakfast	5	17/4/2017
Oseas	(-) The curtain of the shower was not clean. Too much noise during the night.	2.5	10/4/2017
José	(-) The bathroom is very old. (+) Good location	7.1	6/3/2017
Stephen	(-) Work was being undertaken. The hotel was very cold. The air conditioning did not work. We were given a heater however there was not a power point for it. You had to take out a light to plug in the heater. It did not warm the room. We asked for a double adapter so we could have a light and a heater however the one we were given did not fit the power cord of the heater. The TV did not work. We ended up sleeping in layers of our clothes to try to keep warm.	5.4	19/2/2017

Name	Review	Evaluation	Date
Victor	(-) Everything could be better. Beds, bathroom, cleaning, television, noise, etc. (+) Good wi-fi signal	3.3	5/2/2017
Monia	(-) Bad cleaning. Does not have air conditioning. Do not have hair dryer. Phone room not working	3.3	5/1/2017
Sandrine	(-) It was very cold in the room and we were in November. We turned on the heating in the evening but the night was very cool.	7.1	12/12/2017
Alberto	(-) Faced with the noise of traffic on the avenue the hotel should have double glass windows. The window of the room 206 did not close well, so the noise was more intense and let cold into the room. The heater had to be on. (+) Friendly staff. The Breakfast was nice and well served.	6.7	27/11/2016
Adelino	(-) Air conditioning not working. (+) Comfortable bed. Clean bathroom. Normal Breakfast, very good bread.	7.9	25/10/2016
Anne	(-) Disliked the room. No electrical outlets that worked. No double glass windows, as the hotel overlooks 2 busy streets. No breakfast possible before 8am. The Hotel is outdated.	5	13/10/2016
José	(-) Breakfast is served between 8 and 10 in the morning, as I started my activity at 8 I did not have time to take it. (+) Friendly staff	5.8	13/10/2016
Silveira	(-) Disliked the breakfast, very poor in quality and presentation.	6.3	11/10/2016
José	(-) The hotel is outdated and old.	5.8	2/10/2016
Marie	(-) The Breakfast and the bed were very average. (+) Great location, very easy to find.	5.8	26/9/2016
Michael	(+) The stay was pleasant.	7.5	25/9/2016
Foxynam	(-) Lack of hygiene and cleanliness. Bad quality of the bedding. Noise associated with the proximity with the busy road. (+) Being near Lisboa	2.9	22/9/2016
Casimiro	(+) Cleanliness, friendliness, quality of breakfast and bread in general.	6.7	19/9/2016
Sara	(-) The Bathrooms are old and outdated. Should be cleaner. Disliked the Breakfast.	4.2	15/9/2016
Paula	(-) Should be cleaner. The staff was not friendly. (+) The bread from the Breakfast was good.	4.6	13/9/2016

Name	Review	Evaluation	Date
Luís	(-) Bad price-quality ratio, due to the facilities and the breakfast	4.2	12/9/2016
Elisabete	(-) The room should be cleaner. Bathrooms old and outdated. (+) Very good location, helpful staff, simple but satisfying breakfast.	6.3	9/9/2016
Marco	(+) Very comfortable and clean room. Very attentive staff	10	6/9/2016
Georges Nicas	(-) An uncomfortable hotel. Non-insulated windows. Problem with hot water. (+) Good price.	6.7	26/8/2016
Olivier	(+) Staff very friendly and helpful. Good location: near the convent of Mafra and on the road of Ericeira. Comfortable rooms.	7.9	22/10/2016
Jose	(-) Bad price-quality ratio. The windows did not prevent the outside noise, the blinds did not work, the furniture did not correspond to a two-star hotel, the lighting was insufficient, the elevator had no security door, bathroom drains malfunctioned and room poorly ventilated (+) Friendly receptionist	3.8	21/8/2016
Elizabeth	(-) Hygiene was very poor. The hotel is old and outdated	3.3	19/8/2016
José	(-) Dissatisfied with the staying (+) Good location	5.4	18/8/2016
Gorka	(-) Little light in the room and bathroom. There was no air conditioning. Did not get wi-fi in the room. (+) The location is good, and they have parking. Very spacious bathroom and large room. Comfortable beds.	6.7	16/8/2016
Herminia	(-) Expensive for the quality presented. Air conditioning not working. (+) Polite staff.	5.4	15/8/2016
José	(-) Too much noise. Should have double glass windows. Basic breakfast (+) Good location and staff	5.4	7/8/2016
Ángeles	(-) Simple breakfast (+) The triple is big. The staff is friendly	6.7	26/7/2016
"VK"	(+) Good value for the money. Quick stay before reaching Ericeira.	7.5	26/7/2016
Manuel	(-) Too much noise outside. No air conditioning. No ramp for the disabled. (+) It is near the Palace.	6.7	14/7/2016
José	(-) Should improve the clothes, more specifically the towels, and renovate the bathrooms.	3.8	9/7/2016

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Name	Review	Evaluation	Date
Pedro	(-) The bathroom was poorly cleaned. The decor is very old and outdated. The breakfast was poor.	3.8	5/7/2016
Pedro	(-) The bathroom could use some maintenance. At breakfast, we had to warn the staff about the lack of food (which was very basic) and milk. (+) Free parking place. The hotel is quite close to the Palace.	7.1	2/7/2016
Diogo	(-) Poor breakfast, did not have fruit.	4.2	23/6/2016
Joaquim	(-) The quality of the towels is terrible, they are old. The breakfast, poor and without any support. No flexibility to accept a cancellation, instead I received a voucher to use in 30 days. (+) Free parking. Good elevator	4.2	25/5/2016
Tania	(-) Poor breakfast, lack of diversity	7.1	18/4/2016
Carlos	(-) Old and outdated facilities. Air conditioning not working (+) Normal breakfast	5.4	13/4/2016
José	(+) Everything went well, as expected. The price-quality ratio is very good, and the service was excellent.	10	9/4/2016
Felicisimo	(+) Good price-quality ratio	8.3	7/4/2016
Arlindo Jeronimo	(-) Air conditioning not working. Bad price-quality ratio. Should be cleaner.	4.2	7/4/2016
Carla	(+) Friendly receptionist	9.2	5/4/2016
Thiago	(-) It is a seemingly 70's hotel, parked in time since the 80's. No sound insulation windows and the heating is done with portable heaters. Everything from the tablecloths from the restaurant to the bed, looking very worn out. (+) Good location, near the Palace	5	30/1/2016
Claudia	(-) Should put new and bigger towels. Breakfast should have fruit.	5	21/1/2016
Marek	(-) Very old hotel so everything smells musty. Poor cleaning. Cold room. (+) Good location	3.8	18/1/2016
Teresa	(-) Old facilities in need of refurbishment. Wi-fi with weak signal and slow internet. (+) Friendliness and availability of staff. Cosy environment. Spacious room.	8.3	14/1/2016
Andrew	(+) Staff were friendly. Breakfast included fresh bread. The room was clean and comfortable. Perfect for me as I was at a conference in the palace.	9.2	8/12/2015
Fernando	(-) Air conditioning not working. No staff at breakfast. (+) Normal bed	5.4	13/10/2015

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Name	Review	Evaluation	Date
Bruna	(-) Very poor quality and lack of staff. (+) Location	5.8	4/10/2015
Rogério	(-) Staff (+) Reasonable, as I expected	5	30/9/2015
Guilherme	(-) Outside noise. No sound insulation, should have double glass windows. (+) Polite staff.	5	22/9/2015
Maria	(-) Room was uncomfortable because it was a little cold. Traffic noise on the street. It would be necessary to install double glass windows. I found it very expensive for the conditions. (+) Politeness and friendliness of the staff	7.1	20/9/2015
Henri	(-) No fruit at breakfast.	7.1	14/9/2015
Ana	(-) I disapprove the cleanliness of the rooms, at least the ones we had. Under the beds there was a lot of dust and the sheets had some stains. The bathroom was not cleaned daily, on the days we were there (+) I was very impressed with the friendliness of the staff, as well as the reception we had. Overall the Hotel is reasonable.	7.5	29/8/2015
Zelia	(-) Very old building. (+) Friendly staff.	6.3	27/8/2015
Pedro	(-) Bad price-quality ratio (+) Good location	3.8	20/8/2015
Juan	(-) Bad bathroom and wi-fi. Breakfast with little diversity, but sufficient. (+) Good location and room. Polite staff.	7.9	18/8/2015
Valerie	(-) Bad cleaning. Old hotel. Should have double glass windows. (+) Polite staff	4.6	15/8/2015
Danielle	(-) Bad wi-fi connection. Breakfast too simple.	3.8	14/8/2015
Francisco	(-) Old and outdated facilities. It takes 5 minutes to have warm water. The beds are horrible. Bad price-quality ratio. (+) Cleanliness not bad. Breakfast could be worse.	3.3	13/8/2015
Solange	(-) Bad price-quality ratio. (+) Clean. Good location	5.8	13/8/2015
Augusto	(-) Poor quality-price ratio. Old and outdated facilities. Poor breakfast. Very bad bathroom, too old. Windows to the street without sound insulation (+) Good location. Clean room. Friendly receptionist. Modern television.	5.8	11/8/2015

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Name	Review	Evaluation	Date
Ricardo	(-) Old facilities. (+) Good location.	5.4	10/8/2015
Francisco	(+) Good location. Helpful staff.	5.8	9/8/2015
Paulo	(-) Lack of Comfort and hygiene. Too expensive	3.3	28/7/2015
Maria	(+) Polite and helpful staff	8.8	23/7/2015
Virgilio	(+) Friendly staff, quiet hotel, simple but nice breakfast, always functional wi-fi, spacious room, offer shampoo and soap.	8.3	24/6/2015

Table 25- Hotel Castelão guests' reviews
Source: Adapted from Booking.com

From the 133 reviews on Hotel Castelão's Booking.com account, only 71 had written comments, the rest only had the evaluation. However, the 71 comments written by different people, by real guests, are a good sample, once they provide a clear insight of the consumer experience at Hotel Castelão.

Some comments talk about the same things, so, we can see that many clients have the same opinion about the hotel, and its weaknesses and strengths, but on the other side there is also a big diversity in opinions, because each person has its standards. Some people are more demanding than others, everyone is different. Nevertheless, by analysing the table it is easily perceivable the main weaknesses and strengths of this Hotel, many of them already stated in the SWOT analysis.

It was also possible to collect data from TripAdvisor, however that was not done due to many reasons: first, because the table already provides a good and insightful sample; second, to avoid being repetitive because the matters discussed there, are already present in the table; third, because that platform has only a few comments; fourth, because that platform for Hotels is not as important as Booking.com; and fifth, because the Hotel management does not give much importance to this platform.

10.2. Data analysis

From the 133 reviews done in Hotel Castelão's Booking.com account, 71 are presented in the table above, because comments without text (just the evaluation) were not relevant for the data collection. However, they are also an important part of the Hotel rating in Booking.com. Based on the 133 reviews, the Hotel rating is 6.0, which is equivalent to an "Okay" grade, according to that platform's scale. Therefore, Hotel Castelão not only

has a lower rating than its competitors, but also less comments, only Pousada de Mafra has less, as we can see in table 26.

Name	Rating	Nr. of reviews
Hotel Castelão	6.0	133
Pousada de Mafra	6.8	32
Hotel Camarão	8.6	700
Vila Galé Ericeira	8.5	1229
Hotel Pedro O Pescador	7.6	488
Hospedaria Bernardo	7.0	111

Table 26-Competitors ratings
Source: Adapted from Booking.com

The following chart summarizes the evaluations attributed to Hotel Castelão, by their clients.
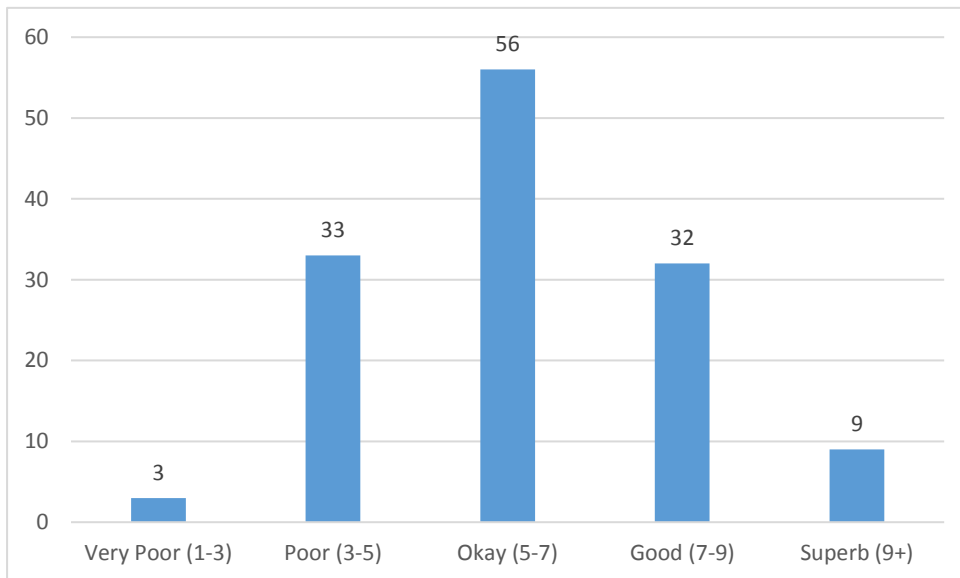

Chart 12- Hotel Castelão guests' evaluation
Source: Adapted from Booking.com

In the chart, it is possible to see that most of the clients grade the Hotel as "Okay", which is not a proper grade, the objective should be at least being rated as "Good", like most of the competitors are. Grading a business with an "Okay" means that the clients though it was reasonable, it was satisfying, however for such a special business as an Hotel, that cannot be enough, guests cannot just stay satisfied, they should be happy. Grouping the "Good" and the "Superb" categories, we see that only 41 of the 133 people were happy with the staying, only 31%, and that is very low.

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Grouping the "Very Poor" and the "Poor" categories, we see that 27% of the guests were dissatisfied with the staying, and that is too much, it means that 1 in every 4 guests is dissatisfied.

These are very important numbers, because consumer satisfaction and online reviews have a massive importance in this industry, for many reasons, as it was already shown in the literature review. Therefore, Hotel Castelão must do what is needed to shift the "Very Poor", "Poor", and "Okay", to the "Good" and "Superb" ratings.

Analysing table 25, it is possible to realize that many things must improve/change:

1. The bathrooms, the beds and the clothes (more specifically the towels) are old, ugly and outdated. The Hotel needs a profound renewal.
2. The cleaning is not as controlled and rigorous as it should be. There are many complaints about this.
3. The air conditioning fails too often. Many guests say their air conditioning was not working. This is very important, once no one enjoys to sleep in a cold or too warm room. So, the Hotel must install new air conditioning devices in all rooms.
4. Several guests were disappointed with the breakfast, they expected more diversity.
5. Despite the complaints about the sound insulating, all the rooms have double glass windows.
6. The price-quality ratio is bad, according to some guests. Many clients complained about this, they did not feel the price was fair, especially in the Summer when the offer is the same, but the prices are higher.
7. The water takes too much time to get warm.
8. Sometimes, there is a lack of supporting staff at breakfast.

The Hotel must attend to all these things, not only to improve its online reviews and the consumer satisfaction, but also to be competitive.

Finally, by analysing table 25, the main qualities of the Hotel are:

1. The polite, helpful and friendly staff.
2. The location.
3. The free parking.
4. The spacious rooms.

These, four qualities where the most unanimous between the guest's reviews. The Hotel must defend and maintain these qualities, and take the best out of them, especially the location.

Figure 3, summarizes how guests evaluate 7 different factors in Hotel Castelão.

The staff and the location were graded as "Good". The free wi-fi and the cleanliness come second, being graded as "Okay". The worse grade was given to the comfort, the facilities and the value for money.

Cleanliness
6.2

Comfort
5.2

Location
7.1

Facilities
5.1

Staff
7.4

Value for money
5.1

Free WiFi
6.7

Figure 3- Hotel Castelão evaluation by factors
Source: Booking.com (2017)

To conclude, it is important to refer the different standards each people has, because for some, the same factor was a quality and for others it was a flaw. Perhaps this happened due to an eventual lack of homogeneity in the service.

11. Implementation Proposals

Hotel Castelão in its 35 years of existence never had a marketing plan, things always happened naturally without much planning and strategy. So, the following part is even more important because it will provide a strategy, a way to be more effective and organized.

Here in this chapter, the more practical one, not only the current strategic and operational marketing options will be studied, but also proposals will be developed, to be

implemented. Through clearer and more defined/specific marketing strategies and tactics, the company will achieve its main goal, which is increasing sales.

11.1. Strategic Plan

The strategic plan is sometimes referred to as a process, with segmentation being conducted first, then the definition of the target and, lastly, the choice of positioning for the company. The purpose of the STP process is to guide the enterprise to the development and implementation of an appropriate marketing mix, which is the operational part of the marketing plan.

11.1.1. Segmentation

Segmentation consists in dividing the market into groups with the same needs, attitudes or characteristics. The purpose of this is to draft a marketing mix which suits the expectations of customers in the targeted segment, as well as proving the company a bigger effectiveness and efficiency (Business Dictionary, n.d; Lendrevie *et al.,* 2015).

Therefore, to better define Hotel Castelão's market, the segmentation criteria are:

- Demographic variables – age, marital status
- Geographic variables – region, place of residence, place of work
- Economic variables – income
- Psychographic variables – lifestyle
- Behaviouristic variables - price sensitivity

Finally, the Hotel must combine these segmentation criteria to have clearly defined segment groups to target.

11.1.2. Target

After the market is segmented it is time to define the target, which is combining the different segmentation factors to create groups of clients to focus on. The target, is the groups of clients that the Hotel intends to impact.

So, it is possible to say that the target is:

- ❖ People with medium income, who like to stay in hotels and, mainly, have a short stay in an establishment near the Palace and just 8km far from the beach
  - ➢ Individuals, Families, Couples and Seniors who seek vacations in a calm, affordable and well located establishment
  - ➢ Groups of tourists. Excursions visiting the region

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> ➢ Business people who visit the area for work reasons

❖ Sport teams, looking for a place where they can rest and that is near or has a partnership with good training facilities

❖ Travel agencies and touristic operators, in a B2B point of view

11.1.3. Positioning

Positioning is how a brand wants to be seen/perceived by its target, it relies on the company's distinctive factors, thus differentiating from competitors. The positioning has two main dimensions, the identification (what product/service do we offer) and the differentiation (what distinguishes ourselves from competitors) (Lendrevie *et al.,* 2015).

Hotel Castelão is identifiable as an hotel, an accommodation establishment.

Nowadays, Hotel Castelão's principal differentiation factor is its location, and then its notoriety in the region, due to the 35 years of operations. However, now that the SWOT analysis is done and we know the Hotel's weaknesses, after they are tackled, the Hotel not only can, but must, bring another important factor to its positioning, which is quality. As it was investigated in the "factors that influence customer satisfaction", quality in an hotel is at the foremost having a clean, attractive, comfortable and well located establishment, which provides a pleasant stay. More factors could be presented, such as the diversity of services provided, free parking, good breakfast, among others, however, the ones mentioned above are the most critical when discussing quality in an hotel. Many of the weaknesses stated in the SWOT, are upon the service quality, and the consumer experience, things that can be improved/changed and that would increase the quality of the hotel and the staying. Bringing that quality to the positioning would provide a stronger and more differentiative stance. Moreover, it would also grant a better price-quality ratio and a better match in client's expectations, which is major for a business.

We can say that Hotel Castelão's Unique Value Proposition (UVP) is providing accommodation in a well-located place, in Mafra, near the Palace and just 8km far from the beach at Ericeira, for an affordable price. Nevertheless, as already mentioned, quality must be improved, and then it will be one more factor in the UVP.

Another important concept is the Golden Triangle of Positioning (figure 4), a tool that allows to choose the distinctive attributes which are the basis of a company's positioning.

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It entails three main aspects, the consumer's expectations towards the service/company, the competitors positioning, and our service/company strengths (Lendrevie *et al.,* 2015).
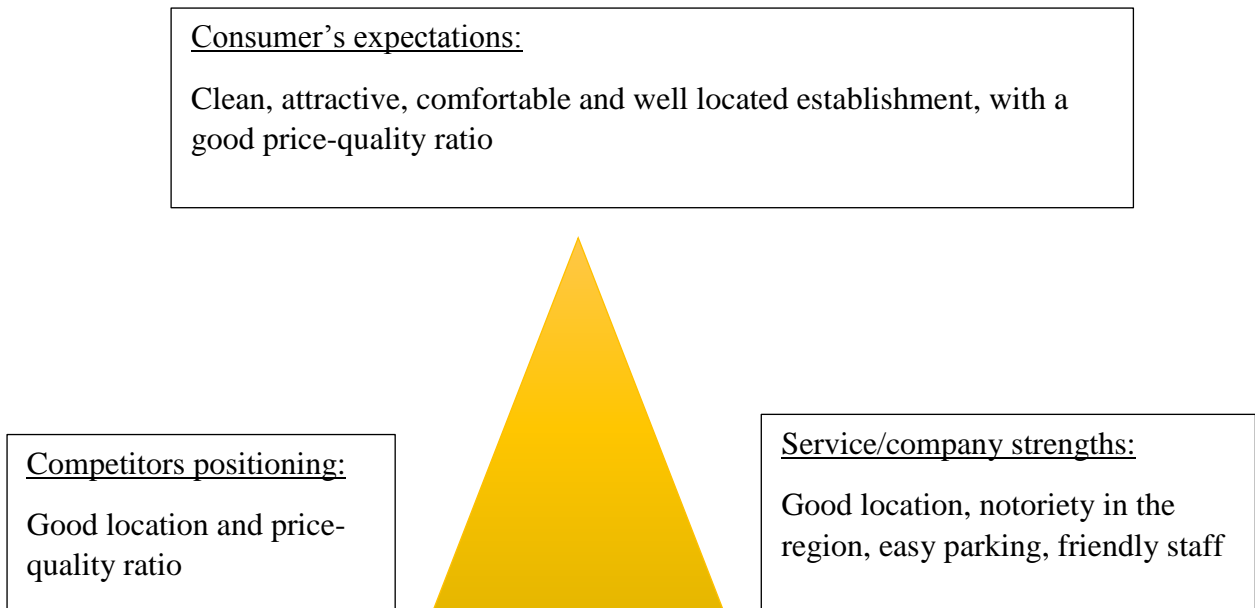
Consumer's expectations:

Clean, attractive, comfortable and well located establishment, with a good price-quality ratio

Competitors positioning:

Good location and price-quality ratio

Service/company strengths:

Good location, notoriety in the region, easy parking, friendly staff

Figure 4- Golden Triangle of Positioning
Source: Own elaboration

After the Golden Triangle, it is time to elaborate the Perceptual Map (figure 5) to better understand how the company and its competitors position themselves, this tool allows to have a more graphic idea, an image of how the market stands.

The dimensions chosen for the axis were Price and Online Rating. Price because consumers are price sensitive, hence this is one of the main factors when choosing an hotel. "*Price is the most important factor for limited-service hotel guests*" (Tanford *et al.*, 2012 as cited by Qiu *et al.,* 2015). People choose where they want to stay according to the price, and how much they may spend. Online Rating because as seen in the literature review, this is something very important nowadays. According to Gretzel and Yoo (2008) as cited by Ye *et al.* (2009), 75% of travellers have considered online consumer reviews as an information source when planning their trips. Moreover, it is a factor that entails many important characteristics associated with quality, (such as cleanliness, comfort, location, facilities and staff), it translates into a number the perceived quality from the customers point of view.

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Location could also be one of the axis, because is it a very important factor, as already explained before. However, since all the players have a good location, this would not be a good feature to compare Hotel Castelão with its competitors in a perceptual map.

The Perceptual Map shows the relative position that Hotel Castelão and its competitors occupy in a graph with price and rating in the axes. As we can see Vila Galé Ericeira and Hotel Camarão are the ones with higher price and rating.

Hotel Castelão is the third most expensive, and the second worst in term of rating, which translates to a poor price-quality ratio, as it was already stated in the netnography. This is the actual setting, however Hotel Castelão must improve to be in the first quadrant with Vila Galé Ericeira, Hotel Camarão and Hotel Pedro O Pescador, this is the ideal quadrant for a business.
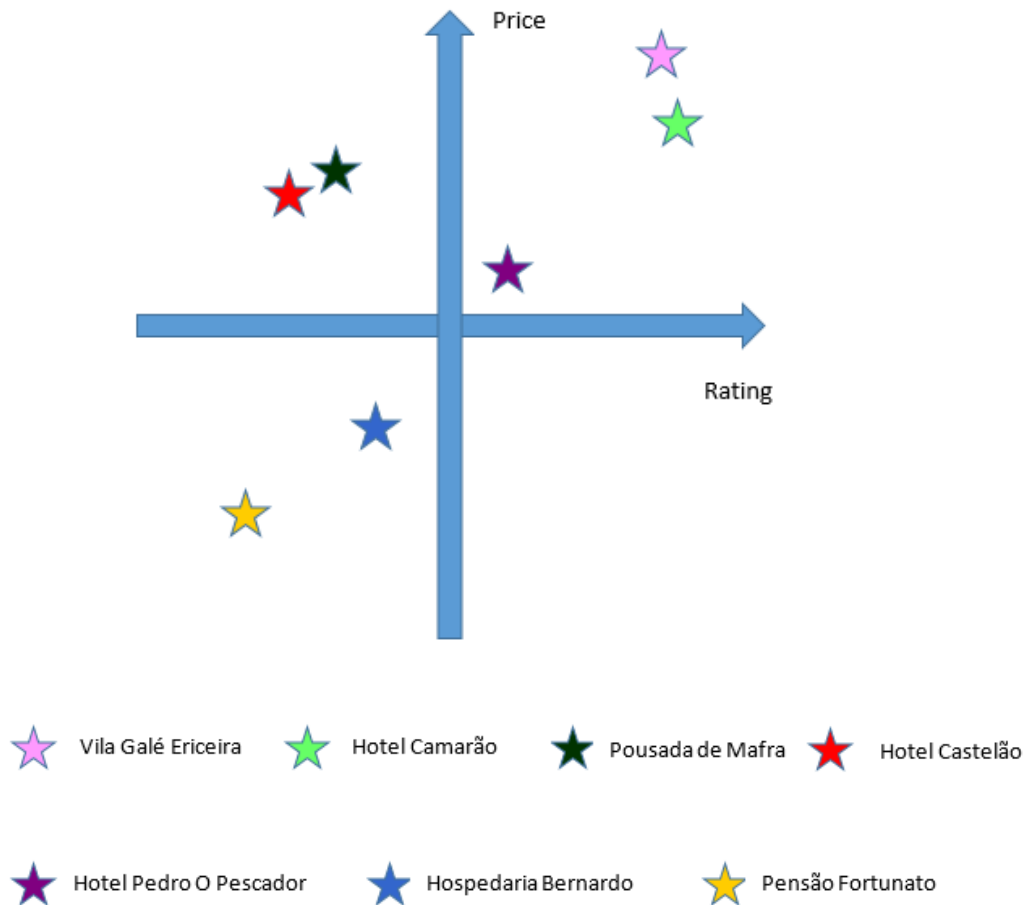

Figure 5- Perceptual map
Source: Own elaboration

Concluding, Hotel Castelão to improve its positioning must be more attractive and competitive. It is possible to achieve this by doing what was already stated, increasing the quality, (which will lead to an increase in the online rating), and the way to that is to

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improve all the factors related to quality which are not being properly attended (cleanliness, comfort, facilities, diversity of services provided, good breakfast).

11.2. Operational Plan – Marketing Mix

The Operational Plan is composed by the Marketing Mix, a framework controlled by the company, aiming to create the desired response in the target market. The marketing mix, entails the 7P's, as they are commonly known: Product/Service, Price, Place, Promotion, People, Process and Physical Environment. A company fulfils its strategies by operating these seven interrelated dimensions, in a coherent and clever way.

11.2.1. Service

A service is an intangible product which provides intangible benefits to consumers. Services, as well as products, have five levels in the hierarchy of value to the customer, and they all are important to the consumer experience, so a company must exceed in all levels (Kotler and Keller, 2006).

In the first level, we have the core benefit, which corresponds to the basic need or desire that the customer satisfies when consuming the product or service (Kotler and Keller, 2006). For Hotel Castelão, the first level is providing accommodation, a place for guests to rest and sleep.

In the second level, we have the basic product, this comprehends all the absolutely necessary attributes and characteristics which make the service possible (Kotler and Keller, 2006). In this case, it is the facilities, the rooms, the beds, the bathrooms, the sheets, the towels, among others (attachment 14 and 15).

At the third level, we have the expected product, a set of attributes and conditions clients normally expect when they buy this product, such as cleanliness, security, comfort and appealing facilities (Kotler and Keller, 2006). As it was already seen and discussed, Hotel Castelão must improve in this and the previous level.

For the second and third level of service some changes are necessary, so the recommendations are:

- Renew and redecorate the hotel facilities. The hotel was built in 1982, and since then, it only had one refurbishment, in 2012, when there was some simple renovation works in the interior of the hotel. However, now it is time for a major

renewal to take place, since the hotel looks old and outdated, both inside and outside. On the outside, the hotel needs a new painting, and some architectural changes to be more aesthetically appealing. On the inside, there is the same need and more. A redecoration is necessary, to be modern, beautiful, cosy and comfortable. This redecoration must focus on the bedrooms (new bedspreads, curtains, furniture, air conditioning, better sound isolation), the bathrooms (new bathtubs, tile, washbasins, towels), the elevator (a new one, more modern), the front desk, the common spaces and corridors.

At the fourth level, the company prepares the augmented product that, by offering features, benefits, attributes or related services, seeks to differentiate the product from its competitors. On the fifth level stands the potential product, which encompasses all the possible augmentations and transformations the product or offering might undergo in the future (Kotler and Keller, 2006).

Recommendations for the fourth and fifth level of service:

- Sport teams vanished as clients of this hotel progressively, around 2002. If we look at the teams that were clients, we may comprehend why they stopped being so: some created their own training centres, others were relegated, and others became extinct. It is important to mention that sport teams came to the hotel mainly in the Summer to do the pre-season, they had their rest, their sleep and their meals in the hotel and then would go for CMEFD or Parque Desportivo Municipal Engº Ministro dos Santos.

  To recover sport teams as clients the Hotel should develop a programme, an offer. This offer would comprehend the accommodation, the meals and the place for the training (Parque Desportivo Municipal Engº Ministro dos Santos) like happened in the past. The difference is that after the renewal takes place the hotel will be a more attractive and appealing place for these clients. The Hotel needs to capture new teams, the ones from the past hardly would come back due to the reasons mentioned above, so the way to achieve this, is by communicating effectively this programme. In the communication-mix it will be explained how this can be transmitted.

- Developing a programme for groups and excursions. This programme would include the accommodation, and the meals. The Palace of Mafra is one of the most

visited monuments in Portugal, everyday groups come to visit it, moreover the region is growing, so Hotel Castelão should seize the opportunity and create and communicate a programme allowing to attract more groups to the Hotel. In the communication-mix it will be explained how this can be transmitted.

- Create a benefits card to people staying in the hotel. The card would provide discounts in restaurants, surf camps, and bakeries. This would provide Hotel Castelão a more competitive and differentiating offer, and give to potential clients more reasons to choose this hotel. To create this card, the Hotel would just need to partner with the establishments mentioned above.

- The breakfast is one of the most commented topics in online reviews. Hotel Castelão is no exception, having many comments about this topic. According to the comments, people expected more for the breakfast (attachment 16).

  Generally, people when going to an hotel imagine a fancy breakfast with much diversity, however this is only a reality for 3, 4 or 5-star hotels. 1 or 2 Star-hotels have another price and positioning so it is harder for them to offer such a fancy breakfast (without increasing the price), which results in a problem in the comments, since people complaint saying they expected more.

  Hotel Castelão offers the standard breakfast of a 2-star hotel. The current offer to eat is: bread/toasts (with jam, butter, cheese, ham), cereals, yogurt, croissants and occasionally fruit (it varies, it is not always the same fruits, but the most common is oranges, apples and bananas). To drink there is coffee, juice, milk and tea.

  So, the solutions are communicating what composes the breakfast for people to know what to expect, and increasing the diversity. Partnering with a bakery would grant this. The owners of Hotel Castelão also own a bakery, so they can easily solve this, and start to offer more for breakfast like pastéis de nata, and cakes.

- Create a rooftop bar. Many hotels and establishments nowadays have a rooftop bar, this is a new trend, in Lisboa there is already many examples of this, and it could happen in Hotel Castelão. The rooftop would be the first in the region. This would be something requiring a low investment, and it would be one more source of income.

- The hotel has a space that is not being used, so the management should monetize it. After the renovation of the facilities, this would be a more attractive and

comfortable place, then it could be rented for meetings or similar. This would have no costs and it would be another source of income.

- Create a games room. This would be one more service for clients to have fun while staying in the hotel, it would enrich the staying and the value proposition. The games available in the room would be: chess, checkers, table football, pinball, snooker, table tennis and darts. Some of these games involve a significant investment, so the hotel could start with some, and then progressively increase the number of games. Further in the future, if this room is a success the hotel can create a bar there, to monetize this room. This would be available not only for guests, but also for outside clients. However, the hotel must control this room to avoid noises for guests seeking rest.

- To introduce a service of massages. This service would be outsourced. Upon a reservation, guests could book a massage from a professional. This professional would go to the Hotel, and do the massage. Once again, this would be one more source of income and one more offer increasing the consumer experience.

There is one extra level that is also important to mention, which is the level comprising intangible characteristics of the service, such as the customer service, the support and interaction with clients.

Recommendations for the extra level of the intangible characteristics of the service:

- First, to keep the friendliness and the politeness which are praised on the online reviews. Secondly, to start replying to online reviews, because it shows that the customers are heard and that their opinion is valuable, moreover the Hotel can improve with the guest's feedback. Thirdly, have an employee permanently in the room when the breakfast is happening. Some reviews stated that there was a lack of staff at that specific moment.

➢ **Branding**

The brand is an active of the company, it is the main part of its identity, hence allowing to differentiate from competitors and to have a stronger market position. A good branding leads to a higher notoriety, which consists in consumers knowing the brand (Kotler and Keller, 2006).

Some companies have a more complex branding than others, having more brand elements and a more defined brand. This depends on the positioning of the company, and the importance that is given to the brand. Below we have the main brand elements of Hotel Castelão:

Name: This is the most important element, because it is the biggest identifier of a company. The name of the establishment we are studying is "Hotel Castelão", which has been the name of the hotel since its beginning, 35 years ago, being already a well-known name in the region.

Nevertheless, and as some of the biggest companies of today have done, it is recommended a change in the name of the establishment. This change would take place after the renewal of the hotel, to mark a new beginning for this enterprise. It would provide a fresh start, symbolizing the refreshment of the hotel, which could be good for all the stakeholders (employees, suppliers, the management team, and clients).

Even though this comprehends a risk, due to changing the name of an already well-known brand, a new and well thought name would be a controlled risk, many companies have done this successfully.

Despite being a brand with a good notoriety, it does not have the reputation desired, it is too ambiguous, and not consensual, as the online rating shows, this company reputation is not as good as competitors, having too much complaints online. A new name would allow to detach the company from this reputation. However, the change of name must be done at the right time, to mark that new beginning for the enterprise, the recommended time is after the renewal.

To choose a new name a list with possibilities was drafted, in the end three options remained, "Novo Castelão Hotel", "Hotel Novo Castelão", "Hotel Castelão 2". From these three options, the chosen was "Novo Castelão Hotel", so this is the new name proposed. This was the chosen one due to many factors. Firstly, because it maintains "Castelão" in the name, to be recognizable, thus avoiding a drastic change, and allowing to enjoy the notoriety the previous name had. Secondly, because the new name has a meaning. Translated to English it means New Hotel Castelão, which allows people to know that the hotel is living a new period, that it was renewed. Other important factors are the sonority and easy pronounceability of the name, as well as the memorization ease of it.

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Logo: The logo is part of the company visual identity, it consists on an image which allows to identify the firm (Lendrevie *et al.,* 2015).

Figure 6 displays the current logo of Hotel Castelão, as we can see it is composed by a symbol followed by the company's name.

Figure 6- Hotel Castelão current logo
Source: Hotelcastelao.pt

Nevertheless, now that a new name was proposed, to accompany it, a new logo was also needed, therefore it was necessary to draft and study hypothesis for a new logo (Attachment 13). The final choice, the new logo proposed is presented below (Figure 7). The logo is composed by the new name, by a symbol (the crown, because it is associated with Castles), and then the year of the creation of the new brand, to show that not only the facilities were renewed, but also the brand, allowing to display this as a modern company.

Figure 7- Proposed new logo
Source: Own elaboration

Brand Mantra/Slogan: This is a signature of the brand, it is a short sentence which captures the essence of a brand or the spirit of its positioning. Slogans not only help to capture the brand's points-of-difference (PoD), but also to transmit the positioning and the space in which the brand wants to compete. They are presented together with the logo of the company in the advertising and communication of the brand (Kotler and Keller, 2006).

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There are many types of slogans, some are inspiring, others summarize what the company is about.

Hotel Castelão presently does not have a slogan, like most hotels. This is a market where this brand element is not as used as in other types of businesses. However, due to all the benefits mentioned above, it is important to create a slogan for this brand.

The proposed slogan is "Fall asleep in Mafra", due to many reasons. Firstly, it is written in English instead of Portuguese because most of the clients are foreigners, so it is easier for them to understand, moreover it not only provides a more professional and international sense to the brand, but also differentiates from competitors. Secondly, because it emphasises the location of the hotel, which is a point-of-difference. Thirdly, because it transmits the positioning of the hotel. Fourthly, because it is short, self-explanatory and memorable.

Figure 8, shows the image of the slogan together with the new logo. This image must be present in all the Hotel communications such as letters, images and website.

Figure 8- Hotel Castelão's logo with slogan
Source: Own elaboration

11.2.2. Price

Price is one of the most important characteristics of a product/service, both for buyers and sellers. For sellers, because it directly affects the company financial performance. For buyers, because it is perhaps the biggest criteria considered when doing a purchase.

Price is a big tool of positioning, moreover it allows to convey an image of the expected quality of something. Consumers buy things according to the value for money they perceive (benefits vs cost), so if something has a bad price-quality ratio hardly it will succeed (Lendrevie *et al.,* 2015; Kotler and Keller, 2012).

Price is the variable of the marketing-mix, more rapidly adjustable, to meet changes in demand or actions from competitors (Lendrevie *et al.,* 2015; Kotler and Keller, 2012).

"*Pricing decisions must be consistent with the firm's marketing strategy and its target markets and brand positioning*" (Kotler and Keller, 2012: 383). Prices must take into account the following factors: fixed and variable costs, competition, company objectives, positioning strategy, and the target willingness to pay.

In the accommodation industry, a company must have a competitive price, once the competition is high and consumers can easily compare prices from different companies (Kotler and Keller, 2012).

There is one more important concept to mention, which is the psychological price. There is a minimum price which consumers will not accept; if the service is too cheap, consumers will think there is something wrong with it, some motive for being so cheap. There is also a maximum price which consumers will not accept because they will think it is too expensive for the service. So, consumers will only buy when they feel the service is worth the price, that it has a good value for money (Lendrevie *et al.,* 2015).

Price Policy: In terms of the price policy, an established company may choose between two strategies, price competition or non-price competition. It is possible to say that Hotel Castelão uses price competition, although not very aggressively, but the company is aware of the prices of the competitors, as it should be. This is a competitive market, where consumers are very influenced by price, therefore the Hotel must be aware of the competitors' prices, to be competitive.

Concerning the determination of the price, it is mainly done considering three dimensions: the associated costs, the demand, and the competitors.

Setting the price according to the demand: This means to adapt the price taking demand in consideration, so if the demand increases or decreases, the price must follow. This is very visible in the accommodation industry due to the seasonality, prices are lower in the winter, due to the lower demand, and higher in the summer, due to the higher demand. This is something that Hotel Castelão already does, its prices vary according to the season and the demand (table 23). For example, the prices in Booking.com vary, if a client books now for October, the price is lower than doing the booking closer to the date,

because now there is only a few bookings for that month, and closer to the date if there are many, the price increases, following the demand.

<u>Setting the price according to the associated costs:</u> This means to know how much the company spends to deliver the service, this includes the fixed costs and the variable costs, then the desired margin is added, thus setting the price (price = margin + costs). In Hotel Castelão, many costs are associated to the service, the fixed costs are the salaries of the employees and the cost of telecommunications; the variable costs are the water, eletricity, gas, breakfast, laundry. The sum of all these costs amount an average of 6850€, according to Hotel Castelão, so the company must add a margin to this, to be profitable. According to Hotel Castelão, the minimum price to break-even at the low season (considering the usual occupancy rate at that season) is 25€ for the single room, 35€ for the double, 50€ for the triple and 55€ for the suite. Below these prices, considering the usual occupancy rate at that season, the Hotel would have losses.

Now that we know the minimum prices to break-even, and considering psychological prices (as explained above), as well as the demand, it is time do adjust the price. However, before that, it is important to note that changing prices has a risk, for example if a price lowers but the occupancy stays the same, this leads to a decrease in revenue. So, to make up for a new price, the occupancy has to increase to a certain level where the revenue also increases.

➢ **Study of price for the low season**

Type of room	(A) Oct-Mar Price €	(B) Oct-Mar Price €	(C) Oct-Mar Price €	(D) Oct-Mar Price €
Single Room	45	30	37	37
Double / Twin Room	55	40	47	47
Triple Room	65	55	57	57
Suite	72	60	67	67
Estimated Occupancy rate	30%	43%	35%	30%
Monthly Sales €	10000	10530	10340	9400

Table 27- Study of price for the low season
Source: Own elaboration

Table 27 presents the study of price for the low season (scenario A is the current). In the scenario B, the prices match Hotel Pedro O Pescador, however with these prices, it is

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necessary a 13% increase in occupancy rate, to have more sales than now. These prices are much lower than the actual, for example the single and the double are 15€ less, so the doubt is, if these lower prices will result in a 13% increase in occupancy, if not the hotel will decrease revenue.

In scenario C, the prices are also lower than now, however the decrease is not as big as in the other scenario, it is around 8€ less than now, in each type of room. With this smaller decrease, the occupancy would not need to raise as much as in B, it would just need to be 5% more than now, which represents one more room per day. This is more realistic to happen, and the change would not be so drastic. With this prices and considering that the occupancy rate only increases 5% (it could be more), the Hotel would earn in average more 340€ per month. This is the best option, as the price is low enough to increase occupancy, but not too low due to the psychological price and the risk of decreasing sales. Moreover, this scenario offers a better price-quality ratio than the current one, and it also approximates our prices with the ones from Hotel Pedro O Pescador.

Scenario D (the most pessimist) shows what happens if with the prices from C the occupancy does not increase; and that is the Hotel earning less 600€ than now.

> **Study of price for the middle season**

Type of room	(A) Apr-Jun Price €	(B) Apr-Jun Price €	(C) Apr-Jun Price €	(D) Apr-Jun Price €
Single Room	54	35	43	48
Double / Twin Room	64	45	53	58
Triple Room	74	55	63	68
Suite	84	65	73	78
Estimated Occupancy rate	45%	65%	55%	50%
Monthly Sales €	17300	17550	17490	17400

Table 28- Study of price for the middle season
Source: Own elaboration

Table 28, presents the study of price for the middle season (scenario A is the current). In the scenario B, the prices match Hotel Pedro O Pescador, however with these prices, it is necessary a 20% increase in occupancy rate, to have more sales than now. These prices are much lower than the actual, around 20€ less, so the doubt is if these lower prices will result in a 20% increase in occupancy, if not the hotel will decrease revenue. This scenario

represents a big change, therefore a big risk, the prices decrease very much, and increasing 20% in occupancy is a big leap, it represents 4 more rooms per day.

In scenario C, the prices are lower than now, however the decrease is not as big as in the previous scenario, it is around 11€ less than now in each type of room. With this smaller prices, the occupancy would not need to raise as much as in B, it would need to raise 10% more than now, which represents two more rooms per day. Nevertheless, this scenario, creates the same doubt as the previous, if these prices (11€ less than nowadays) will lead to selling two more rooms per day than now, if not the hotel will decrease revenue.

In scenario D, the prices are also lower than now, however the decrease is not as big as in the previous scenarios, it is around 6€ less than now in each type of room. With this smaller decrease, the occupancy would not need to raise as much as in B and C, it would need to raise 5% more than now, which represents one more room per day. Nevertheless, this scenario, creates the same doubt as the previous ones, if these prices (6€ less than nowadays) will lead to selling one more room per day than now, if not the hotel will decrease revenue. This scenario has one more issue and that is the change (with the risk they have) not increasing significantly sales, only more 100€ per month.

Concluding, the best option for the middle season is to keep prices as they are, once the possible scenarios of new prices do not make up for the risk; the increase in sales is little hence not worth the risk.

> **Study of price for the high season**

Type of room	(A) July-Sep Price €	(B) Apr-Jun Price €	(C) July-Sep Price €
Single Room	64	58	54
Double / Twin Room	74	68	64
Triple Room	84	78	74
Suite	90	88	84
Estimated Occupancy rate	60%	65%	70%
Monthly Sales €	26500	26520	26880

Table 29- Study of price for the high season
Source: Own elaboration

Table 29 presents the study of price for the high season (scenario A is the current).

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In scenario B, the prices are lower than now, around 6€ less in each type of room. With this smaller prices, the occupancy would need to be 5% more than now, which represents one more room per day. However, this scenario raises a doubt, if these prices (6€ less than nowadays) will lead to selling one more room per day than now, if not the hotel will decrease revenue. This scenario has one more issue and that is the change (and the risk associated) not increasing significantly sales, only more 20€ per month.

In scenario C, the prices are lower than now, around 10€ less in each type of room. With these smaller prices, the occupancy would need to be 10% more than now, which represents two more rooms per day. This scenario would lead to making 380€ more per month. Nonetheless, this setup creates the same doubt as the previous, if these prices (10€ less than nowadays) will lead to selling two more rooms per day than now, if not the hotel will decrease revenue.

Concluding, the best option for the high season is to keep prices as they are. Scenario B, provides a low increase in sales, hence not worth the risk. Scenario C despite providing a good increase in sales, is risky because it demands a 10% increase in occupancy, selling two more rooms per day.

<u>Setting the prices according to competitors</u>: This means to have in mind the prices of the competitors thus leading to competive prices. According to the strategy of the company, the price can be similar, higher or lower to competitors. If we look at the perceptual map (see also tables 26 and 30), it is possible to compare Hotel Castelão's prices with its competitors. As it would be to expect, Hotel Castelão is cheaper than Vila Galé Ericeira, and more expensive than Pensão Fortunato and Hospedaria Bernardo.

Our two main competitors, due to their positioning and offer, are Hotel Camarão and Hotel Pedro O Pescador. Comparing Hotel Castelão's prices (the prices compared are the ones from similar types of rooms; Hotel Camarão has more types of rooms than Hotel Castelão, some of them very expensive) with the ones from Hotel Camarão, we can see than in general we have lower prices (table 30), as it should be, since Hotel Camarão has a higher quality.

 Comparing Hotel Castelão's prices with Hotel Pedro O Pescador (table 30), it is possible to see that we have higher prices. It would be possible to argue that this was wrong, that

it should be similar, otherwise that hotel has a better price-quality ratio than Hotel Castelão. Nontheless the decision is right, Hotel Castelão could decrease its prices to meet the ones from this hotel, however to make up for those prices it would be necessary a big increase in occupation. The main goal is not to increase occupancy, but to increase sales, so Hotel Pedro O Pescador may have a higher occupancy due to the cheaper prices, nontheless the foremost is sales.

Table 30 illustrates the differences of prices between the three hotels. The green colour represents the cheaper prices, the yellow the intermediate ones, and the red, the most expensive prices, when comparing the same type of room in the same month.

Month	Hotel Pedro O Pescador			Hotel Camarão			Hotel Castelão (new prices)		
	Single	Double	Triple	Single	Double	Triple	Single	Double	Triple
Jan	30 €	40 €	55 €	40 €	60 €	85 €	37 €	47 €	57 €
Feb	30 €	40 €	55 €	40 €	60 €	85 €	37 €	47 €	57 €
Mar	30 €	45 €	55 €	40 €	60 €	85 €	37 €	47 €	57 €
Apr	35 €	45 €	55 €	40 €	60 €	85 €	54 €	64 €	74 €
May	35 €	45 €	55 €	40 €	60 €	85 €	54 €	64 €	74 €
Jun	45 €	55 €	70 €	45 €	65 €	90 €	54 €	64 €	74 €
Jul	50 €	70 €	85 €	50 €	70 €	95 €	64 €	74 €	84 €
Aug	70 €	75 €	85 €	50 €	70 €	95 €	64 €	74 €	84 €
Sep	45 €	55 €	70 €	45 €	65 €	90 €	64 €	74 €	84 €
Oct	35 €	45 €	55 €	40 €	60 €	85 €	37 €	47 €	57 €
Nov	30 €	40 €	55 €	40 €	60 €	85 €	37 €	47 €	57 €
Dec	30 €	40 €	55 €	40 €	60 €	85 €	37 €	47 €	57 €

Table 30- Price comparison between Hotel Castelão and its two main competitors
Source: Own elaboration

11.2.3. Place

Place or Distribution is the variable of the marketing mix which studies the way the company delivers its product/service to consumers. To this study two main things are to be analysed, the channels and the circuits of distribution.

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Concerning the channels of distribution, there are two types: business-to-consumer (B2C) when a company sells directly to consumers, and business-to-business (B2B) when a company sells to another company.

Hotel Castelão uses both channels, B2C by selling directly its services to clients, and B2B by selling its services through other companies, such as Booking.com, travel agencies and touristic operators.

Related to that, comes the second topic, the circuits of distribution, a company may have a direct or indirect circuit of distribution, depending on the number of players involved in delivering the service to clients.

Hotel Castelão has a direct distribution channel, by selling directly to guests. This happens when a customer books directly with the Hotel, whether by telephone, e-mail, website or even in person.

Hotel Castelão also has an indirect short circuit of distribution, by making it possible to book through other companies. Guests can book through:

- Booking.com. This is the biggest online booking platform, nowadays a big part of travellers, book through this platform. Guests can find Hotel Castelão here and do their reservation
- Travel agencies. These, sell and promote package holidays to consumers. Through this intermediary it is possible to do the purchase. Moreover, this is an important partner because it promotes our service to guests
- Touristic operators. These, produce package holidays and sell or promote them to consumers or travel agencies

These three channels make our offer reach a broader audience, consequently increasing the brand's notoriety, moreover it makes our services available in more places.

Concluding, hotels, as well as other businesses must make their services available through as many ways as possible. Making this is a very important variable of the marketing mix because if a product is not available when and where the customer wants it, it will surely fail. Therefore, an hotel, must have a good distribution selling B2B and B2C, to be available where the customer is.

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11.2.4. Promotion

"*Modern marketing calls for more than developing a good product, pricing it attractively, and making it accessible. Companies must also communicate with their present and potential stakeholders and the general public*" (Kotler and Keller, 2012:475).

"*Marketing communications are the means by which firms attempt to inform, persuade, and remind consumers—directly or indirectly—about the products and brands they sell. In a sense, marketing communications represent the voice of the company and its brands; they are a means by which the firm can establish a dialogue and build relationships with consumers*" (Kotler and Keller, 2012:476).

This is a very important variable of the marketing mix, it is through promotion that a company can communicate what it is about and what product/service they sell.

So, promotion comprises all activities that involve communicating with the client about the company or the product/service and its benefits and features. Through promotion, the firm seeks to attract customers' attention and to give them appropriate information.

Therefore, it is vital for a company to have a successful promotion mix, and that is achieved by effectively using the main communication tools: advertising, sales promotion, public relations, direct marketing and personal selling. Each company chooses which tools are the most adequate and effective, according to the objectives and strategy of the firm. Each tool has its benefits, so having this in mind, enterprises develop a balanced promotion mix using the tools that best allow to pursue the main goals.

Hotel Castelão's main objectives concerning promotion, are to increase brand awareness and notoriety, reaching new audiences and making our offer known to potential guests, as well as to differentiate from competitors.

To follow these objectives, the company should have an above the line strategy, using advertising (internet), as well as, a below the line strategy, using sales promotion, direct marketing and public relations.

Regarding the actions above the line, the advertising will be done mainly via internet, due to two reasons, firstly because it demands a smaller investment than other types of advertising, secondly because it is a mass media reaching people worldwide, and people are now, more than ever connected to this mean. So, the communication will be done in:

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Own Website

Online hotel sales account for 57% of all sales (Bui *et al.,* 2014 as cited by Li *et al.,* 2015). As already explained in this paper, it is vital for an hotel to have a good website, a place where consumers from all around the world can get information about the establishment. Good websites allow to reach more people, and also confer credibility to a business.

The website must be clear, simple, user-friendly, up-to-date, and visually appealing. It must have information about the Hotel and the services provided, images of the facilities, the characteristics of each type of room, the prices and the possibility to do the booking.

Booking.com

Booking.com is not only another way of distribution, but also a platform for promotion.

This is the biggest website about hospitality, being now an important partner for hotels and travellers.

This platform is much appreciated by clients, due to its organization and its usefulness, it allows to search for hotels, to do the booking, to read reviews from previous guests, and it also has images of the facilities. So, Hotel Castelão must continue and improve its presence here, and to achieve that, it is necessary to:

- Increase the rating, nowadays Hotel Castelão has a low rating in this platform, however after the implementation proposals it is expected an improvement

- Be more aware and responsive to comments, trying to solve the matters discussed there

To conclude, considering that this is a huge mean of promotion, Hotel Castelão really must improve its rating, not only to have a brighter image, as well as positive word-of-mouth, but also to be more competitive since our competitors have a higher rating.

Regarding the actions below the line, the proposals are:

Press release

A press release is a written document directed at members of the news media to announce something potentially newsworthy. The main objective is to draw the attention of journalists to the subject in question and to arouse their interest in writing about it. So,

press releases are a way to get business promotion. The idea is to disclose information to the media, newspapers and Internet, about the renewal of the hotel.

For example after the renewal, the Hotel could invite journalists from: NiT, Sapo viagens, O Carrilhão, Jornal Daqui Mafra, O Ericeira, Jornal De Mafra, Viajar magazine, Ambitur. These are the medias chosen because they are the most adequate considering our business, and they would allow do promote our establishment locally and nationally. The journalists would be invited to see the facilities and even have a staying in the Hotel, to be able to write about it, for readers to know the benefits of Mafra and staying in Hotel Castelão.

Fairs

The Hotel must attend in fairs like BTL, the biggest fair in Portugal about tourism and hospitality. The Hotel will be present in the person of its managers, once a stand is a very expensive investment. In BTL it is possible to attract potential customers, increase brand awareness and seize business opportunities for example with travel agencies and touristic operators.

Direct marketing

This mean allows to have customised direct connections with carefully targeted individuals to both obtain an immediate response and cultivate lasting customer relationships.

A company must use this mean wisely, to avoid being annoying to people, as sometimes happens with direct marketing.

Through e-mails, Hotel Castelão can communicate its offer to the target. The e-mail must be short, simple and clear in the offer, having a link to our website and an attachment with an appealing image of the proposal. The e-mails should be sent to:

- Companies, which demand for its workers to travel to our region. Communicating our offer to them, may even result in a partnership where we become the choice of that company to accommodate their travelling workers, or even receive their business retreats.

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- Sport teams. Here the focus must be adequate to our positioning, so it must be teams in secondary divisions, once the main ones have their own training centres with accommodation and already established partnerships with top hotels.

- Travel agencies and touristic operators, to make our establishment and offer known, the purpose of this is establishing partnerships. The value of these players is huge as explained before.

- Previous guests. Hotel Castelão can send them mails with special offers, like coupons and gifts, for events such as birthdays or valentine's day, for guests to enjoy these moments in the Hotel.

<u>Coupons and gifts</u>

This is one more tool to convince people in seizing the opportunity of staying in Hotel Castelão. The Hotel could start to have coupons and gifts for special moments like birthdays or valentine's day. These would consist in a discount in price. The coupons and gifts would be available in the website and sent in e-mails, as explained above.

To conclude, the means used in the promotion mix allow to increase brand awareness and notoriety, to reach new audiences, and some of the proposals even help to battle seasonality (inviting people to enjoy their birthday in the Hotel), moreover all the measures represent a low investment.

11.2.5. People

This variable is about the people who are directly or indirectly involved in the delivery of the product or service.

Employees are the face of the organization and they have a big part in the quality of a service (Vliet, 2013). So, companies must effectively manage employees, regarding their attitudes and behaviour, to monitor the quality of the service.

It is also necessary for human resources to be willing to "incorporate" the vision and mission of the company and to transmit it to the outside. Employees help spreading the business values and identity.

"The company's employees are important in marketing because they are the ones who deliver the service. It is important to hire and train the right people to deliver superior service to the clients" (The Marketing Mix, n.d.). This is something that already happens

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in this company, whenever a new collaborator starts, he gets the necessary formation to fulfil its tasks and functions, especially in the case of receptionists.

"The lack of homogeneity in services creates difficulties for service companies" (Vliet, 2013). Not only a company has to deliver a good service but it must be homogeneous in its delivery, all customers must be well served.

Chart 13 displays Hotel Castelão's organigram, showing the levels of hierarchy and the job positions, it is possible to realize that there are only three positions. The various functions that, for example, in a larger hotel would be distributed among different workers, are in this case more concentrated.
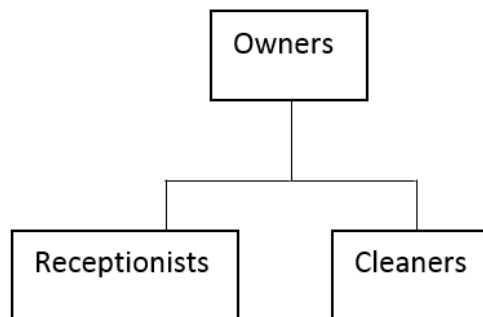

Chart 13- Hotel Castelão's Organigram
Source: Own elaboration

Table 31 displays the number of people in each position, and their functions. Showing that there are six employees and three owners. This exact number of employees per position is the necessary for the normal functioning of the hotel and the best productivity. As already said, due to the dimension of the establishment, the functions are more concentrated, as it is possible to see in the receptionists' functions. The four receptionists ensure a 24-hour working front desk, every day. They have three shifts, each shift has one receptionist. One of the receptionists works in a part-time regime, to cover the colleagues' day-off. Regarding the cleaners, one works full-time and the other part-time.

Position	Quantity	Functions
Owner	3	Supervision, management, accounting
Receptionist	4	Customer service, handling of reservations, billing / accounting, deliver the breakfast
Cleaner	2	Hotel maintenance and cleaning

Table 31- Hotel Castelão's employees and functions
Source: Own elaboration

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Hotel Castelão, as seen in the netnography has a polite, friendly and helpful staff, this was one of the most praised attributes of the Hotel. So, it is vital to keep up doing the good work in this parameter. The main things to improve are: the cleaners being more rigorous in the cleaning, and the receptionists being more present at the breakfast; these were the only two complaints found in the netnography about the Hotel staff.

Still concerning the functions, one should be added to the receptionists, which is answering to previous guests' online reviews.

Finally, it is important for the Hotel to have happy and motivated employees, since this leads to a more enjoyable service experience for all stakeholders.

11.2.6. Process

"The element 'Process' of the service marketing mix represents the activities, procedures, protocols and more by which the service in question is eventually delivered to the customer" (Vliet, 2013).

The process at Hotel Castelão is simple, not having many steps. Firstly, the potential guest finds the Hotel, whether by seeing it in person, online (Booking.com or our own website), or through word-of-mouth. Secondly, the potential guest evaluates the Hotel's offer, according to what he is seeking and its preferences. Thirdly, the booking is done, whether in person, online, or by telephone. Fourthly, comes the staying, where the guest arrives at the Hotel and does the check-in. Fifthly, we have the breakfast in the next day. Sixthly, we have the check-out. Then there is one last step for guests who have done the reservation through Booking.com, which is writing a review about the staying; this last step is optional.

11.2.7. Physical Evidence

Since services are intangible, it is difficult for customers to objectively assess their quality, especially at the beginning, when customers are still forming their opinion about the company. Therefore, they often rely on the tangible evidence surrounding the service, to help them make evaluations (Tudo Sobre Marketing, n.d.).

Physical evidence is all that a customer perceives of the company from the moment he comes into contact with it (NOS, n.d.).

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The physical evidence of a company includes the elements that make up the exterior of the establishment (exterior design, landscaping and surrounding environment) and its interior (interior design, equipment, layout, cleaning). Some other tangible elements are also part of the company's physical evidence such as business cards, uniforms, and brochures (Tudo Sobre Marketing, n.d.).

The physical evidence of a hotel includes: the design, furnishing, lighting and decoration, as well as the appearance of the employees (Vliet, 2013).

As already stated in previous parts it is necessary to renew and redecorate Hotel Castelão facilities. It is time for a major renewal to take place, since the hotel looks old and outdated, both inside and outside. On the outside, the hotel needs a new painting, and some architectural changes to be more aesthetically appealing. Attachment 18 shows a project of a remodelling for the Hotel, as it is visible with that remodelling this establishment would be far more attractive.

On the inside, there is the same need and more. A redecoration is necessary, to be modern, beautiful, cosy and comfortable. This redecoration must focus on the bedrooms (new bedspreads, curtains, furniture, air conditioning, better sound isolation), the bathrooms (new bathtubs, tile, washbasins, towels), the elevator (a new one, more modern), the front desk, the common spaces and corridors.

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12. Timeline

As table 32 shows, the first thing to be done is the renovation and redecoration, since this is what takes the longest time, marking a new period for the company, as it will have a different look.

The Website and Booking.com will continue as they are until the end of the renovations, when they end, a new website must be launched, with all the features already mentioned before, and the Booking.com account must be updated with the new pictures and the new services offered.

Most of the implementation proposals begin in June, to mark the new chapter for this company.

Implementation Proposals	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Estimated Cost €
Renovations + Redecoration	█	█	█	█	█								400000
Groups programme						█	█	█	█	█	█	█	0
Benefits card						█	█	█	█	█	█	█	0
Rent Spaces						█	█	█	█	█	█	█	0
Massages						█	█	█	█	█	█	█	0
Rooftop bar						█	█	█	█	█	█	█	N/A
Games room						█	█	█	█	█	█	█	3000
Re-branding						█	█	█	█	█	█	█	0
Website	█	█	█	█	█	█	█	█	█	█	█	█	N/A
Booking.com	█	█	█	█	█	█	█	█	█	█	█	█	0
Press Release						█							0
Fairs		█	█										0
Direct Marketing						█	█	█	█	█	█	█	0
Coupons and gifts						█	█	█	█	█	█	█	0

Table 32- Implementation proposals timeline and costs
Source: Own Elaboration

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13.   Conclusions

The main goal in this thesis was to study how to increase Hotel Castelão's sales, to achieve that, a marketing plan was elaborated.

Firstly, a study of the relevant literature was elaborated, to learn more about the subject and to have a good background, understanding important theories which may help in the study. The marketing plan was the first thing to be investigated, it was important to know what a marketing plan is, its importance and how to properly make one. Then, the next chapter was to investigate tourism, studying its main forms, characteristics, trends, challenges, and the main purposes of tourism trips.

Afterwards, hospitality was studied, by investigating everything important related to it, such as the importance in the classification of hotels, the trends in lodging, customer loyalty, the importance of customer satisfaction, and the factors that influence customer satisfaction. It was seen that customer satisfaction is determinant to success, as hotels are not able to compete effectively without fulfilling their guests' wishes. A satisfied guest provides positive word-of-mouth promotion at no cost to the enterprise, and with an effect and credibility superior to conventional advertising. Moreover, if a consumer is satisfied he will possibly return, or recommend the establishment to a known person, or even write a positive review. Attributes such as cleanliness, price, location, security, personal service, physical attractiveness, opportunities for relaxation, standard of services, comfort of the room, satisfaction with the staff, star classification, reputation and aesthetics of the facilities are recognized as the main factors influencing consumer satisfaction. Therefore, a hotel aiming to promote customer satisfaction must have special focus on the attributes mentioned.

Then, the impact of online reviews was studied, and it was seen that 75% of travellers have considered online consumer reviews as an information source when planning their trips. Proving that online consumer reviews, have a great impact on people planning trips. A hotel with bad reviews, is a hotel in danger, firstly because customers are dissatisfied with the service, secondly because it affects the image that people have towards the hotel. Hotel managers have also to be aware that customers rarely view online comments beyond the first two web pages. Finally, it was seen that a 10% improvement in reviewers' rating can increase sales by 4.4%.

Having learned everything that could be important to write this project, it was time to proceed to the analysis parts.

So, secondly, an external analysis to the market was done, analysing the tourism and lodging industries. It was seen that tourism is increasing, with Europe being the continent registering the biggest increase, as well as being the most visited. Concerning the timing of trips, it was seen that 41% of trips are done in the summer, hence proving this is the season when people travel the most, hence the seasonality. Regarding the Portuguese tourism industry, it is growing, representing directly 6.4% of our GDP. In terms of overnight guests, in 2014, it was 16.1 million people, 12% more than in 2013, with 45.9 million overnight stays registered (10% more). It was seen that international tourism represents 70% of tourist demand, with the domestic market accounting 30%. The leading international source markets in 2014 were in order of importance: United Kingdom, Germany, Spain, France and Netherlands. In 2015, hotels were by far the most chosen place to stay, having registered 13.1 million overnight guests (3.9 million more since 2010), followed by hotel-apartments with 1.5. From the 2,036 accomodation establishments in Portugal, 61% are hotels, and 16% are in Lisboa's region.

Thirdly, a PESTEL analysis was conducted, to examine the political, legal, economic, social and technological environment surrounding us. It was possible to see that our economy is now starting to recover from the crisis. It was seen that technology is improving, and people are more dependent and engaged with it than ever. Things like internet and social media are present in our everyday life, and brought to companies the opportunity to communicate with clients. It was found that 91% of hotels have a website and use social media to connect and inform clients, 72% have an app to do such things as booking a room or even to pay, and having wi-fi for guests is already a must for hotels. Finally, technology made significant changes in the hospitality market, due to the appearing of platforms like Airbnb, Booking and TripAdvisor.

Fourthly, a Porter's 5 Forces analysis was done to study the attractiveness of this industry. It was examined the threat of new competitors, of substitutes, the bargaining power of suppliers and buyers, as well as the competitive rivalry. It was seen that there are important barriers to entrance, that the hotel industry is much threatened by substitutes, and that clients have a considerable power because this is a fragmented industry with many competitors and substitutes.

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The fifth step was to examine Hotel Castelão's competitors, seeing how many they are, their offer, as well as their strengths and weaknesses. Six direct competitors were found: Pousada de Mafra, Hotel Camarão, Vila Galé Ericeira, Hotel Pedro O Pescador, Hospedaria Bernardo, and Pensão Fortunato. Five of these are in Ericeira and one in Mafra. After the analysis, it was seen that considering the positioning and the offer, the two main competitors are Hotel Camarão and Hotel Pedro O Pescador. Guesthouses (Airbnb), hostels and local lodging were not considered as competitors once their offer and target are different of hotels. Nevertheless, the number of those in Booking.com is over 40 establishments and in Airbnb there is over 300 announcements, between rooms and houses to rent for the night.

The sixth step was to conduct an internal analysis to Hotel Castelão. Its history begins in 1982, with the 90's being perhaps the most thriving period; from 2010 to 2015 sales decreased mainly due to the economic crisis in Portugal, from 2015 to nowadays, sales are recovering. The Vision of the Hotel it is to make clients happy and satisfied with their staying, having a good value for money, and meeting clients' expectations. The Mission is to offer an affordable, clean and comfortable establishment, proving good accommodation and a pleasant stay. The Values are respect, politeness, hospitality, cleanliness, calm/harmony, fairness and familiarity. The main goals are to make clients happy and satisfied with the staying, and to increase sales. The main competitive advantages are: being a well-known establishment in the region, due to 35 years of existence, being the first accommodation establishment in Mafra, and having a good location.

Afterwards, a portfolio analysis was done, realizing that the hotel has 28 rooms, divided between singles, doubles/twins, triples and suites. The next topic was a company characterization, detailing the offer and the prices. Then, by analysing relevant data from the company, it was found that seasonality is high, as expected, and that in the low and middle season, most guests are Portuguese people on business trips, but in the high season the majority is foreigners on leisure trips.

After getting to know the company and the offer it was time to proceed to a competitive analysis, conducting a SWOT and Dynamic SWOT analyses. The main strengths identified were the location, the notoriety, the polite and friendly staff, and the free parking. The weaknesses are the bad website, the old and outdated facilities, the aesthetics, the occasional complaints about cleaning, the air conditioning sometimes

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failing, the low rating in Booking.com, and the price-quality ratio. The opportunities are having few competitors, the region growing, making relevant partnerships, having sport teams as clients, and having many groups of tourists visiting Mafra. The threats are the increase of guesthouses, hostels, and local lodging; the growth of Airbnb in the region; the creation of another hotel; losing potential clients due to the bad online reviews and the lack of a good website; competitors having a higher rating at Booking.com; and the high seasonality. The SWOT allowed to elaborate a Dynamic SWOT by crossing the strengths with the opportunities and threats, and the weaknesses with the opportunities and threats. Thus, providing a more detailed investigation of the company and the market, allowing to understand what could be done to improve the establishment, as well as to avoid potential problems. The Dynamic SWOT also allowed to retrieve many ideas which were later used in the marketing mix.

Then, the Critical Success Factors were identified, they include: cleanliness, price, value for money, location, security, quality of the staff, aesthetics of the facilities, reputation, services offered, comfortability, starts classification, and online reviews. Other relevant CSFs are: convenient parking, good and diverse breakfast, air conditioning and free Wi-Fi.

The next step was to elaborate the methodology part, to better understand the customers of Hotel Castelão. Using a qualitative approach, a netnography was done to have a clearer perception about customer's opinions towards the Hotel. Many of the comments went according to the expected and with what was identified in the SWOT, which proved the SWOT analysis was right. Customers graded the Hotel as "okay", (6/10 grade). The netnography provided insights about what could be improved in the Hotel, and that information was later used in the development of the marketing mix.

Afterwards, the implementation proposals were developed. Firstly, doing the strategic marketing plan and then the operational marketing plan. The strategic marketing plan allowed to take decisions about segmentation, targeting and positioning. The segmentation defined, led to the determination of the main targets, which are: people with medium income, who like to stay in hotels; groups of tourists; business people; sport teams; travel agencies and touristic operators.

Regarding the positioning, it was possible to realize that Hotel Castelão's principal differentiation factor is its location, and then its notoriety in the region. The Unique Value

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Proposition is to provide accommodation in a well-located place, in Mafra, near the Palace and just 8km far from the beach at Ericeira, for an affordable price. Then, through a perceptual map we saw the relative position that Hotel Castelão and its competitors occupy in a graph with price and rating in the axes. Vila Galé Ericeira and Hotel Camarão were the ones with higher price and rating, while Hotel Castelão was the third most expensive, and the second worst in term of rating, which translates to a poor price-quality ratio. Finally, it was understood that to improve the positioning it was necessary to be more attractive and competitive. For so, the Hotel should increase the quality, (which leads to an increase in the online rating), and the way to that was to improve all the factors related to quality which were not being properly attended (cleanliness, comfort, facilities, diversity of services provided, good breakfast).

Then in the operational marketing plan, the marketing mix was elaborated considering: service, price, place, promotion, people, process, and physical evidence, all these were analysed and implementation proposals were done, aiming to improve the Hotel.

In the point of service, the proposals were: to renew and redecorate the Hotel facilities; to develop a programme/offer including accommodation, meals and place for training, for recovering sport teams as clients; to develop a programme including the accommodation, and the meals, for groups and excursions; to create a benefits card for people staying in the hotel; to communicate what composes the breakfast for people to know what to expect, as well as to increase the diversity, perhaps by partnering with a bakery; to create a rooftop bar; to rent a space for meetings or similar; to create a games room; to introduce a service of massages; and to keep the friendliness and the politeness of the staff. The purpose of these changes is to improve the Hotel and the service quality.

A re-branding was also conducted to boost and improve the brand, this was done by proposing a new name, a slogan and a new logo. The new name proposed was "Novo Castelão Hotel", and the slogan "Fall asleep in Mafra". This change would take place after the renewal of the Hotel, to mark a new beginning for this enterprise. Providing a fresh start, symbolizing the refreshment of the hotel.

In the point of price, it was adjusted considering three dimensions: the associated costs, the demand, and the competitors. Having always in mind that changing prices has a risk, because if a price lowers but the occupancy stays the same, that leads to a decrease in revenue. After the study of price, a change was suggested at the low season, proposing a

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decrease, however in the middle and high season the prices should stay as they are. The proposed prices and the improvements in quality, give to the Hotel a better price-quality ratio.

In the point of place, it was seen that guests must be able to reach the Hotel directly through telephone, e-mail, website, and in person; and indirectly through: Booking.com, travel agencies, and touristic operators, hence, reaching a broader audience. Hotels, as well as other businesses must make their services available through as many ways as possible.

In the point of promotion, it was seen that Hotel Castelão's main objectives must be to increase brand awareness and notoriety, reaching new audiences by making the offer known to potential guests, as well as to differentiate from competitors. The implementation proposals were: creating a good website; improving the presence in Booking.com; doing a press release after the remodelling; attend in fairs like BTL; using direct marketing in the form of e-mails; having coupons and gifts for special moments. All the proposals seek to communicate the offer to the target, allowing to increase brand awareness and notoriety, to reach new audiences, and some of the proposals even help to battle seasonality.

In the point of people, the remarks were: to keep up being polite, friendly and helpful; to have a tighter control in the cleaning; and to be more present at the breakfast. It was also seen that the service must be good and homogeneous in its delivery, all customers must be well served. The Hotel must have happy and motivated employees, since that leads to a more enjoyable service experience for all stakeholders.

In the point of process, it was seen how the Hotel works, and what are the steps involved.

Finally, in the point of the physical evidence, it was once more concluded that it was necessary to renew and redecorate Hotel Castelão's facilities.

13.1. Limitations

In the development of this project there were some limitations found. The literature review raised some challenges, since the project is about a Hotel, it was necessary to study all the important things related to that, so instead of the common, which is studying one

industry, here it was necessary to study two, tourism and hospitality, because they are much interdependent. Finding relevant literature about it was not a difficulty, the difficulty was to organize the information properly, that was achieved by planning in advance what were the important matters to research, then it was just needed a good structuring of the information.

Finding data about tourism and lodging in Mafra's region was also a difficulty, there is some lack of statistics and relevant information.

Other difficulty was the competitor's analysis, because the information was sometimes dispersed and confusing, making it harder to have a complete and detailed analysis. An example of this was in finding the prices of some competitors, since they are sometimes dynamic instead of fix, making it harder to know which price to present; also, some competitors lacked information online so it was necessary a phone call to clarify.

The promotion mix was also difficult to do because with a low investment, it was necessary to build a good plan. A plan that would be effective and accomplished the objectives defined.

13.2. Contributions

The main goal in this project was to discover how to increase Hotel Castelão's sales. By the end of this project I think that was achieved, which is the most important, it means that this thesis was successful. Some of the adjustments proposed represent a high investment, some a low, some represent no investment, and some even lead to new sources of income. Some adjustments are more complex, but there are also some which are easily and rapidly implemented. So, perhaps Hotel Castelão will not implement all the proposals, but surely some of them will. This project was also very useful because now, Hotel Castelão has a marketing plan, the first in its 35 years of existence, and as was shown a marketing plan is something very important and useful for companies.

Finally, this project besides helping Hotel Castelão directly, it also has insights which apply to all hotels. The findings in the literature review for example, are things which apply to every hotel. This project is an example of a marketing plan for hotels.

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Attachments

Attachment 1 - Common Types of Hotel Guests (Barnes, M., 2015)

Available at: http://roomranger.com/blog/2015/4-common-types-of-hotel-guests

Backpackers

Typically, a younger crowd, these types of travelers are very price sensitive and will try to save as much as possible. They will be more interested in tourist sightseeing, popular shops and cafes, and local nightlife.

They will require as much information as possible about the local area. Recommended offerings include maps and brochures for local tours, and typically free Wi-Fi available will be crucial.

Hotel should work with local businesses to provide recommendations and possible discount offers in service.

Families

This type of tourist has probably planned this trip well in advance, and wants to maximize their time. They too will be more interested in tourist sightseeing, organized tours, and children friendly activities.

They will require local maps and tour information. This is a great opportunity to offer great value at no cost. Allowing family guests to register for tours and to pay directly in the hotel will be highly efficient and greatly appreciated.

Hotels should work directly with either a local travel or tour agent to set up half and full day tours that picks up guests directly in the hotel.

Seniors

This tourist also will be interested in tourist sightseeing and organized tours, but will put more of an emphasis on staff assistance and transportation.

They will require local sightseeing information, but will also want easy to facilitate options. Having tours that pick up directly at the hotel will again be a plus. Also, it is very important to have a high level of customer service with this type of guest, and checking in on them throughout their stay will be highly appreciated.

Hotels should work with a local tourist agent to help facilitate easy tour options. It is also important to make sure that the staff checks on them to assist throughout their stay.

Business travelers

Highly valuable for city hotels, these types of travelers are less price sensitive and put more value on convenience and efficiency. They will be interested in local transportation, food options, and hassle free accommodations.

They typically will want to stay close to mass transit stations, conference and meeting centers, and/or large corporate offices. Free Wi-Fi available will be crucial. Most importantly, they will be more time sensitive and will not want a time delay in any hotel interaction.

Hotels should have an efficient management system in place to ensure a quick check-in and to follow up with any requests. If possible, providing a business center room will be a huge benefit.

Attachment 2 – International tourist arrivals to Europe

International Tourist Arrivals to Europe
% change year ago

* Provisional figure

Source: UNWTO (2015)

Attachment 3 – Portugal: Domestic, inbound and outbound tourism

	2010	2011	2012	2013	2014
TOURISM FLOWS, THOUSAND					
Domestic tourism					
Total domestic trips	..	..	..	..	..
Overnight visitors (tourists)	6 705	6 581	6 161	6 071	6 780
Same-day visitors (excursionists)	..	..	..	..	..
Nights in all types of accommodation	..	..	..	..	..
Hotels and similar establishments	13 783	13 437	12 424	12 210	13 777
Specialised establishments	..	..	..	..	..
Other collective establishments	..	..	..	..	..
Private accommodation	..	..	..	..	..
Inbound tourism					
Total international arrivals	..	..	..	..	..
Overnight visitors (tourists)	6 832	7 412	7 685	8 301	9 277
Same-day visitors (excursionists)	..	..	..	..	..
Top markets					
United Kingdom	1 111	1 244	1 293	1 393	1 559
Spain	1 376	1 378	1 216	1 258	1 443
France	575	659	740	834	1 000
Germany	729	740	809	903	977
Netherlands	352	388	408	431	427
Nights in all types of accommodation	..	..	..	..	..
Hotels and similar establishments	23 608	26 004	27 257	29 360	32 095
Specialised establishments	..	..	..	..	..
Other collective establishments	..	..	..	..	..
Private accommodation	..	..	..	..	..
Outbound tourism					
Total international departures	..	..	..	..	..
Overnight visitors (tourists)	1 609	1 464	1 531	1 490	1 628
Same-day visitors (excursionists)	..	..	..	..	..
Top destinations					
TOURISM RECEIPTS AND EXPENDITURE, MILLION EUR					
Inbound tourism					
Total international receipts	9 858	10 679	11 393	12 210	13 383
International travel receipts	7 601	8 146	8 606	9 250	10 394
International passenger transport receipts	2 257	2 534	2 787	2 960	2 989
Outbound tourism					
Total international expenditure	3 549	3 554	3 499	3 748	4 057
International travel expenditure	2 953	2 974	2 946	3 120	3 318
International passenger transport expenditure	596	580	553	628	739

Source: OECD (2016)

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Attachment 4 – Number of accommodation establishments by region (table)

(Nº Estabelecimentos)	2010	2011	2012	2013	2014	2015	2016
Norte	441	453	463	450	457	458	457
Centro	418	414	419	416	420	422	435
Lisboa	313	311	322	327	338	337	332
Alentejo	157	158	155	147	150	146	148
Algarve	412	416	428	425	434	420	418
Região Autónoma dos Açores	82	80	79	80	82	84	87
Região Autónoma da Madeira	188	187	162	163	160	161	159

Source: Turismo de Portugal (2017)

Attachment 5 – Number of rooms by region (table)

(Nº Quartos)	2010	2011	2012	2013	2014	2015	2016
Norte	18.255	19.272	19.819	19.690	20.018	20.520	21.762
Centro	19.130	19.626	19.948	19.877	20.058	19.818	21.112
Lisboa	25.451	25.785	26.400	27.326	28.549	29.187	30.646
Alentejo	5.345	5.909	5.857	5.668	5.959	6.136	6.283
Algarve	38.167	39.491	41.472	41.617	43.793	43.143	44.466
Região Autónoma dos Açores	4.181	4.222	4.058	4.138	4.251	4.341	4.615
Região Autónoma da Madeira	14.013	14.031	13.803	14.015	14.133	14.214	14.280

Source: Turismo de Portugal (2017)

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Attachment 6 – Number of accommodation establishments in Lisboa

Tipologias	Anos										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Hotéis	136	135	139	143	146	163	175	192	208	225	237
5*	n.d.	n.d.	n.d.	n.d.	21	24	26	26	34	37	38
4*	n.d.	n.d.	n.d.	n.d.	60	66	71	76	80	88	94
3*	n.d.	n.d.	n.d.	n.d.	47	50	49	51	52	58	60
2* e 1*	n.d.	n.d.	n.d.	n.d.	18	23	29	39	42	42	45
Hotéis-Apartamentos	12	12	12	11	10	12	11	14	14	14	14
Pousadas	3	3	3	3	3	3	3	3	4	4	4
Aldeamentos Turísticos	2	2	2	4	4	4	4	4	4	4	4
Apartamentos Turísticos	6	6	5	5	5	4	4	5	5	5	5
Outros [1] [2]	144	146	145	140	136	127	114	104	-	-	-
Total	303	304	306	306	304	313	311	322	235	252	264

Source: Turismo de Portugal (2016)

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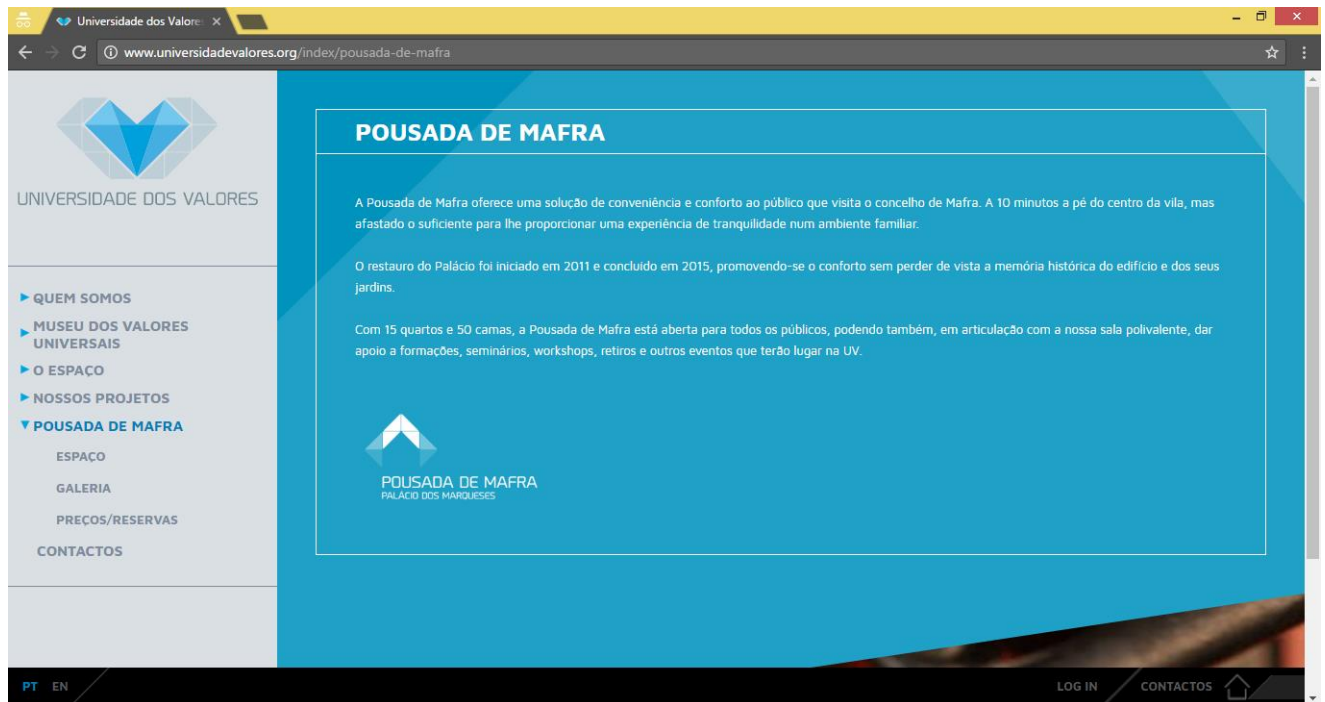## Attachment 7 – Pousada de Mafra – Palácio dos Marqueses

Double Rooms

Exterior

Family Room

Bathroom

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Website

Source: Booking.com (2017), Universidade dos Valores (2017)

Attachment 8 – Hotel Camarão

Exterior

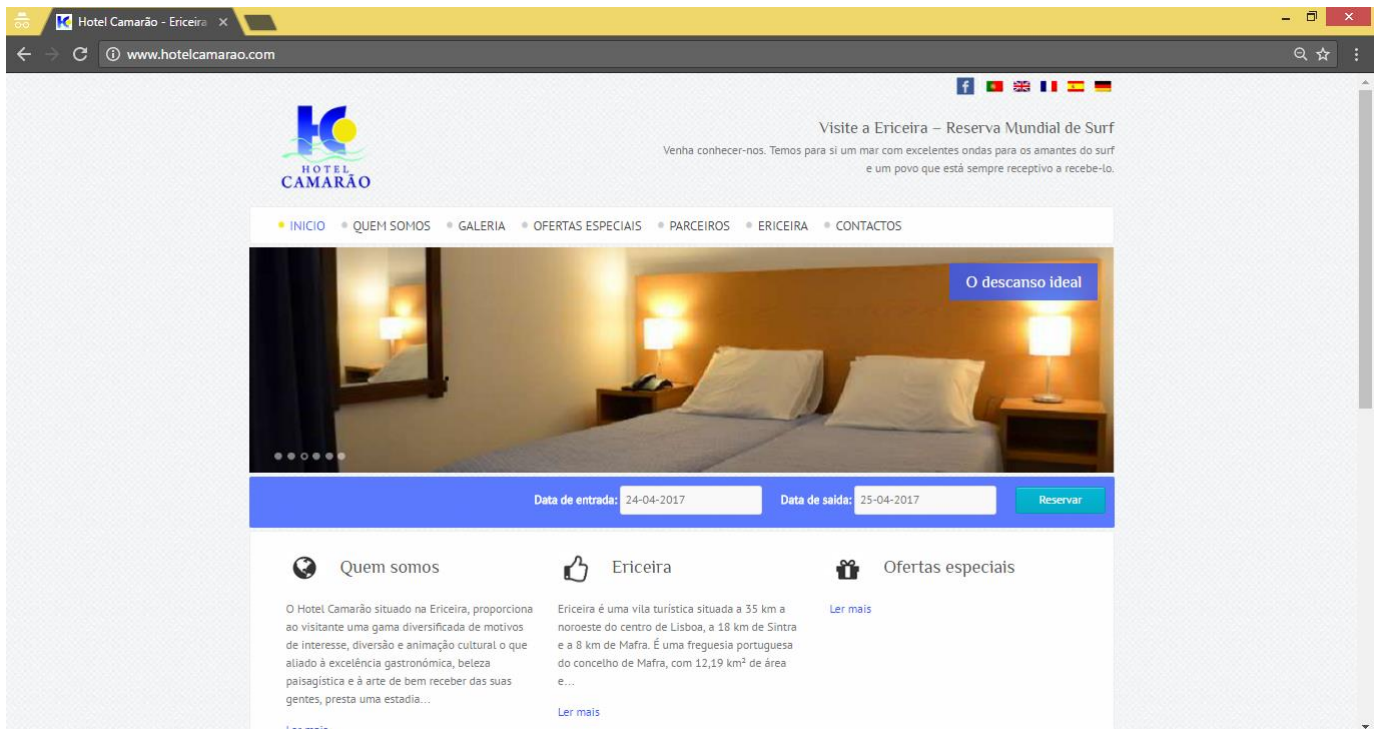Premium Double Room

Bathroom
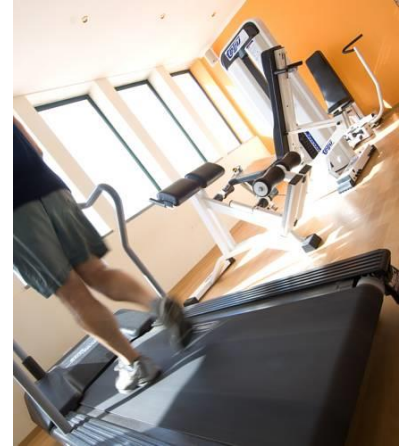

Premium Double Room

Breakfast

Reception

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Website

Source: Booking.com (2017), Hotel Camarão (2017)

Attachment 9 – Vila Galé Ericeira

Exterior

Gym

Restaurant
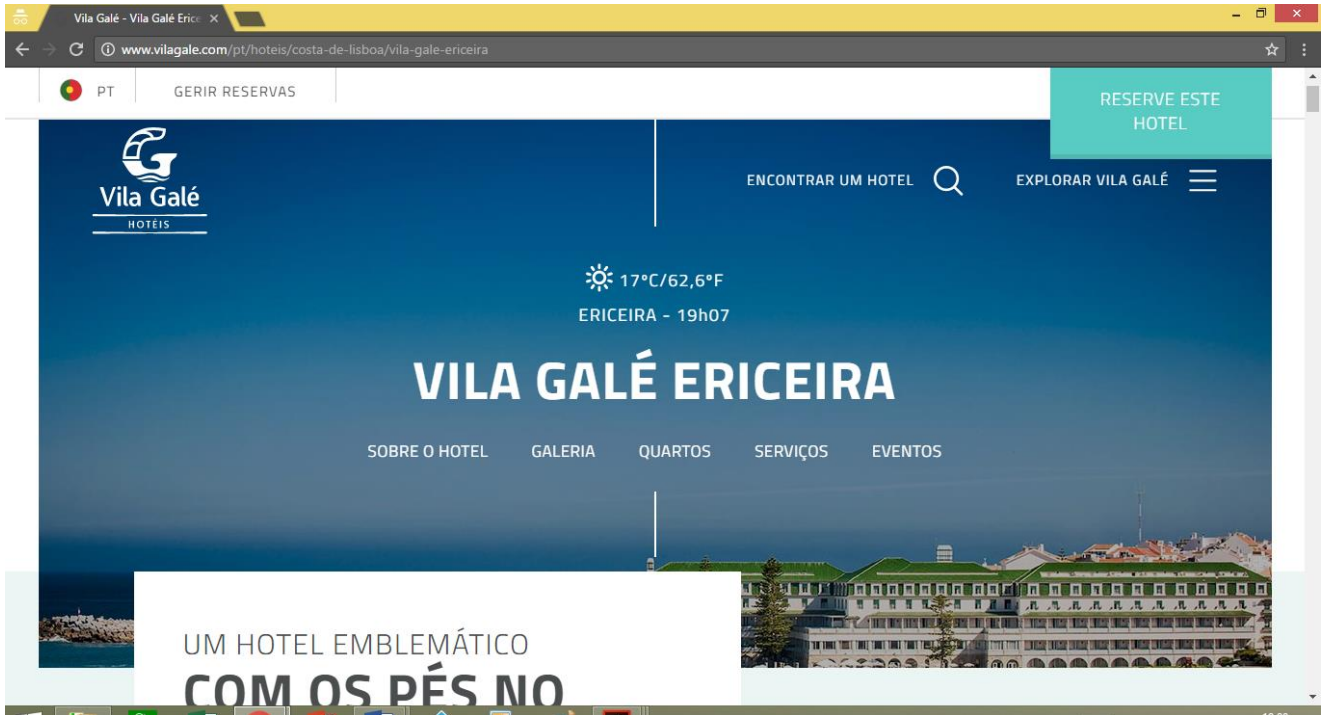
Massage Room

Twin Room

Bar

Miguel Castelão

Jacuzzi

Breakfast

Lobby

Miguel Castelão

Website

Source: Booking.com (2017), Vila Galé (2017)

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Attachment 10 – Hotel Pedro O Pescador

Triple Room

Breakfast

Lounge

Exterior

Twin Room

Attachment 10 – Hotel Pedro O Pescador

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Website

Source: Booking.com (2017), Hotel Pedro O Pescador (2017)

Attachment 11 – Hospedaria Bernardo
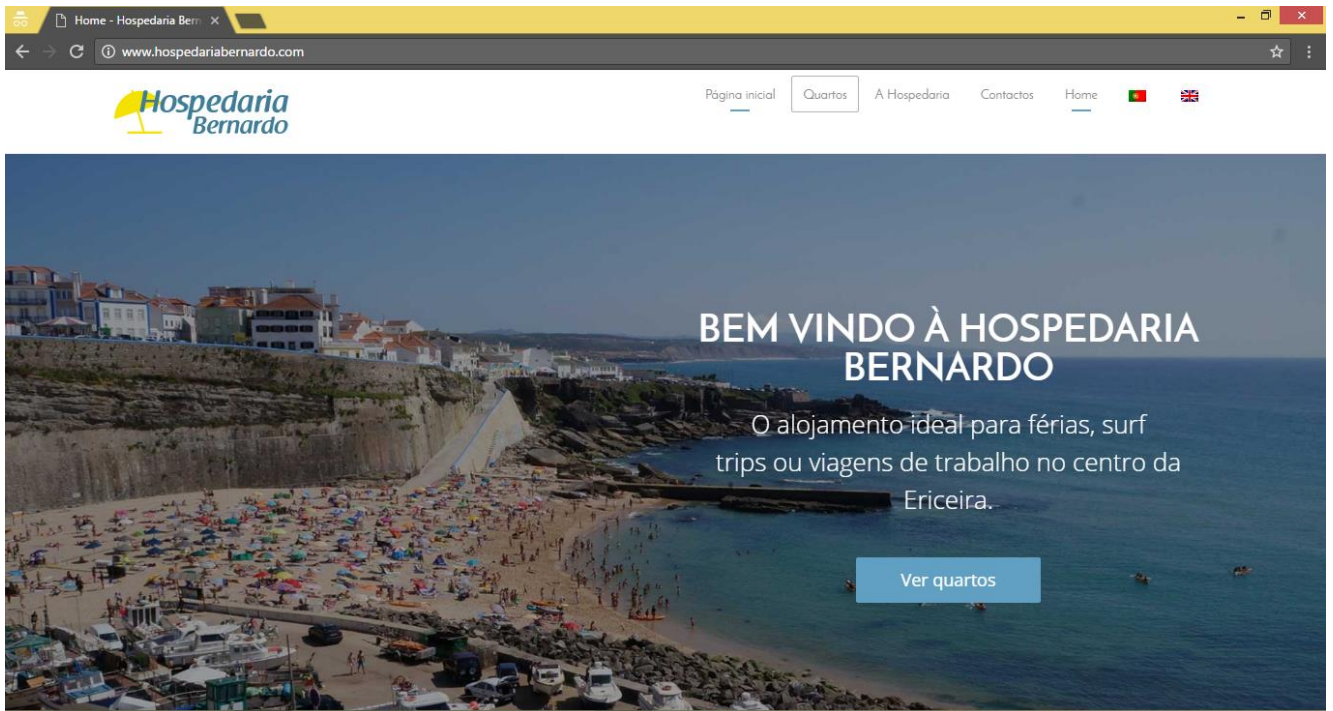

Reception

Room

Room

Exterior

Bathroom

Kitchenette

133

Miguel Castelão

Website

Source: Booking.com (2017), Hospedaria Bernardo (2017)

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Attachment 12 – Pensão Fortunato
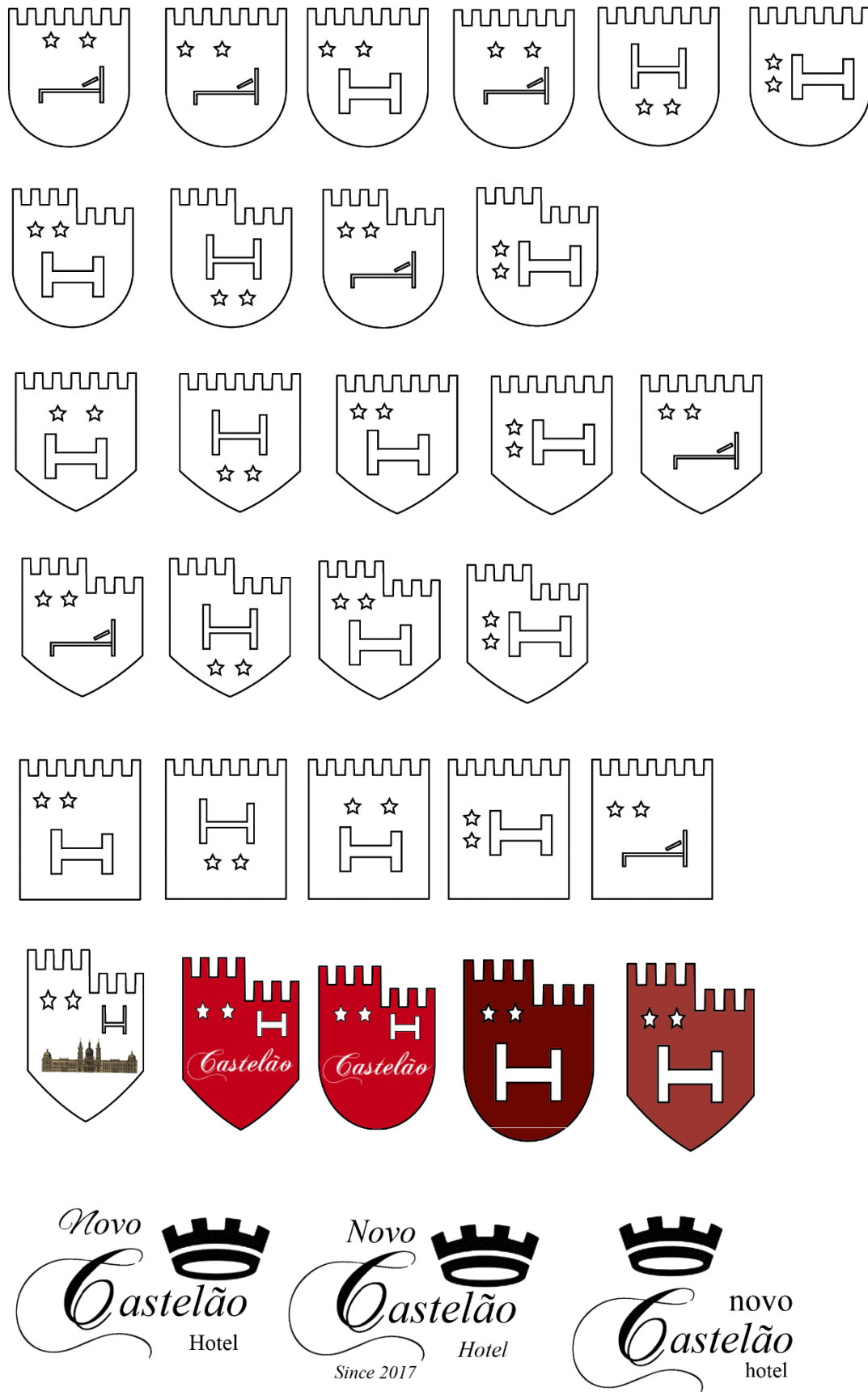

Lounge

Double Room

Balcony

Breakfast Room

Website

Source: Pensão Fortunato (2017)

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Attachment 13 – Logo Drafting

Attachment 14 – Hotel Castelão exterior

Attachment 14 – Hotel Castelão exterior

Miguel Castelão

Source: Booking.com (2017), Google maps (2017)

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Attachment 15 – Hotel Castelão's rooms and bathrooms

Attachment 15 – Hotel Castelão's rooms and bathrooms

Miguel Castelão

Source: Booking.com (2017)

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Attachment 16 – Hotel Castelão's Breakfast

Source: Booking.com (2017)

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Attachment 17 – Hotel Castelão's Website

Source: Hotelcastelao.pt (2017)

Attachment 18 – Hotel Castelão's Project of Remodelling

Source: Hotel Castelão (2017)