

**BUSINESS PLAN: INNOVATIVE NETWORK OF TOURIST
APARTMENTS IN THE PENINSULA OF SETÚBAL**

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Resumo

O sector do turismo tem-se tornado numa das mais relevantes indústrias em Portugal, desempenhando um papel fundamental na definição de políticas económicas, e representando simultaneamente um importante fator para o progresso socioeconómico.

Apesar do seu elevado potencial, existem ainda alguns desafios a ultrapassar no que respeita a este sector, tais como a concentração do turismo na Região de Lisboa.

A Península de Setúbal, caracterizada pela sua diversidade e qualidade de vida, dispõe de uma grande variedade de opções para explorar. Ao longo dos últimos anos, tem registado um crescente número de visitas de turistas nacionais e internacionais, embora a sua oferta de unidades de acomodação turística seja ainda limitada.

Neste sentido, a proposta subjacente a este Plano de Negócios tem como propósito contribuir para ampliar a oferta de unidades de acomodação turística em Setúbal, bem como promover esta Península como um destino turístico de excelência.

Assim, uma inovadora rede de apartamentos turísticos será desenvolvida na zona da Praça do Quebedo. Trata-se de uma zona histórica, perto da muralha medieval de Setúbal, e próxima das principais atrações turísticas.

Os apartamentos farão parte de um empreendimento turístico caracterizado por uma atmosfera sofisticada, moderna e confortável, que oferecerá uma vasta gama de serviços complementares considerados de elevado valor para os potenciais clientes.

Palavras-chave: Plano de Negócios, Turismo, Península de Setúbal

Classificação JEL

M12 – Novas Empresas; *Startups*

L83 – Desportos; Jogo; Restaurantes; Recreação; Turismo

Abstract

The tourism sector has become one of the most relevant industries in Portugal, playing a crucial role in the definition of economic policies, and simultaneously representing a major driver for socio-economic progress.

Despite its great potential, there are still some challenges to overcome concerning this sector, such as the concentration of tourism in the Region of Lisbon.

The Peninsula of Setúbal, characterized by its very own diversity and quality of life, has a great variety of options to explore. Over the last years, this Peninsula has registered an increasing number of visits from domestic and international tourists, despite its still limited offer of tourist accommodation units.

Therefore, the proposal underlying this Business Plan is intended to contribute to broadening the offer of tourism accommodation units in Setúbal, as well as to promote this Peninsula as a tourist destination of excellence.

In this regard, an innovative network of tourist apartments will be developed in the area of Praça do Quebedo. This is a historic area, near to the medieval wall of Setúbal, and close to the main tourist attractions.

The apartments will be part of a tourist enterprise characterized by a sophisticated, modern and comfortable atmosphere, which will offer a wide range of complementary services perceived as highly valued by the prospective customers.

Keywords: Business Plan, Tourism, Peninsula of Setúbal

JEL Classification

M13 – New Firms; Startups

L83 – Sports; Gambling; Restaurants; Recreation; Tourism

Happiness lies not in the mere possession of money; it lies in the joy of achievement, in the thrill of creative effort.

Franklin D. Roosevelt

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In memory of my grandparent, Maria Luísa, who despite no longer being present, is my guardian angel, always guiding me to follow the right path.

Glossary

BIG – Banco de Investimento Global
B2C – Business to Consumer
CAPM – Capital Asset Pricing Model
COP21 – Conference of the Parties
DESI – Digital Economy and Society Index
DL – Decree-Law
DRE – Diário da República Electrónico
ECB – European Central Bank
EMs – Emerging Markets
FCFF – Free Cash Flow For the Firm
GDP – Gross Domestic Product
GFCF – Gross Fixed Capital Formation
HICP – Harmonized Index of Consumer Prices
ICT – Information and Communications Technology
I&D – Investigation & Development
INE – National Statistics Institute (Instituto Nacional de Estatística)
IRR – Internal Rate of Return
IRS – Income Tax (Imposto sobre o Rendimento das Pessoas Singulares)
JLL – Jones Lang LaSalle
LLC – Limited Liability Company
NPV – Net Present Value
PDO – Protected Designation of Origin
PENT - National Strategic Plan for Tourism (Plano Estratégico Nacional do Turismo)
PI – Profitability Index
POS – Point of Sale
PP – Payback Period
ROE – Return on Equity
ROI – Return On Investment
ROIC – Return On Invested Capital
RJET – Portuguese Legal Regime of Tourist Enterprises (Regime Jurídico dos Empreendimentos Turísticos)
SS – Social Security (Segurança Social)
STP – Segmentation, Targeting and Positioning
SWOT – Strengths, Weaknesses, Opportunities and Threats
UNEP – United Nations Environment Programme
VAT – Value-Added Tax
WC – Working Capital
WEC – World Economic Forum
WTO – World Tourism Organization
WTTC – World Travel and Tourism Council

Executive Summary

Due to its very own diversity and quality of life, the Peninsula of Setúbal presents a great potential as a tourist destination of excellence. Being embraced by the blue river Sado and the green mountain range of Arrábida, both protected areas and the latter world heritage, this Peninsula has a rich historical background, with plenty of traditional architecture, ancient churches, museums, and buildings. It also has a rich gastronomic heritage, which includes a great variety of flavours.

Despite these particularities and the increasing number of visitors, domestic and foreign, there is still a limited offer of tourist accommodation units in this Peninsula. It was precisely from this finding the proposal underlying this Business Plan, which consists of the creation of an innovative network of tourist apartments in the Peninsula of Setúbal, has resulted.

Quebedo's Heaven – Luxury Apartments is intended to be characterized by a sophisticated, elegant and comfortable atmosphere while offering a premium accommodation service. Customers will have access to facilities, such as a wellness centre & spa, an outside area with barbecue grills, a pool, and an outdoor bar, as well as small shop selling typical products of the region. Moreover, they may request complementary services, namely transport and shuttle services, as well as enjoy of a set of activities, such as boat trips and historical cruises along the Sado river, dolphin watching, horse-riding tours, among others.

In what concerns the target group of consumers, it comprises tourists aged between 35 and 65 years old, namely couples or families with children, residents and foreigners, who belong to the upper-middle and upper economic class. These tourists are looking for a quiet stay in a tourist destination where they can explore beautiful beaches and landscapes, traditional gastronomy and wines, cultural and historical places. Also, they wish to have innovative experiences, while taking advantage of unique customer service.

It was chosen a differentiation focus strategy which involves offering a unique accommodation experience to a narrow target, which, as previously referred, is looking for a very sophisticated establishment to spend its holidays, while having access to a broad range of exclusive services. This strategy will allow the charge of a “premium price” since the resulting brand loyalty lowers customers’ sensitivity to price.

With the purpose of exploring and managing the tourist establishment at stake, it will be structured a Limited Liability Company (LLC) composed of two partners, who will hold the capital of the company (represented by shares) in equal proportion. The capital of the company will amount to 50,000€ (contribution in cash). This amount is sufficient to cover the initial investment of 25,494€, not being necessary to resort to external finance.

In the first year of operation (2022), it is expected a value of sales of 343,745€ which leads to a positive net income of 11,329€. According to the projections, the value of sales will show an increasing trend over the time horizon of analysis (9 years), reaching 660,101€ in the ninth year. The market share projected for the first year is of 0.22%, growing for almost the double in the ninth year of operation.

In order to evaluate the economic viability of the project, it was analysed the following financial indicators:

$NPV (r_0) = 5,646,926€ > 0$, meaning the initial investment is covered and a financial surplus in this amount is generated;

$IRR = 92\% > 5.42\%$, meaning higher net cash flows to the investors;

$PP = 2 \text{ years} < 9 \text{ years}$, meaning the initial investment is recovered in two years, long before the cut off period of the project;

$PI = 50 > 1$, meaning there is a return of 50€ for each euro invested.

Finally, and taking into account the financial indicators presented above, it is possible to conclude the project at hand is globally viable.

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1. Introduction

1.1 Motivation

As referred by Gloria Guevara Manzo, President and CEO of World Travel and Tourism Council (WTTC) at the Europe Leaders Forum 2018, the tourism sector in Portugal has been subject to an “impressive growth” over the last years. According to the Minister of Economy, Manuel Caldeira Cabral, such growth is justified, in part, by the investment made in the sector. Moreover, it results from the recent economic policies which envisage the creation of partnerships with the private sector, promotion of tourism in less developed areas, introduction of changes regarding the training of the people working in tourism, commitment to sustainability, as well as innovation, which in the words of Manuel Caldeira Cabral “is a key for the tourism sector”.

Therefore, it is possible to infer a growth trend regarding tourism in Portugal, which makes this sector very appealing to invest. In this regard, the proposal underlying this Business Plan consists in the creation of an Innovative Network of Tourist Apartments. The reason why the Peninsula of Setúbal was chosen as the location for the apartments is related to the limited offer of tourist accommodation units in this region, despite its great potential as a tourist destination of excellence.

1.2 Objectives

The Peninsula of Setúbal has registered an increasing number of visitors, both domestic and foreign, over recent years. Nevertheless, this Peninsula is still underexploited as a tourist destination, despite its enormous potential. In fact, due to its very own diversity, the Peninsula of Setúbal has much to explore. It is embraced by the blue river Sado, and the green mountain range of Arrábida, both protected areas, and the latter even considered world heritage. On the other side of the river is located the Peninsula of Tróia, which is characterized by its long white sand beaches. Moreover, Setúbal has a rich historical background, with plenty of traditional architecture, ancient churches, museums, and buildings, as well as a rich gastronomic heritage, which include a great variety of flavours.

Having said this, the primary objective of this Master Thesis is to prove that there is, in fact, an opportunity for the development of an innovative network of tourist

apartments in the Peninsula of Setúbal, which are intended to offer a wide range of complementary services perceived as highly valued by the prospective consumers.

2. Identification of the Innovative Proposal

The idea of developing the project at stake, which came from the author of this Business Plan, arose from her curiosity regarding the tourism sector, as well as from the interest in innovating, by disrupting which is conventional. Born in Lisbon, but having lived her childhood and youth in Setúbal, the author has a great affection for this Peninsula. The combination of these ingredients results in the proposal underlying this Business Plan which consists in the creation of an innovative network of tourist apartments in the Peninsula of Setúbal.

The apartments, which are planned to be located at the historical area of Praça do Quebedo, will be part of a tourist accommodation characterized by a contemporary style, designed to proportionate consumers the unique sensation of being at home while experiencing a sophisticated and elegant atmosphere.

In addition to a premium accommodation service, customers will have access to a wellness centre & spa, an outside area with barbecue grills, a pool, and an outdoor bar, as well as a small shop selling typical products of the region. Moreover, they may request complementary services (which can be done through the mobile app of the accommodation), as well as enjoy of a set of activities, specially selected to proportionate them direct contact with the local nature, culture, and gastronomy.

Provided its viability and sustainability, it is believed the implementation of this project will contribute to the promotion of the Peninsula of Setúbal as a tourist destination of excellence, increasing the volume of tourism in this region, and simultaneously promoting its economic development.

3. Literature Review

3.1 Business Plan – definition and requisites; advantages and limitations

Business planning can be defined as the set of efforts taken by the firm founders with the purpose of gathering information about a business opportunity and decide how the information will be used to create a new organization to exploit the opportunity. (Delmar & Shane, 2003) This plan must be substantive enough as well as sufficiently detailed, in order to create interest to the reader and potentially obtain support from him. (Barringer & Ireland, 2010) Generalizing, it must contain the principal goals the firm wants to achieve in both the short and the long run; a description of the products or services the firm will offer; and finally, the identification of the resources and means that will be used in order to achieve the pretended goals, always taking into account external forces such as the competition. (Barrow *et al.*, 2008).

Using the words of Barrow *et al.* (2008:6), “*Time after time, research studies reveal that the absence of a written business plan leads to a higher incidence of failure for new and small businesses, as well as inhibiting growth and development.*” In fact, nowadays, one of the crucial steps in launching a new venture or even in expanding an existing one is the construction of a business plan. The task of writing the plan forces the firm founders to think through each aspect of their new business constantly. (Barringer & Ireland, 2010)

According to Gartner and Liao (2009), there are four essential reasons why entrepreneurs should engage in planning during the process of venture creation: (1) *it provides the ability to quickly identify what they do not know* – by gathering and analysing information, entrepreneurs will be able to establish a set of assumptions about how their proposed new business will succeed, avoiding the waste of resources in dispensable activities. Therefore, they will be able to save time and money in the venture creation process; (Armstrong, 1982; Gartner *et al.*, 2009) (2) *it helps to identify what are the resources they need and when these resources might be utilized* – writing a plan can reduce the likelihood that there will be delays in organizing the new business, by helping the firm founders to identify when key resources will be needed; (3) *it helps to identify which are the specific actions that can help solve problems and attain goals* – by being conscious about what are the specific actions they need to pursue in order to reach their goals, entrepreneurs are able to more easily concentrate their efforts on those actions,

avoiding eventual deviations from their accomplishment; ***(4) it is a useful tool by helping to communicate others the purposes, objectives, and activities necessary to achieve venture success*** – planning is even more a form of “legitimacy” through which entrepreneurs communicate their vision in a credible and transparent way, thereby catching interest from potential customers, suppliers and employers, and simultaneously obtaining support from potential investors or other financiers. (Gartner & Liao, 2009)

Taking into account what was previously presented, it seems that there is no doubt in relation to the benefits that the pre start-up planning represents to new small businesses. However, there are still differing perspectives on whether this process truly influences the survival of new ventures.

The context of business creation for new and radically innovative companies can be so unpredictable that entrepreneurs may be less likely to engage in planning, especially if they perceive as uncertain the information they would gather of how business success might be achieved. (Gartner & Liao, 2009). To face the new challenging environments in which exchange rates are highly volatile, there are great macroeconomic disequilibrium and where newly industrializing countries are still emerging, the US professor and economic Robert M. Grant defends that plans should have shorter time horizons, should be more focused on strategic planning rather than in detailed planning as well as an emphasis should be given to performance planning, if “[...] *established companies are to prosper and survive [...].*” (Grant, 2003:494)

Presented above as a benefit, planning before taking action to explore a certain or uncertain environment is, however, still seen as premature by some authors. In fact, entrepreneurs may only realize if their goals and objectives make sense once they get into action and understand what may, or may not, be achievable. (Gartner & Liao, 2009)

Even taking into account these limitations, the construction of a plan is important especially for someone who is creating a new business and who wishes it to flourish and succeed. Although it needs more research to prove itself as fundamental, “[...] *planning helps founders to attain the necessary knowledge to guide the company successfully with its future actions.*” (Bergström B., 2012:8)

3.2 Tourism Definition

The continual evolution of tourism activity makes its definition likely to suffer from multiple actualizations over the years. According to Hunt and Layne (1991), during the period from 1970 to 1990, there has been a proliferation of terminology and definitions for travel and tourism.

As written by Hunt and Layne (1991:7), “*Travel away from one’s permanent home has occurred since the dawn of man, but the antecedents of tourism as we know it today did not appear until the early nineteenth century.*” It was then the word **tourism** first appeared, but even then, more closely related with the idea of a voyage or peregrination, than with the idea of an individual being temporarily away from home for pleasure, an idea to which we generally associate the concept today. (Burkart and Medlick; Hunt and Layne, 1991).

The Post World-War II growth of world receipts from personal as well as the rise in its relative importance to economic prosperity within nations and destinations led to the need for a more precise statistical definition of tourism. (Hunt and Layne, 1991)

In 1936, in an international forum, the Committee of Statistical Experts of the League of Nations firstly proposed that a **foreign tourist** is one who ‘visits a country other than that in which he habitually lives for a period of at least twenty-four hours.’ This definition was reviewed in 1945 by the United Nations (which had replaced the League of Nations). The organization added to it a maximum duration of stay of less than six months. (Theobald, 1998)

Later on, in its 1974-1975 domestic tourism program of work, the International Union of Official Travel Organizations (later named WTO, World Tourism Organization) devoted significant attention to the standardization of the **domestic tourism** concept. After analysing a list of the definitions used by 22 countries, the WTO concluded that three elements were common to all definitions: (1) **residence of tourist**; (2) **geographical setting of travel** and (3) **duration of travel**. As a result of the analysis, WTO recommended a definition for a domestic tourist which included residence and time limitations (twenty-four hours or overnight away from the place of residence). (Hunt and Layne, 1991)

In 1994, on its *Recommendations on Tourism Statistics* report, United Nations referred to the tourism concept as comprising “[...] *the activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes.*” (United Nations, 1994:5).

The organization suggested the use of this broad definition as a way to easily identify tourism between countries as well as tourism within a country. (United Nations, 1994) In relation to a given country, United Nations (1994) identified yet, the following distinctive forms of tourism: (1) **Domestic tourism**, involving residents of the given country traveling only within this country; (2) **Inbound tourism**, involving non-residents traveling in the given country and (3) **Outbound tourism**, involving residents traveling in another country.

According to United Nations (1994), the forms of tourism presented on the last paragraph could be combined in various ways to derive the following categories of tourism: (1) **Internal tourism**, which comprises domestic and inbound tourism; (2) **National tourism**, which includes domestic tourism and outbound tourism; and finally, (3) **International tourism**, which consists of inbound and outbound tourism.

3.3 Tourism in Portugal

Tourism has become one of the most relevant industries playing a crucial role in economic policies and representing a significant driver for socio-economic progress, especially in countries such as Portugal, which, even in a time of economic crises, can rely on tourism. The tourism industry contributes to an inflow of finance from inbound tourism as well as to the creation of new jobs. (Tomigová *et al.*, 2016)

In terms of differentiation in comparison with other world destinations, Portugal has four key differentiating elements, whereby it is distinguished: (1) **Climate and Light** – Portugal is a southern European country with mild temperatures throughout the year, low rainfall levels outside the Winter period and with a high number of days of sunshine and hours of sunlight; (2) **History, Culture and Tradition** – Portugal has a strong preservation of traditions as popular festivities, regional dress, processions, traditional music, and academic traditions. Also, there is still a connection between the country and the period of Atlantic Discoveries; (3) **Hospitality** – generally, Portuguese people are characterized by an easy-going, warm, approachable and communicative character. They like to receive international tourists. The quality of the tourist establishments as well as

of the services provided is usually good; **(4) Concentrated Diversity** – Portugal is a “Resort” country characterized by its Atlantic beaches, plains, forests and also by the influence of a multiplicity of countries whose heritage can still be observed (Roman, Celtic, Arab, among others). (Turismo de Portugal, 2007)

According to the World Travel and Tourism Council (WTTC, 2018), the total contribution of Travel and Tourism to the Portuguese Gross Domestic Product (GDP) was 17.3% in 2017 and is estimated to raise by 5.1% in 2018. Travel and Tourism was also responsible for 20.4% of total employment in Portugal, in 2017, which represents 967,500 jobs. In addition, the same sector investment was 10.2% of total Portuguese investment in 2017 and is expected to grow by 7.4% in 2018. (WTTC, 2018)

Although the indicators presented above are undoubtedly positive for the sector, there are still some challenges and even some difficulties concerning the tourism sector in Portugal.

Regarding the challenges, as mentioned on the *Turismo 2020* plan by Turismo de Portugal (2016), there are some international trends such as demographic and socio-cultural, economic, environmental, technological and transport related, with direct consequences on the tourism sector. Some of these trends referred by Turismo de Portugal (2016) are: *(1)* the ageing of the world population, the evolution of the needs, wants and preferences, and the diminution of the household dimension, as **demographic and socio-cultural**; *(2)* as **economic** trends, the emergence and growth of new markets with global dimension, the intensification of the market agreements to remove the international transaction barriers and the continuous globalized production and consumption of products and services; *(3)* climate changes, the increase of regulation and adoption of environmental policies and practices, as **environmental** trends; *(4)* the growing importance of the Internet as a communication, information and trade channel, the emergence of new reserve and payment systems and the crescent preponderance of digital marketing, as **technological** trends; and finally, *(5)* as **transport-related** trends, the emergence of transport solutions which are more sustainable, the accentuated presence of low cost airlines at secondary airports and the growing emergence of new air routes.

Turismo de Portugal (2016) also identifies some difficulties or weaknesses related to the Portuguese tourism sector, particularly the economic situation which is still

fragile, the disarticulation between Portuguese regions and cities and the poor intra and inter-regional coordination regarding promotional efforts.

In order to surpass the challenges and eliminate the difficulties the tourism sector is experiencing, on the plan quoted above - *Turismo 2020*, Turismo de Portugal (2016) defines some strategic objectives for the period of 2014-2020, which include **(1) Attract** through the qualification and appreciation of the Portuguese territory as well as of its distinctive tourism resources; **(2) Compete** by strengthening the competitiveness and internationalization of national tourism firms; **(3) Capacitate** by promoting the higher training and education of tourism professionals and by increasing the tourism investigation & development (I&D); **(4) Communicate** by promoting and commercializing the country (and its regions) touristic offer; and finally, **(5) Cooperate** by strengthening the international cooperation.

3.4 Tourism in the Region of Lisbon

As previously referred, two of the major problems concerning the tourism sector in Portugal are related with the lack of articulation between Portuguese regions and cities as well as with the poor intra and inter-regional coordination regarding promotional issues. In fact, benefits from tourism are not equally distributed among regions. (Andraz *et al.*, 2015) As referred by Andraz *et al.* (2015:266), “*It becomes clear that Lisbon and the Centre are the regions that benefit more than proportionally to their share of tourism and in every private-sector variable.*”

According to Assembleia Municipal de Lisboa (2014), tourism has a significant contribution to the Gross Domestic Product (GDP) of the Region of Lisbon (also known as “Lisboa e Vale do Tejo” that comprises the five sub-regions of Oeste, Grande Lisboa, Médio Tejo, Lezíria do Tejo and Setúbal Peninsula) – 4% of the GDP in 2011 – which is fomented by the increase in the number of overnight stays at a rate of 6% per year, since 2009. European markets still predominate in the region as the most important tourism outbound markets (particularly Spain, France, Italy, Germany, and United Kingdom) – 55% of the overnight stays – however, over the past few years, other markets with increasing importance, are emerging, such as Brazil – this country has reached the top 3 as a tourism outbound market, having increased by 19% since 2009.

The Region of Lisbon has also revealed a good positioning in the *Couples* segment, for those aged between 35 and 54 years, whose main motivation to travel is to

do a **City/Short break** (they represent a relative weight of 22% considering the total number of respondents of the *Survey of Satisfaction and Image 2012*). Using the words of Dunne *et al.* (2007); Trew and Cockerell (2002:86), “[...] a city break is a short leisure trip to one city or town, with no overnight stay at any other destination during the trip.” It is important to outline, that this type of travel has become one of the key drivers of outbound tourism growth in recent years. (Dunne *et al.*, 2007) Regarding other types of tourism motivations, such as **Sun and Sea, Culture, Nature, Special events, Adventure** or **Wellness/Spa/Health**, the position of the Region of Lisbon seems to be not so visible. (Assembleia Municipal de Lisboa, 2014) The relative importance of the remaining segments – **Trendy Youngers, Families with children, Premium, Businesses** and **Golden** (respectively, with a relative weight of 14%, 13%, 12% and 9%, considering the total number of respondents of the *Survey of Satisfaction and Image 2012*) - denotes the need of developing additional motivations in this Region. (Assembleia Municipal de Lisboa, 2014)

The tourism offer of the Region of Lisbon has the potential to create a richer value proposal. However, this offer is still in different stages of development – the offer in Lisbon, Sintra, and Estoril is already quite developed. Their core products, **City breaks, Meetings Industry** and **Golf**, have already reached a strong image internationally; the offer of **Oenology** and **Nature** tourism is being developed in Arrábida (which comprises Setúbal, Palmela, and Sesimbra); there is potential to develop **Nautical, Nature** and **Equestrian** tourism in Arco do Tejo (which comprises Vila Franca de Xira, Montijo, Seixal, Barreiro, Alcochete and Moita); finally, Almada, Amadora, Odivelas, Loures, Mafra and Oeiras have a **Cultural** offer complementary to Lisbon that can be developed, and there is simultaneously a potential to develop the **Surf** offer, particularly in Almada and Mafra. (Assembleia Municipal de Lisboa, 2014)

All promotion and communication strategies on the tourism offer in Portugal are still very focused in markets marked as preferable. Therefore, there is the need to review and strengthen the *market intelligence*, in order to increase the levels of efficiency. The online channels can be leveraged in a way that helps to: **(1)** improve the interaction with the potential tourists through the use and management of the information on specialized sites, such as TripAdvisor, and on social networks, such as Facebook; **(2)** follow the trends of the sector as well as deepen the market knowledge. (Assembleia Municipal de Lisboa, 2014)

Tourism in the Peninsula of Setúbal

Focusing now specifically on the Peninsula of Setúbal, according to Câmara Municipal de Setúbal (2016), between January and July of 2016, 93,764 overnight stays were recorded in the hotel units of the city. This number means an increase of 8% in comparison with the 88,887 overnight stays recorded in the same period of the previous year (2015). These indicators confirm that tourism in Setúbal is growing. In 2014 and 2015 this sector revealed total annual rises of 23% and 6.2%, respectively, regarding the number of overnight stays. The closure of two local hotels, *Hotel Isidro* and *Pousada de São Filipe*, helps to explain the smallest increase registered in 2015. In fact, although new accommodation units are expected, they are still lacking. (Câmara Municipal de Setúbal, 2016)

Also relevant to highlight is that not only domestic tourism is increasing in Setúbal, but also international tourism, which proves that Setúbal is not dependent on a specific market. Although the number of foreign tourists increased by only 1% in the first six months of 2015 (due to the situation of closure of two hotel units that was referred above), the number of overnight stays in this segment increased by 8% on the same period of 2016, which represents 42,614 overnight stays in this year. For this, have contributed the efforts developed by the autarchy regarding the touristic promotion. The city hall participated in 2015, for the first time, in important international tourist events. (Câmara Municipal de Setúbal, 2016)

The most demanding market for Setúbal is the Spanish, with a total number of overnight stays of 10,298 in the first semester of 2016. This number represents a 2% increase regarding the same period of 2015. However, the higher growth in demand, comparing both the first semester of 2015 and the first semester of 2016, was registered by the Polish market. Considering the same period of analysis, the number of overnight stays for the Polish market was 1,946 in 2016, which corresponds to a rise of 63%, while for the German market was 4,266, corresponding to an increase of 49%. The number of tourists visiting Setúbal coming from the United Kingdom and France is also significant, having been registered, respectively, 2,632 and 4,413 overnight stays in the hotel units of the city, during the first semester of 2016. (Câmara Municipal de Setúbal, 2016)

Regarding domestic tourism, it grew by 7% comparing the first semester of 2015 with the same period of 2016. This increase corresponds to 51,150 overnight stays from

domestic tourists. In 2016, Setúbal was awarded as *Cidade Europeia do Desporto*, and this event attracted thousands of people to the city. (Câmara Municipal de Setúbal, 2016)

3.5 The market of Tourist Apartments

It is difficult to answer precisely what a Tourist Apartment is, considering the high number and different types of independent short-term accommodation existing. Concerning the hospitality industry, tourist apartments, serviced apartments, and local lodgings are relatively recent products. However, these types of accommodation have gained popularity over the last few years, currently representing a relevant competitor for traditional hotels. (JLL, 2015)

The local lodging often offers a more central location, the feeling of an “authentic” and relaxed stay and the possibility of accommodating the whole family or groups of friends, at accessible prices. This type of accommodation is mainly designed for vacations and *city-breaks*. The apartments can be individual or included in a full dedicated building and can be managed by an operator or by its owner. (JLL, 2015)

Given the lack of empirical data on tourist apartments (this is still a “non-consolidated” market, with basically no statistical data) in the Region of Lisbon and more specifically in the Peninsula of Setúbal, the Literature Review on this topic will proceed by using information available from the city of Lisbon.

According to JLL (2015:5), in what concerns to the market of tourist apartments in Lisbon, “[...], *this type of accommodation has been considered as an alternative to the traditional and massive hotel supply.*” In fact, the guests’ habits have changed, and they started looking for a more authentic and economic accommodation option, capable of providing a new experience. This trend leads to the development of several guest houses, hostels, and tourist apartments, usually located in the historic centre, where there was a lack of supply. Currently, a great dynamism in the historic centre’s buildings refurbishment can be observed, a circumstance that contributes to the continuous growth of the supply of tourist apartments, serviced apartments, and local lodgings. (JLL, 2015)

How did this market appear? During the last years, the emergence of several factors or trends led to the exponential growth of this market in Lisbon, such as:

- The increase in demand for alternative or unconventional touristic accommodation in city centres.

- The rise of B2C (Business to Consumer) internet platforms that allow consumers to make their reservations – Booking, Airbnb, HomeAway are some examples.
- The lack of hotel offer in the historic centre, where at the same time, there was a considerable amount of vacant properties.
- New property taxes that penalize owners of unoccupied property;
- New Urban Lease Law that allowed the dislodge of several buildings for refurbishment.
- The lack of legislation that allowed an easy entry for everyone interested.

(JLL, 2015)

These factors also contributed to the entrance of new operators, mainly individual and informal players, creating a deregulated market with under pressure margins. Nevertheless, with new Local Lodging legislation, this market should be regulated in the short-medium term, becoming a more consolidated and balanced segment of the tourism industry. (JLL, 2015)

3.6 Sustainable Tourism Marketing

They are a few the researchers and practitioners who have challenged traditional views on tourism marketing. (Jamrozy, 2007) During the mid-1980s to the mid-1990s, however, the small but outspoken research explored green and sustainable marketing theory and practices. (Jamrozy, 2007)

Focusing on tourism, Haywood (1990) and Walle (1998) were pioneers by critically analysing the marketing concept in tourism, asking for a “*broader and more balanced view of marketing.*” (Haywood, 1990; Walle, 1998; Jamrozy, 2007)

Later on, in 1998, Middleton and Hawkins attempted to provide a marketing perspective on sustainable tourism. In their words, it “*[...] is essentially an overall management orientation reflecting corporate attitudes that, [...] must balance the interests of shareholders/owners with the long-run environmental interests of a destination and at the same time meet the demands and expectations of customers.*” (Middleton & Hawkins, 1998:8)

When analysing the perspective of Middleton and Hawkins (1998), Jamrozy (2007) claims that although it may be considered laudable respecting to how it analyses and communicates best practices in tourism, it stays within the boundaries of the

economic marketing paradigm “balancing” environmental and economic interests. Consequently, it may compromise rather than offer profound alternatives in the discipline of tourism marketing. (Jamrozy, 2007)

Over the years, tourism marketers have been criticized for the negative effects produced by their activities. Nevertheless, they avoid taking a critical look at their actions. Instead, the research conducted by these marketers has focused on creating more efficient and effective exchanges, as well as flows between the tourism industry and the tourists. The main goals of their activities are economic growth while merely considering externalities such as environmental, social, cultural and political. (Jamrozy, 2007)

This circumstance leads one to question whether marketing is entirely unsustainable by definition, weak on sustainable goals, or could somehow contribute towards building more sustainable communities and living systems. (Jamrozy, 2007) Van Dam and Apeldoorn (1996:45) answered the question above by explaining that *“In order for marketing to play a role in sustainable economic development, a critical reassessment of marketing theory is required.”*

Jamrozy (2007) suggests an integrated model for sustainable marketing in tourism. It becomes an imperative as it considers tourism as a phenomenon contributing to the quality of life of tourists, communities and independent stakeholders. As such, tourism is integrated into living sustainable systems.

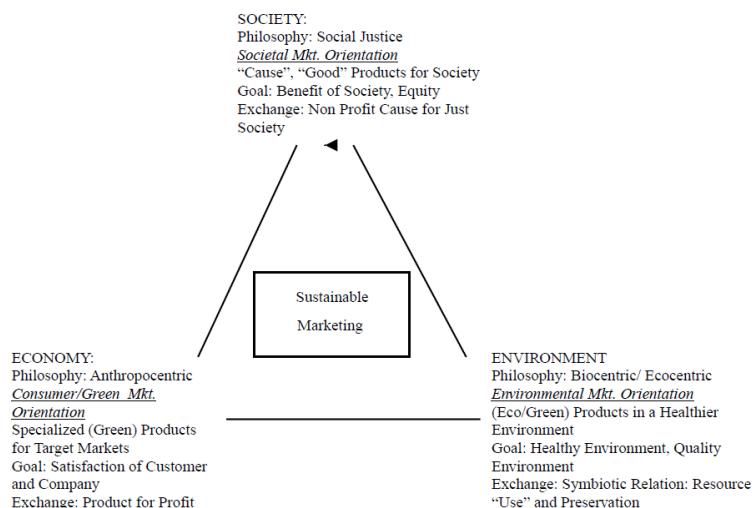


Figure 1 - Sustainable marketing model. Source: Jamrozy, 2007.

As can be observed in the figure above, the triangular scheme represents the three dimensions of sustainability: economic viability, social equity, and environmental protection. This model does not argue for a complete balance among the three dimensions

of sustainability (it assumes that different situations require different emphases), although considering all for the ultimate goal of sustainability of the living system. (Jamrozy, 2007)

Succinctly, Jamrozy (2007) defends there are a set of principles that connect to a shift of the dominant social paradigm from an economic towards a sustainability perspective in tourism marketing. Some of them are:

- Tourism is a phenomenon integrated into a sustainable living system;
- Marketing connects stakeholders in the tourism system;
- Goals and objectives of marketing are social equity, economic viability, and environmental protection;
- Unique destination characteristics and needs require different emphases and applications;
- Tourism itself is “sustainable” if it does no harm and enhances sustainable living systems;
- All institutions can engage in sustainable tourism marketing (non- and for-profit);
- Marketing is integrated into planning, development, and management;
- Marketing planning, strategies, mixes have to be redefined according to those principles.

Then the sustainable marketing orientation does not satisfy the needs and wants of individuals but attempts to sustain living systems, the exchange does not take place between individuals and organizations but links self-generating networks of agents, the benefits are not profits but civic energy and diversity, and competition is not wild but characterized by a dynamic balance. (Jamrozy, 2007)

3.7 Innovation in Tourism

It is not unknown the tourism industry is changing, driven notably by both new consumer requirements and the development of information technologies. Regarding the former, it is essential to highlight the complexity and segmentation which nowadays characterize the tourism demand. Concerning the latter, this type of technology is currently covering the whole tourism value chain (e.g., information on destinations, accommodation, transportation, package tours, and services), having also contributed to the creation of an innovative form of business called e-tourism, which is today the most significant force in e-commerce. (Korres, 2007)

Considering the dynamic and radically changing environment that is affecting this industry, tourism entrepreneurs have recognised that innovation is becoming a key element to survive, compete and prosper in the future. (Korres, 2007) In the words of Korres (2007:147): *“Innovation in tourism is to be seen as a permanent, global and dynamic process.”*

Also focused on tourism, Valls *et. al* (2012:150) states *“The innovation environment is seen as kind of holistic container that encompasses the concept of business, client satisfaction and maintaining partnership relations with them and with society, attracting better talent, better technology and processes and other resources and finally achieving success through excellence.”*

The question arises whether the tourism industries are achieving this innovation environment. It seems there are some barriers, internal (such as the lack of time, money or know-how and risk aversion) and external (such as bureaucracy and legal issues), that are delaying the progress of the innovation process. (Korres, 2007)

In Europe, in order to enhance innovation and technological development in the tourism sector, the White Paper (European Commission documents containing proposals for European Union action in a specific area) provides a basis for partnership between the federal, state and territory governments and industry sector, encouraging the latter to improve the quality of tourism products as well as to adopt environmentally and culturally sustainable tourism business practices. (Korres, 2007)

Valls *et al.* (2012) draw up a list of ten dimensions of innovation in tourism companies that they considered key points:

- Management of staff: understood as the rationalisation of the workforce and proactive management of talent;
- Incorporation of technology: understood as the use of Information and Communications Technology (ICT) to innovate;
- Portfolio improvements: understood as the handling of products and the creation of new ones or scrapping of unproductive ones;
- Internationalisation: understood as expansion into other countries and markets;
- Cost-cutting: understood as the rationalisation of direct costs and cost pruning;
- Improvements in management control: understood as the efficiency of controls;
- Improvements in processes: understood as speed, flexibility, and lower costs;

- Outsourcing: understood as alliances with other firms to manage processes that were formerly carried out in-house;
- Managing suppliers: understood as selecting the best suppliers and changing relations with them;
- Business concept: understood as the re-invention of a business model capable of taking immediate advantage of new market opportunities.

(Valls *et al.*, 2012)

4. Reference Framework

After an in-depth analysis of scientific articles, books, reports, and other sources, it was possible to write a Literature Review which explores the following topics:

- The importance of creating a Business Plan especially when initiating a new business venture;
- The evolution of the Tourism Definition;
- The characteristics, trends, challenges and constraints of the tourism sector in Portugal, Region of Lisbon, and Peninsula of Setúbal;
- The growth dynamics of the market of Tourist Apartments;
- The importance of Sustainability in Tourism Marketing;
- The importance of Innovation in Tourism.

The analysis of the points mentioned above is fundamental to understand the key issues that should be taken into consideration when developing this proposal, from now on.

In this chapter, a scheme (which can be observed below) of the relationship between the points previously referred is laid out. Posteriorly, it will be explained in detail this relationship as it will be the anchor for the justification of both the opportunity for the business proposal at stake, as well as how it can be successfully implemented.

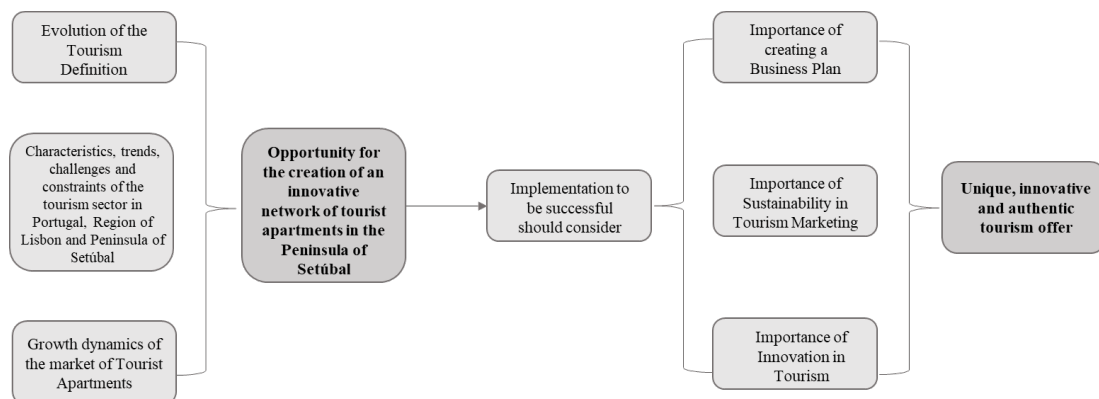


Figure 2 - Reference Framework regarding Literature Review. Source: Author

The continual *evolution of the Tourism Definition* or concept, the *characteristics, trends, challenges and constraints of the tourism sector in Portugal, Region of Lisbon, and Peninsula of Setúbal*, as well as the *growth dynamics of the market of Tourist Apartments*, combined create the opportunity for an innovative network of tourist apartments in the Peninsula of Setúbal.

Why these three factors combined create the opportunity for this specific proposal? As it was studied in the last chapter, it is unquestionable the tourism industry is changing, driven primarily by the emergence of new consumer requirements and the development of information technologies.

In Portugal, the tourism sector is growing at a fast pace, being Lisbon and the Centre the regions that most benefit from this growth, in the number of overnight stays, especially of foreign visitors. However, there are still some challenges/constraints that characterize the tourism sector in Portugal, Region of Lisbon, and Peninsula of Setúbal. Concerning Portugal, there are some difficulties such as the economic situation which is still fragile, the disarticulation between Portuguese regions and cities and also the poor intra and inter-regional coordination regarding promotional efforts. In the Region of Lisbon, there is the need to review the promotion and communication strategies which are still very focused in markets marked as preferable. The Peninsula of Setúbal has to overcome the only apparent constraint for a continuous increase in the number of overnight stays: the lack of accommodation units.

Regarding the market of Tourist Apartments, it has gained popularity over the last few years. In the city Lisbon, this type of accommodation is ever more considered as an alternative to the conventional and massive hotel supply.

What should be taken into consideration for this proposal to be successfully implemented? The first aspect that should be taken into account is the ***importance of creating a Business Plan***, especially in this case, where there is an intention of launching a new venture. There are some research studies which reveal that the absence of a written business plan leads to a higher likelihood of failure for new and small businesses, contributing at the same time for the inhibition of growth and development.

The ***importance of Sustainability in Tourism Marketing*** is another relevant aspect. Jamrozy (2007) suggests an integrated model for sustainable marketing in tourism where the three dimensions of sustainability - economic viability, social equity, and environmental protection - are all considered for the ultimate goal of sustainability of living system. This orientation attempts to sustain living systems, create a self-generating network of agents and obtain civic energy and diversity as benefits. The competition is not supposed to be wild but characterized by a dynamic balance.

Finally, the last aspect that should be considered is the ***importance of Innovation in Tourism***, especially considering the dynamic and radically changing environment that is affecting this industry. The innovation environment encompasses the concept of business, client satisfaction, as well as maintenance of partnership relations with clients and with society. It also includes attracting better talent, better technology, better processes, and other resources.

By approaching the topics analysed in the Literature Review, precisely in the way they were described above, it will be possible to create a ***unique, innovative and authentic tourism offer***. This offer will certainly achieve its primary goal, which is the satisfaction of the target customers, while simultaneously promoting the economy of the Peninsula of Setúbal, the preservation of its key attributes and its affirmation as a tourism region of excellence.

5. Methodology

It was followed a methodology based on both *qualitative* and *quantitative* research approaches, regarding the several chapters included on this Business Plan.

Starting by the *Market Analysis*, it contains information about the market trends, tourist profile, and competitors. Regarding the former, it was investigated the trends/factors (micro and macro-environmental) that impact the tourism sector. Online versions of the most popular management and tourism journals, as well as the websites of Turismo de Portugal, Instituto Nacional de Estatística (INE), and Banco de Portugal, were considered valid sources of data to be used for the analysis at hand.

After identifying the trends/factors impacting the tourism sector, it was studied the profile of national and international tourists. Sources such as the website of Turismo de Portugal and INE were used to collect the information needed.

To conclude this chapter, it was analysed which other companies are after the same market. In researching the main competitors of *Quebedo's Heaven – Luxury Apartments*, it was checked out their websites, with the purpose of examining their design, format, and content. It was aimed to give an answer to questions such as “Is the site professional and complete?”, “What features and benefits do they promote?” and “How do they position their products/services to their target market?”. Then, it was investigated in detail the prices of their products and services and how they compare to the ones to be charged by *Quebedo's Heaven – Luxury Apartments*.

Considering the *Internal Analysis*, it implies an in-depth examination of the critical factors that are internal (strengths and weaknesses) and external (opportunities and threats) to the business at skate. Extensive online research (on the most popular business journals and magazines) revealed relevant information regarding the opportunities and threats. In what concerns to strengths and weaknesses, it was conducted an analysis oriented to the particular characteristics of the proposal underlying this Business Plan.

After the SWOT analysis, a qualified SWOT was prepared in order to proceed with the *Competitive Analysis*. For both *Internal* and *Competitive Analysis*, it was

pretended the combination of both *qualitative* research and the personal ideas of the author.

In relation to the *Development Strategy*, besides the selection of a strategy to be followed (among the Generic Competitive Strategies of Porter), it was defined a : (1) *Mission*, which addresses the question “Why you exist?”; (2) *Vision*, which projects “What you want to be?”; (3) set of *Values*, that are articulated as a set of principles to guide the decisions and actions of organizational members; (4) set of *Critical Success Factors*, which are crucial for the success of this Business Plan.

On the formulation of the elements above, as well as the *Objectives* (qualitative and quantitative), some research was done (namely on websites of the companies playing in the sector and in the specific market of the tourist apartments) which was combined with the author’s personal ideas and judgments, in order to adjust the conclusions to the specificities of this proposal.

When *Defining the Implementation Policies*, it was followed an STP (Segmentation, Targeting and Positioning) analysis, through which the target segment was selected, based on geographic, demographic and psychographic variables, as well as identified the intended positioning. It was also established the four elements (Product, Price, Place, and Promotion) of the Marketing Mix.

On the *Implementation Requirements*, it was defined the critical activities required to the project’s implementation as well as their estimated duration.

Finally, the *Financial Evaluation* was conducted to test the profitability, liquidity, efficiency, and stability of the business. *Annual Reports* of companies playing on the sector were consulted, in order to analyse how they develop their evaluation (identified costs, maps used, and financial indicators considered useful). However, since this last section deals mainly with numbers, in order to obtain more trustful results, it was followed a *quantitative* approach regarding the developed research.

6. Market Analysis

6.1 Portuguese Tourism Sector

6.1.1 Introduction

In the final of 2016, in statements for the *Publituris* newspaper, the secretary of state for tourism, Ana Mendes Godinho, declared that Portugal had beaten successive records regarding the tourism activity. According to her, until September of 2016, Portugal received 9 million foreign guests, having registered 30 million overnight stays. The touristic revenues approached 10 million euros in 9 months. (*Publituris*, 2016)

In fact, time and again, the tourism sector has been reinforcing its importance to the national economy, being one of the activities more relevant to the Portuguese GDP. (*Publituris*, 2016)

However, using the words of Secretary Ana Godinho, the good results should not be a motive to slow down. Secretary Godinho defends that it is precisely in the moments of growth that one should invest and work to guarantee competitiveness in the upcoming years. (*Publituris*, 2016)

6.1.2 Overview about tourism sector statistics

Guests and Overnight stays

Considering the estimates of INE, the rubric Guests and Overnight stays (in hotel units, tourist villages, tourist apartments, and other similar tourist accommodation units) recorded 20,645.3 thousand guests and 57,497.1 overnight stays, in Portugal, in the year of 2017.

For the first item, the estimated number represents a positive variation of 8.9% in relation to the year 2016 (+1,683.9 thousand guests). The foreign market is the one which has contributed the most for this growth (+1,327.1 thousand guests) although the number of domestic guests has also evolved satisfactorily (+356.8 thousand guests).

In what concerns the overnight stays item, the estimated number represents a positive variation of 7.4%, in relation to the year of 2016. The foreign market played a significant role in this growth (+3,300.8 thousand overnight stays), although, the number of overnight stays from residents has also increased (+643.4 thousand overnight stays).

Exclusively focusing on the foreign market (responsible for 12,671.5 thousand guests and 41,611.5 thousand overnight stays in 2017) it is also important to highlight that the nationalities which contributed the most for these values were the British (1,934 thousand guests and 9,276.8 thousand overnight stays), the German (1,309.1 thousand guests and 5,643.5 thousand overnight stays) and the Spanish (1,726 thousand guests and 4,060.3 thousand overnight stays).

However, U.S.A., Brazil and “Other countries” were the countries which registered a higher variation in number of guests (U.S.A. - approximately +400.1 thousand guests; Brazil – approximately +243 thousand guests; “Other countries” – approximately +522.4 thousand guests), while Brazil, Ireland and “Other countries” were the countries which registered a higher variation in the number of overnight stays, comparing the year of 2017 with the year of 2016 (Brazil - approximately +528.1 thousand overnight stays; Ireland – approximately +337.1 thousand overnight stays; “Other countries” – approximately +1,329.2 thousand overnight stays). (Turismo de Portugal, 2018) See respective tables in Annex 1.

Occupancy rates

Regarding the rubric Occupancy rates (in hotel units, tourist villages, and tourist apartments), INE estimated the rates of 53% and 66.5%, respectively for bed occupancy and room occupancy, in relation to the year of 2017. The estimated rates represent, for both items, a positive variation of 2.2% and 3.1%, respectively, in relation to 2016.

Focusing only on Continental Portugal, the regions which most contributed to these significant rates were the North (52.1% of bed occupancy and 64% of room occupancy), the Lisbon Metropolitan Area (60.3% of bed occupancy and 76.4% of room occupancy) and Algarve (49.5% of bed occupancy and 65.5% of room occupancy).

On the contrary, the Centre (40.6% of bed occupancy and 47.9% of room occupancy) and Alentejo (40.5% of bed occupancy and 52.2% of room occupancy) registered the lower rates, in relation to the Occupancy rates rubric.

These statistics confirm two of the three major challenges or constraints, concerning the tourism sector in Portugal, previously referred: “[...] *the disarticulation between Portuguese regions and cities and the poor intra and inter-regional coordination regarding promotional efforts.*”

However, it is important to highlight that the Centre and Alentejo are included in the group of regions which recorded a more significant variation in both, the bed occupancy rate and the room occupancy rate, comparing the year of 2017 with the year of 2016 (+4.7% of bed occupancy and +4.6% of room occupancy, for de Centre; +5.4% of bed occupancy and +5.3% of room occupancy, for Alentejo). (Turismo de Portugal, 2018) See respective tables in Annex 1.

Revenues and Tourism Balance

According to the data estimated by Banco de Portugal, the rubric “Travel and Tourism” from the Payments Balance registered revenues of 15,153.4 million euros and expenses of 4,292.7 million euros, considering the year of 2017. These numbers represent a positive and satisfactory balance of 10,860.7 million euros, (+2,030 million euros, comparing 2017 with 2016).

Concentrating on the revenues, the countries which contributed more significantly for their value were the United Kingdom (2,591.4 million euros), France (2,482.9 million euros) and “Other countries” (3,175.3 million euros). However, comparing the year of 2017 with the year of 2016, the countries which recorded the higher variation in terms of their contribution to the revenues were Brazil (+44.8% which corresponds to +179.1 million euros), U.S.A. (+37% which corresponds to +219.4 million euros) and “Other countries” (+28.6% which corresponds to +706.6 million euros). (Turismo de Portugal, 2018) See respective tables in Annex 1.

6.1.3 Overview about Tourist Apartments and Local Lodging

Considering the data presented on *Tourism Statistics – 2017*, there were 203 Tourist Apartments, and 2,663 Local Lodging establishments in Portugal, in the year 2017 (+5.2%, and +45% establishments, respectively, compared with the year of 2016). These establishments, together, had 40,312 rooms and capacity to 101,409 beds. Tourist Apartments and Local Lodging represented approximately 50% of total accommodation establishments. These two accommodation categories hosted 4,380.6 thousand guests, which has corresponded to 12,700.2 thousand overnight stays (INE, 2017, 2018) See respective tables in Annex 2.

Although INE has not yet released the statistics of 2018, it is possible to infer there is a growing tendency for these type of accommodation units in Portugal, especially in what concerns Local Lodging accommodation.

6.2 Business Environment Analysis

6.2.1 PESTLE Analysis

Political and Legal Context

Concerning Political Context, since 2007, Portugal has a National Strategic Plan for Tourism (PENT), approved by Resolution of the Council of Ministers no. 53/2007, on the 4th of April. This plan, which was developed for the horizon period of 2006-2014, set the objectives and actions to be carried out in order to achieve the sustained growth of the Portuguese tourism industry. In 2015, Portuguese Government revoked the National Strategic Plan for Tourism and approved the new plan *Turismo 2020 – cinco princípios para uma ambição*, which defines the five guiding principles of public tourism policies for 2016-2020 – *Person, Freedom, Openness, Knowledge, and Cooperation*. (Portal do Governo, 2015) This new document reflects the clear ambition of making Portugal the most agile and dynamic tourist destination in Europe. (Turismo de Portugal, 2015) With the purpose of achieving this ambition, the plan has defined the following objectives:

- **To give strategic direction and coherence to the projects supported in the context of *Portugal 2020*¹**, ensuring the strategic alignment between strategy and financing and overturning the dispersion and atomisation of projects and initiatives;

- **To promote a greater selectivity and better resource allocation of European Union funds** for tourism in the context of *Portugal 2020*;

- **To foster an articulation between promoters and projects**, promoting, in particular, **a better articulation between the public and private sectors**;

¹ *Portugal 2020* is the partnership agreement established between Portugal and the European Commission, which brings together the action of the five European Structural and Investment Funds ERDF, Cohesion Fund, ESP, EAFFRD and EMFF, and through which it was defined the principles which set out the economic, social and territorial development to be promoted in Portugal, in the horizon period 2014-2020.

- **To proportionate project promoters** (public and private) **and Authorities for the Operational Programs a reference framework** on the priorities regarding **Community co-financing** for tourism;

- To create the conditions for the **recognition of the Collective Efficiency Strategy in the context of Portugal 2020** – it is intended to constitute the Strategic Cluster of Tourism in the context of *Portugal 2020*.

Regarding Legal Context, the Decree-Law no. 80/2017 of June 30th (the 5th amendment of *RJET* – the Portuguese Legal Regime of Tourist Enterprises) approved the legal regime of Installation, Exploration, and Operation of Tourism Enterprises.

According to article 2, chapter II, section I of this decree-law, tourism enterprises are deemed to be establishments intended to provide accommodation services for remuneration, having an appropriate set of facilities, equipment, and complementary services for their operation. It is not considered tourism enterprises: (a) Facilities or establishments that, though intended to provide accommodation, are operated on a non-profit basis or exclusively for charitable purposes, and whose access is restricted to limited groups; (b) Facilities or establishments that, though intended to provide temporary accommodation for profit, do not meet the requirements to be considered tourist enterprises. The facilities or establishments referred in indent b) are considered local lodging and are regulated by specific decree-law. (DRE, 2017)

Based on article 4, chapter II, section I, of the same decree-law, tourism enterprises may be of the following types: (a) Hotels; (b) Holiday villages; (c) Tourist apartments; (d) Resorts; (e) Town and country house tourism accommodation; (f) Tourism enterprises in rural areas; (g) Campsites and caravan sites. According to the article 14, chapter II, section V, tourist apartments are tourism enterprises consisting of a coherent set of furnished and equipped accommodation units intended to provide accommodation and other complementary and support services for tourists. Tourist apartments may occupy an independent part of a building consisting of complete and contiguous floors, or one or more entire building(s) constituting a harmonious, interlinked whole and forming part of a set of adjacent spaces having harmonious architecture and functional characteristics. This type of establishment shall have at least ten accommodation units. (DRE, 2017)

There is additional legislation ruling the installation and operation of tourism enterprises, namely:

- Ministerial Ordinance no. 309/2015, of September 25th (rectified by the Rectification no. 49/2015 of 2nd November), which approves the classification system of the hotel establishments, holiday villages, and tourist apartments;

- Ministerial Ordinance no. 358/2009, of April 6th, which sets the requirements of the tourism enterprises' common use facilities;

- Ministerial Ordinance no. 215/2011, of May 31st, which sets the specific requirements for the installation, exploration and classification regime applicable to the food and beverage establishments, including those that are integrated into tourism enterprises.

Additionally, it is important to refer that under article 20 of Law no. 73/2013 of September 3rd, which sets the financial regime of the municipal entities, the Portuguese municipal councils have the possibility of creating specific municipal fees. In this regard, Rule no. 569-A/2014 of 30th December approved the Lisbon Tourist Tax. Since January 1st, 2016 guests - staying at tourist resorts and local accommodation establishments - have to pay 1€ per overnight stay, which corresponds to the tax's unit value. This tax is due per overnight stay and guest over the age of 13 years, staying at tourist resorts or local accommodations, during check-in or check-out, depending on the procedure adopted by those entities, up to a maximum of seven nights in a row. The revenue generated by the Lisbon Tourist Tax is used to create the Tourism Development Fund whose objectives are: to keep Lisbon a competitive and high-quality destination; to strength tourist development in Lisbon and to promote investment in tourism. (Câmara Municipal de Lisboa, 2016) The Tourist Tax was already implemented in Porto on March 18th.

Economical Context

As reported by the Bank of Portugal, over the projection horizon 2017-2020, the process of expansion of the Portuguese economy is expected to continue in the coming years. (Banco de Portugal, 2017)

After an increase of 2.6% in 2017, the economic activity will continue to present a growth trend, over the projection horizon, although at a progressively slower pace

(2.3%, 1.9%, and 1.7%, in 2018, 2019 and 2020, respectively). At the end of the projection horizon, GDP should be 4% above the level registered before the international financial crisis. GDP growth in Portugal should be very close to the one projected for the Euro Zone, over the projection horizon. (Banco de Portugal, 2017)

Concerning GDP *per capita*, real convergence in relation to the Euro Zone should continue in the coming years, although at a slight pace, which to some extent reflects the decrease in the Portuguese population. Therefore, this development will be insufficient to offset the real divergence accumulated until 2013. (Banco de Portugal, 2017)

In what concerns Monetary and Financial conditions, they should remain favourable. Monetary Policy will continue to be characterized by a high degree of accommodation in the most developed countries. (Banco de Portugal, 2017)

Concerning the evolution of the Global Demand, the most dynamic component along the horizon projection should be the Gross Fixed Capital Formation (GFCF). Exports will also maintain a robust growth along the projection horizon, explained by the evolution of the External Demand, as well as by the expected maintenance of market share gains. (Banco de Portugal, 2017)

Private Consumption will maintain a relatively stable growth along the projection horizon. As a result of this evolution, and considering a very reduced increase in the workforce, the unemployment rate will maintain a declining trend. (Banco de Portugal, 2017) Inflation will increase significantly in 2017 to 1.6%, as a result of the imports deflator recovery as well as the slight acceleration in unit labour costs. Between 2018-2020, Inflation is expected to remain relatively stable, with the progressively lower price of the energy goods being offset by a moderate acceleration in the Harmonized Index of Consumer Prices (HICP) excluding energy goods. This dynamic represents an evolution of Inflation in line with the one projected to the Euro Zone. (Banco de Portugal, 2017)

Business Plan for an Innovative Network of Tourist Apartments

	Pesos 2016	BE dezembro 2017					BE outubro 2017	BE junho 2017		
		2016	2017 ^(p)	2018 ^(pp)	2019 ^(pp)	2020 ^(pp)	2017 ^(pp)	2017 ^(pp)	2018 ^(pp)	2019 ^(pp)
Produto Interno Bruto	100	1,5	2,6	2,3	1,9	1,7	2,5	2,5	2,0	1,8
Consumo Privado	66	2,1	2,2	2,1	1,8	1,7	1,9	2,3	1,7	1,7
Consumo Público	18	0,6	0,1	0,6	0,4	0,2	0,3	0,4	0,6	0,3
Formação Bruta de Capital Fixo	15	1,6	8,3	6,1	5,9	5,4	8,0	8,8	5,3	5,5
Procura Interna	99	1,6	2,7	2,5	2,2	2,1	2,5	2,6	2,2	2,1
Exportações	40	4,1	7,7	6,5	5,0	4,1	7,1	9,6	6,8	4,8
Importações	39	4,1	7,5	6,7	5,5	4,8	6,9	9,5	6,9	5,2
Contributo para o crescimento do PIB líquido de importações (em p.p.) ^(p)										
Procura interna		0,7	1,2	1,2	1,0	1,0	1,0	0,8	0,8	0,8
Exportações		0,9	1,5	1,2	0,9	0,7	1,5	1,8	1,2	0,9
Emprego ^(p)		1,6	3,1	1,6	1,3	0,9	3,1	2,4	1,3	1,3
Taxa de desemprego (em % da população ativa)		11,1	8,9	7,8	6,7	6,1	9,0	9,4	8,2	7,0
Balança Corrente e de Capital (% PIB)		1,7	1,5	2,3	2,2	2,2	1,8	2,1	2,4	2,4
Balança de Bens e Serviços (% PIB)		2,2	1,8	1,6	1,6	1,5	1,7	2,0	2,2	2,0
Índice Harmonizado de Preços no Consumidor		0,6	1,6	1,5	1,4	1,6	1,6	1,6	1,4	1,5

Note: (p) projected, pp – percentual points. For each aggregate, it is presented the projection corresponding to the most likely value conditional on the set of hypothesis considered.

Table 1 - Projections of Banco de Portugal: 2017-2020. Annual variation rate, in percentage. Source: Banco de Portugal, 2017

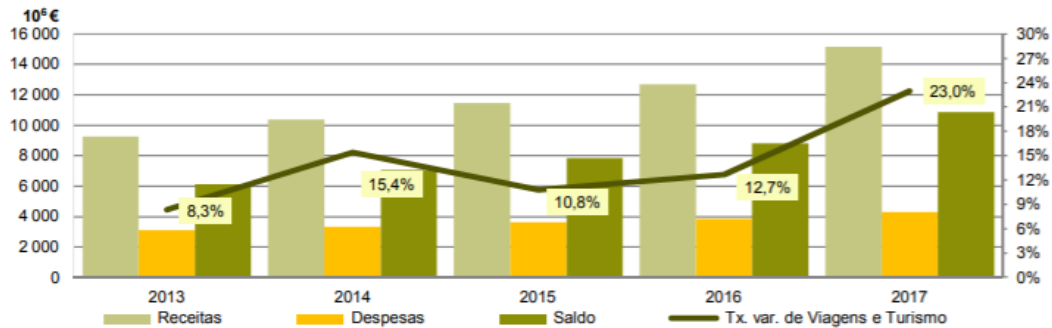
According to the flash estimate disclosed by INE, in the third quarter of 2017, the economic activity grew by 2.5% compared to the homologous period (2.9% in the first quarter) and 0.5% compared to the previous quarter. This evolution reflects, in homologous terms, an activity slowdown, after an upward trend between the third quarter of 2016 and the second quarter of 2017. (Banco de Portugal, 2017)

The deceleration of the economic activity, in the third quarter of 2017 is, in homologous terms, reflected in the slowdown of Exports, both in goods and services components, after the high dynamism observed in the first half of the same year. (Banco de Portugal, 2017)

Regarding the Domestic Demand, Private Consumption has accelerated, and GFCF has registered a slowdown, although maintaining a steady pace of growth. (Banco de Portugal, 2017)

Tourism exports have also decelerated in the third quarter of 2017 compared to the first half of the same year, although maintaining a great dynamism. (Banco de Portugal, 2017)

According to the data from INE, in 2017 the Travel and Tourism item of the Balance of Payments reached a positive balance of approximately 10,000 million euros (+23% than the previous year). (INE, 2018)



Graphic 1 - Portuguese balance of tourism, Tourism and Travel rubric, 2013-2017. Source: INE, 2018

The ECB’s projections released on December 14, 2017, indicate the world activity will accelerate between 2017 and 2018, followed by a slowdown in 2019 and 2020. Following the significant improvement observed in 2017, the Portuguese External Demand is expected to raise, although slightly, in 2018 (4.9%, after 4.8% in 2017), showing a downward trend in the subsequent years. (Banco de Portugal, 2017)

The level of the Short Run Interest Rate should maintain slightly negative over the period 2017-2019, reaching a positive value (0.1%) at the end of the projection horizon, which reflects the conduction of an accommodated Monetary Policy by ECB. The Long Run Interest Rate concerning the Portuguese public debt shows a slight and gradual decrease over the projection horizon, standing at 3% at the end of this period. (Banco de Portugal, 2017)

Public Consumption for 2017 is expected to stand at 0.1%, in real terms. This evolution reflects the hypothesis of growth in the number of civil servants which is only in part counterbalanced by the effect of reducing the number of working hours in public administration sector from 40 to 35, in the mid-2016. In 2018, Public Consumption is expected to accelerate, in real terms. After this year, in a context of gradual convergence towards stabilization in the number of civil servants, it is expected a gradual deceleration of Public Consumption, also in real terms. (Banco de Portugal, 2017)

In what concerns Public Investment, after a sharp drop in 2016, it is expected a recovery in 2017 and 2018, although less pronounced than the one which was projected by the State Budget for 2018. In the remaining years of the projection horizon, it is

expected the evolution of the Public Investment in line with the nominal GDP. (Banco de Portugal, 2017)

After a very expressive and above GDP growth in 2017 (3.1%), Employment should present a growth trend slightly lower than the GDP's one. Employment gains are mainly derived from the evolution of the private sector, although it is expected a recovery trend regarding the public sector, even more moderated. See graphics in Annex 3. (Banco de Portugal, 2017)

Social Context

The evolution of social and demographic reality has not only effects on the sustainability of the economies and its social security systems but also presents considerable challenges to the tourism activity. (Turismo de Portugal, 2015) There are some trends emerging which deserve special attention, namely:

(1) ***Population ageing*** – In recent years, the number of older persons in the world has increased significantly. That growth is projected to accelerate in the coming decades. Worldwide, there were 901 million people aged 60 years or over in 2015. This number represents an increase of 48% over the 607 million older persons globally in 2000. By 2030, the number of people in the world aged 60 years or over is projected to raise by 56%, to 1.4 billion. In 2050, the global population of older persons is expected to more than double its size in comparison with 2015, reaching nearly 2.1 billion. Globally, the number of people aged 80 years or over, the “oldest-old” persons is growing even faster than the number of older persons overall. In 2000, there were 71 million people aged 80 or over worldwide. Since then, the number of “oldest-old” raised by 77% to 125 million in 2015, and it is projected to increase by 61% over the next 15 years, reaching nearly 202 million in 2030. Projections suggest that in 2050 the “oldest-old” will reach 434 million globally, having more than tripled in number since 2015. (United Nations, 2015)

(2) ***Middle-class growth in emerging markets*** – The nineteenth-century industrial revolution created a significant Western European and American middle class, which increased once more after the Second World War – a growth which also extended to Japan. Today, this is happening in the

emerging markets (EMs). In Asia alone, 525 million people can be considered middle class – more than the European Union’s total population. Over the next two decades, the middle class is expected to expand by another 3 billion, coming almost exclusively from the emerging world. By 2030, “[...] so many people will have escaped poverty that the balance of geopolitical power will have changed completely, and global trade patterns will also be unrecognizable.” (Ernst & Young, 2013)

- (3) ***Experiential Travel Rise*** – In a survey conducted by American Express in 2013, consumers illustrated their demand for more enriched lives and personal fulfilment through experience and learning. According to Laura Fink (2014:13), VP of marketing at American Express Travel, “*Consumers want to have life-fulfilling experiences when they travel, and they are seeking travel experiences that closely align to their own personal values.*” (Skift, 2014)

These trends have direct consequences on tourism activity. Some of them are:

- (1) ***Short and city breaks more frequent throughout the year***, which leads to the development of events in the low season.
- (2) ***Search for health services (medical and aesthetic)*** in countries with more affordable costs, infrastructures and natural conditions favourable to well-being. These countries are positioning themselves as touristic destinations of excellence.
- (3) ***Search for well-being, fitness, anti-stress products, spiritual retreats, and boot-camps.***
- (4) ***A tendency to choose destinations that are considered most beneficial to health.***
- (5) ***Interest in cultural tourism and specific programs targeted to different audiences.***
- (6) ***Search for more active holidays and adventure tourism.***

(Turismo de Portugal, 2015)

Technological Context

Over the last years, the emergence of the digital economy and new information and communication technologies (ICTs) brought profound changes to the most diverse

economic activity sectors. Tourism activity was not an exception. Globalization and technological evolution made tourists more sophisticated, demanding and critical in the decision process. The rupture of the value and distribution chain brought the tourist to the centre of the tourism activity.

The circumstance of the tourist being simultaneously producer, actor and viewer opened new possibilities in what concerns the demand management through a deeper knowledge of the market: flow of tourists, their characteristics, their preferences and motivations, their needs and satisfaction level, among others.

Tourism activity has transformed itself into an intensive activity regarding knowledge and information and, more than ever, it is important to assure the conditions that allow taking advantage of the benefits and opportunities offered by the new global technological trends (such as big data, sharing economy and business intelligence).

According to Turismo de Portugal, the main technological trends which are influencing the tourism activity are:

- (1) The growing **importance of the Internet** as a channel of communication, information, and commercialization.
- (2) Worldwide improvement in **information availability and quality**.
- (3) The emergence of **new communication channels** as well as **new booking and payment systems**.
- (4) The growing **importance of connectivity and digital networks**.
- (5) Growing **preponderance of digital marketing**.
- (6) Gradual **democratization of access to culture**, based on **sharing online content**.

The consequences of these trends to the tourism activity are:

- (1) **Greater control exercised by tourists**, as a result of the increasing possibility of comparing products and prices.
- (2) **Use of technologies when traveling**, through digital platforms, to search for information and to purchase online touristic and cultural products.
- (3) **The anticipated search of information about services, trips, among others**, which increases the previous knowledge and consequently the expectations about those services and destinations.

(4) **Growing disintegration of sales** through the online distribution channels.

(Turismo de Portugal, 2015)

Portugal ranks 15th at the European level in Digital Economy and Society Index (DESI). (European Commission, 2018)

At a worldwide scale, according to the Travel & Tourism Competitiveness Index by the World Economic Forum (WEC), Portugal presents itself as the 41st most competitive world destination regarding the ICT readiness. (World Economic Forum, 2017)

The tourism destinations which are not able to respond quickly and innovatively will progressively lose relevance in the competitive market of tourism. (Turismo de Portugal, 2015)

Environmental Context

The promotion of tourism activity as an anchor for the economic growth also presupposes a response to the environmental and sustainability challenges related to this activity. The environmental trends should be seen as an opportunity to develop new business areas, new touristic products and to incorporate new methods to manage the tourism activity. (Turismo de Portugal, 2015)

Some of these trends are:

(1) **Climate Change** – One way or another, climate change is affecting all the countries in the world. The significant impacts of this reality, which include changing weather patterns, rising sea level, and other extreme weather events, are already being experienced worldwide. Greenhouse gas emissions, resulting from human activities, are one of the major drivers for climate change. Over the 21st century, the world's average surface temperature is projected to raise over 3 degrees Celsius. To address climate change, *Paris Agreement* was adopted, in December 2015 at COP21 in Paris. Using the words of United Nations (2016) “*Implementation of Paris Agreement is essential for the achievement of the Sustainable Development Goals, and provides a roadmap for climate actions that will reduce emissions and build climate resilience.*” (United Nations, 2016)

- (2) **Greater concerns for Environmental issues (especially Millennial Generation)** – Based on a survey conducted by Glass Packaging Institute, *Millennials* believe that acting in an eco-friendly manner is a way to improve their quality of life. Nearly four out of five respondents from this age group look for changes they can implement in their home or lifestyle (for example, the majority of *Millennials* who has answered the survey, indicated they are willing to pay more for eco-friendly products). In short, this generation is emotionally highly committed to environmental issues. However, when it comes to more specific actions related to conservation, that attitude is not the same (for example, in what concerns to saving energy, *Millennials* are the least conscientious of any age group, falling just below the average response). (Glass Packaging Institute, 2014)
- (3) **Increasing Environmental Regulations** – In order to achieve environmental sustainability, and considering the growing pressures of this sector, it is imperative to adopt environmental laws and regulations to assure the full realization of the objectives behind them. The United Nations Environment Programme (UNEP) is the leading global environmental authority that sets the global environmental agenda. This agency is responsible for promoting the coherent implementation of the environmental dimension of sustainable development within the United Nations system, also serving as an authoritative advocate for the global environment. Its work encompasses assessing global, regional and national environmental conditions and trends, developing international and national environmental instruments and strengthening institutions for the intelligent management of the *Environment Law*. (United Nations, 2016)

These trends have direct consequences on tourism activity, such as:

- (1) **Coastal Erosion**, which impacts the *Sun & Beach* destinations.
- (2) **Changes in Touristic Flows** – the increase of demand in low seasons.
- (3) **Growth in the maintenance and operations costs of natural tourist attractions**, such as beaches, snow resorts, rivers, among others.
- (4) **Greater environmental awareness** on the part of tourists.
- (5) **Increase in demand for activities related to nature tourism** and the consequent emergence of more sophisticated products in these segments.

(6) Change and adaptation of management and marketing strategies to environmental issues.

(Turismo de Portugal, 2015)

6.2.2 Porter's Five Forces

Many factors determine the intensity of competition and the level of profitability of an industry. A helpful, commonly used framework for classifying and analysing these features was developed by Michael Porter of Harvard Business School, in 1979. Porter's Five Forces of competition framework considers the profitability of an industry (which crucially influences its attractiveness) as determined by five sources of competitive pressure. (Grant, 2010) Each one of these forces can be measured using a nominal scale (1-5), in which 1 represents "Very Low" impact and 5 represents "Very High" impact. Below are described each one of the forces that impact the sector of tourist apartments in Portugal, as well as their respective power. It is possible to see in more detail the score of each force in Annex 4.

- **Threat of New Entrants:** Several factors are determining the degree to which the threat of new entrants affects an industry. Most of these factors fall into the category of barriers to entry. Particularly in what concerns the tourist apartments industry, the main sources of barriers to entry are: *capital requirements* – the capital costs of becoming established are usually large since several infrastructural and equipment investments are needed (such as buildings and furniture); *service differentiation* – new entrants must spend heavily on advertising and promotion (to gain levels of brand awareness similar to those of established companies) and on service differentiation and innovation (to attract the interest of tourists); *government and legal barriers* – as one can verify by consulting the *DL no.15/2014 of 23 January*, there are even more requirements for setting up a tourism enterprise. Also, the new Municipal Tourism Taxes can constitute a constraint for new entrants. In conclusion, the force power is about 2.3, which means the threat of new entrants in the tourist apartments sector is low.

- **Industry Rivalry:** In this industry, the intensity of competition between established firms is the result of interactions between the following factors: *concentration* – there are many players competing within this market, although it seems none of them has a significant market share, which means the concentration degree is low; *market growth* – as referred in the previous chapters, the Portuguese tourism industry has been

characterized by a sharp increase. These factors combined lead to a force power of 2.5, which means the rivalry in the sector under analysis is medium-low.

- **Power of Suppliers:** The factors determining the power of suppliers relative to producers in this industry are: *size and concentration of suppliers in relation to producers* – concerning the suppliers of cleaning services, their number may even be low. However, in what concerns the number of existent suppliers of furniture and other materials, it is undoubtedly higher; *producer's switching costs* – as quality plays a crucial role in this industry, producers are less sensitive to the prices charged by suppliers; *ability to integrate vertically* – having into account the complexity that surrounds the tourism industry in Portugal, the likelihood of suppliers integrate vertically is considerably low. The force power is 2, which means the power of suppliers impacting the sector at stake is low.

- **Power of Costumers:** The strength of buying power that firms playing in this industry face from their customers depend on two sets of factors: (1) *buyers' price sensitivity* – products and services offered by the tourism industry show an increasing degree of differentiation. Hence, customers are less willing to switch suppliers on the basis of price; (2) *relative bargaining power* - the *size and concentration of buyers relative to suppliers*, is growing since there are even more tourists looking for the authentic accommodation experience offered by the tourist apartments industry. Platforms like Booking and TripAdvisor are contributing to increasing *buyer's information* about the industry. Taking into account the complexity that surrounds the Portuguese tourism industry the *ability of buyers to integrate vertically* is considerably low. The force power is about 2.8, which means the power of customers concerning the tourist apartments sector is medium-low.

- **Threat of Substitutes:** The power of this force is influenced by two factors: *buyer propensity to substitutes* and *relative prices and performance of substitutes* - hotels, holiday villages, hostels, and campsites are all close substitutes of tourist apartments. However, even if the price of tourist apartments increases, switching costs for the customers will be high, since none of the other substitutes are able to offer exactly the unique accommodation experience provided by this type of accommodation. In conclusion, the force power is about 2.5, which means the threat of new entrants regarding the sector at hand is medium-low.

Main Conclusions

By analysing the average score of the five forces, it is possible to presume the tourist apartments sector is attractive – with average attractiveness score of 3.6 out of 5. The table below shows each force’s attractiveness, taking into account their respective power score.

Forces	Power	Attractiveness
Threat of New Entrants	2,3	3,7
Industry Rivalry	2,5	3,5
Power of Suppliers	2	4
Power of Customers	2,8	3,2
Power of Substitutes	2,5	3,5
Average score	2,4	3,6

Table 2 - Porter’s Five Forces Grid detailed in Annex 4. Source: Author

6.3 Costumer Profile

6.3.1 Portuguese Tourist Profile

Based on *Estatísticas do Turismo 2017*, 44.5% of the Portuguese resident population (4.58 million residents) made *At least one tourist trip* in 2017, a proportion that represents an increase of 0.4pp compared to 2016.

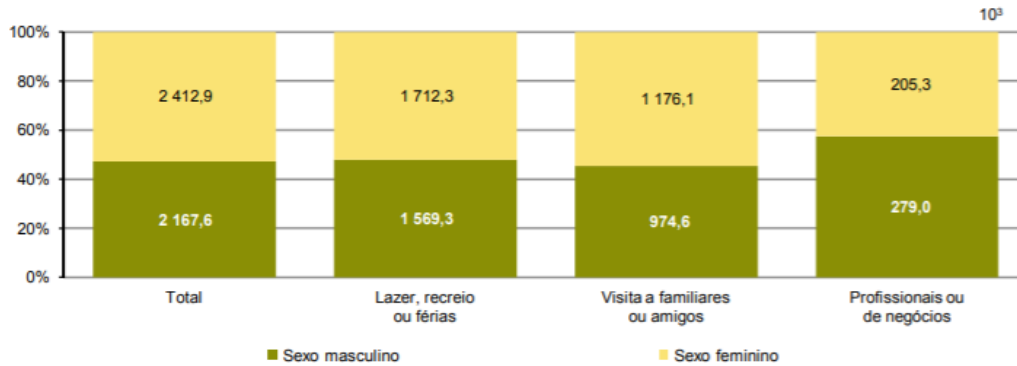
The proportion of residents who have travelled *Exclusively within Portugal* in 2017 was 32.5% (33.5% in 2016), while 4.9% of residents travelled *Exclusively Abroad* (+1.3pp compared to 2016). According to INE (2018), 7.1% of the resident population has travelled both *Within Portugal and abroad* (also 7.1% in 2016). (INE, 2018).

Once again, the *Leisure, recreation or holidays* has determined the largest number of residents making tourist trips (3.3 million residents in 2017) – 31.9% of the resident population (+ 0.4pp compared to 2016).

Visits to family or friends was the second most important motivation, being the reason for 20.9% of the resident population trips in 2017 – 2.2 million individuals (21.4% in 2016). *Professional or business* reasons were responsible for the trips of 484.3 thousand individuals in 2017 – 4.7% of the total resident population (5.2% in 2016).

In what concerns to the distribution of tourists by sex, INE estimated the proportion of tourists of *Female sex* was 52.7% in 2017 (52.6% in 2016) - a similar weight to the one observed for the total resident population. *Male sex* was the most represented

among the tourists who made trips by *Professional or business* reasons – 57.6%. Concerning the other purposes, *Female sex* was predominant, accounting for 62.6% of tourists travelling for *Religion*, 62% for *Health* and 54.7% for *Visits to family or friends*.



Graphic 2 - Distribution of tourists by sex according to the main motivations for travelling, 2017. Source:

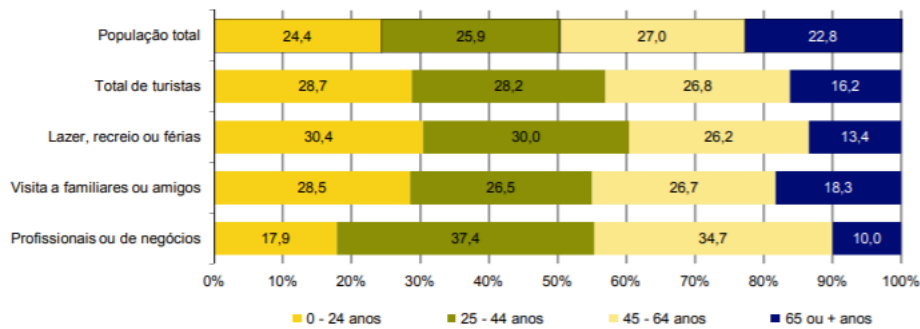
INE, 2018

It was possible to observe a lower weight of the age group of *25 to 44 years old* (from 29.3% in 2016 to 28.2% in 2017). On the other hand, the age group of *45 to 64 years old* reinforced its relative importance (26.8% in 2017; +1pp than 2016).

In 2017, 60.4% of the tourists that travelled for *Leisure, recreation or holidays* reasons were until 44 years. This percentage represents a decrease compared to 2016 (62.2%). By contrast, the weight of the population of the age group of *45 to 64 years old* has increased from 24.8% in 2016 to 26.2% in 2017.

Regarding *Visits to family or friends* there was an increase in the expression of the age group of *0 to 24 years old*, from 26.6% in 2016 to 28.5% in 2017.

Among tourists who travelled for *Professional or business reasons*, the age group of *45 to 64 years old* has stood out, reaching 34.7% of the total (32.5% in 2016). There was a decrease in the weight of the age group of *25 to 44 years old* to 37.4% (39.5% in 2016).



Graphic 3 - Age structure of the resident population and individuals who travelled, by main motivations for the trip, 2017. Source: INE, 2018

INE estimated that, in 2017, 55.5% of the resident population did not make *Any tourist trip* (-0.4pp compared to 2016). The *Economic Reasons* were pointed out by more than half of non-tourists (50.9%) as the reasons for not travelling, followed by the *Lack of motivation for travelling*, pointed out by 22.4% of the individuals (22.8% in 2016).

It is important to highlight the *Health Reasons*, referred by 9% of the individuals who did not make *Any tourist trip*, has revealed an increase of 2.8pp. (INE, 2018)

6.3.2 International Tourist Profile

According to *Estudo de Satisfação dos Turistas | Abril de 2015* (Turismo de Portugal, 2015), from the tourists who visited Portugal in the winter of 2014, 55% were *Females* and 45% were *Males*. The age groups of *25-34 years old* and *over 55 years old* observed the highest expression. The vast majority (60%) of tourists had a *University degree*. In general, there was an increase in the number of (1) *Female* tourists; (2) *over 55 years old* tourists and (3) tourists with a *University degree*.

Portugal appears in the mindset of tourists, still in the planning phase of their holidays. The idea of considering Portugal is a result of both the *Search of information on the Internet* (34%) and the *Recommendation of family and friends* (31%).

Nevertheless, before considering Portugal as a holiday destination, 20% of tourists thought about spending their holidays in another country – *Spain* was the most mentioned option (40%). However, about 28% of the respondents decided to go to Portugal as this country is more *Advantageous in terms of prices*, while 23% of respondents revealed *Curiosity and willingness to know the country* (23%).

In the final decision of choosing Portugal as a holiday destination, the reason with more significance was the *Climate and landscape* of the country (47%). It was

immediately followed by the *Travel price* (39%), which registered a considerable increase compared to 2013. (Turismo de Portugal, 2015) Also, the *Suggestion by family and/or friends* (34%) and the *Hospitable and welcoming characteristics of the country* (29%) conditioned the decision to choose Portugal, even at a lower level.

Most of the tourists who visited Portugal in the winter of 2014 did it for the first time. In fact, for 56% of the tourists, it was the first visit to Portugal, while the remaining 44% had already visited the country. Despite being a trend observed over the last few years, since 2011 that was not registered such a large difference between the number of tourists who had visited Portugal before this trip (*Repeaters*) and the number of tourists visiting the country for the first time (*Newcomers*).

Most of the tourists who visited Portugal in the winter of 2014 came with other *Adults* (75%). However, 20% travelled *Alone*, and 5% came in *Family with children*.

Most of the tourists opted to stay in a *Hotel, Aparthotel or Pousada* (68%). The second option (11%) seems to be the *House of family or friends* (23% in the case of Brazilians tourists). All the other types of accommodation are not expressive, being part of the choice of a small number of tourists.

Tourists who visited Portugal during the winter period of 2014 spent an average of 8 *nights* in the country. Except 2012, a period in which was observed a slight decrease in the number of nights spent in Portugal, the average referred above confirms the growing trend since 2010 concerning the average number of nights that tourists stay in Portugal.

Overall, *Lisbon* (57%), *Porto* (26%) and *Algarve* (21%) were the regions visited the most by tourists in the winter of 2014. In general, these regions have remained in the top 3 of the most visited regions. The sharpest fall in this period was observed in the values obtained by the *Centre*. On the other hand, *Sintra* and *Estoril/Cascais* gained the largest number of visitors compared to 2013.

The vast majority of tourists (83%) chose to stay in the *Same location* during their visit to Portugal. This type of visitors prefers *Lisbon* (46%) to stay hosted. The remaining 17% prefer to travel in *Circuit*, staying in some of the *Different locations* they visit during their trip, according to the itinerary established. This type of tourist opts for *Lisbon* (79%) and *Porto* (56%) to stay hosted.

During their stay in Portugal, tourists reported they had contact mainly with Tourism Infrastructures such as *Airport, restaurants, and accommodation*; Hospitality, whether through the *Sympathy of the local population* or through *Fluency in foreign languages*; Natural and Cultural offer, such as *Gastronomy and wines* and *Landscapes*; Attendance of Professionals, whether through their *Professionalism* or *Sympathy*. On the contrary, the *touch points* less used by the tourists (less than half of the tourists used them) were Tourism Activities, such as *Wellness, Sports, Nature, and Cultural activities*; *Rent-a-car*; *Health services*.

Tourists were satisfied with the large majority of *touch points* used during their holidays. The *touch points*, such as the *Landscapes, the Monuments, and museums, the Gastronomy and wines, the Beaches* (all included in the Natural and Cultural Offer) as well as the *Sympathy of the local population* were the ones which have recorded the best performance – these *touch points* have simultaneously reached the highest *Levels of satisfaction* and *Surpassed the expectations* of the tourists who visited Portugal.

In general, it was observed a decline in tourist satisfaction regarding the majority of the *touch points* in 2014. However, it should be noted that the *Levels of satisfaction* are still quite high. The level of satisfaction of tourists with their holidays was very high – 94% of tourists were *Very Satisfied*. This level of satisfaction was widespread, regardless of the sex, age, and country of origin of the tourists who visited Portugal.

In terms of expectations, there were no notable differences. Tourists continue to consider that their expectations were *Exceeded* (51%) or, at least, *Maintained* (48%).

The vast majority of tourists revealed their intention to return to Portugal in the next three years. In fact, from the 94% of tourists who *Consider returning*, 70% mentioned that they will *Surely return* soon. Compared to the winter of 2013, the number of tourists who *Consider returning* to Portugal has increased by 14% (the highest rise since 2011). (Turismo de Portugal, 2015)

Before visiting, Portugal is perceived mainly as a country with *Good climate, Hospitable* and with *Good gastronomy*. After visiting Portugal, the initial perception of the country is confirmed, being described by the same characteristics: *Good climate, Hospitable* and with *Good gastronomy*. However, when compared to the initial perception, it was observed a decreasing number of tourists who consider that Portugal

has a *Good climate* and a very expressive increase of tourists that consider Portugal a *Hospitable and Nice /Wonderful/Interesting* country.

Out of the 94% of tourists who plan to return to Portugal in the next three years, 41% consider that there are *No aspects to improve* in the country. Respondents who would like to find improvements refer as priority aspects: *Roads and signposting* (8%); *Buildings conservation* (5%); *Quality/variety of food* (4%); *Public transports* (4%); *Information in English/French* (3%); *Cleanliness and pollution* (3%); *Tourism offer diversity* (3%); *Security* (3%); *Prices* (2%) and *Airport conditions* (2%).

Overall, the only differences that should be highlighted are the slight increase in the number of tourists who consider that there are *No aspects to improve* and in the number of tourists that would like to see improvements in *Roads and Signposting*. See respective graphics in Annex 5 (Turismo de Portugal, 2015)

6.4 Competitors

6.4.1 Direct Competitors

It was considered as direct competitors the tourist apartments located exclusively within Setúbal, offering some of the specific services thought for the *Innovative network of Tourist Apartments* as well as other similar characteristics. The accommodations selected as direct competitors were: *Casa Miradouro Apartments, Penthouse Oasis, AL Setúbal Terrace House, Setúbal Downtown Studios, Setúbal Downtown Apartments, and PH in Setúbal*. See Table 3 below.

6.4.2 Indirect Competitors/Substitutes

In the Peninsula of Setúbal can be found other type of accommodations that, although with different characteristics, should be considered, tourists may also choose them. The main indirect competitors identified are Hotels; Pensions; Hostels, and Guest Houses. Regarding the first two mentioned, there a few in the Setúbal Peninsula. Most of them are obsolete, poorly located and do not offer complementary services. Since the prices they charge are not distant from the ones charged by the competitors identified previously, the quality-price relationship is not attractive. Concerning Hostels and Guest Houses, besides the offer being also limited, the accommodation experience offered by them is distant from the one offered by tourist apartments.

	Characteristics	Other Services/Activities	Target	Price	Promotion
<i>Casa Miradouro Apartments</i>	Located in Setúbal. It was established in 2015. The apartments are made of local sustainable materials. Exceptionally well decorated, the apartments are very modern.	By paying an additional charge, it is possible to book Transport Services (from and to the airport, and to visit intended places in the city).	Mainly for couples or families with children.	Varies between 55€ and 74€ per night.	Does not have a Website. Disclosed in various platforms of accommodation booking. It is present on Facebook, although not actively – the latest posts are from 2017.
<i>Penthouse Oasis</i>	Located in Setúbal. It was established in 2017. The kitchen features an oven and a microwave. A flat-screen TV with cable channels is also featured. The decor is modern, clean and minimalist.	By paying an additional charge, it is possible to book Transport Services (from and to the airport).	Mainly for couples or families with children.	Varies between 99€ and 139€ per night.	Does not have a Website. Disclosed in various platforms of accommodation booking. It is present on Facebook.
<i>AL Setúbal Terrace House</i>	Located in Setúbal. It was established in 2017. The house has a dining area and a kitchen equipped with a dishwasher. A flat-screen TV with cable channels is featured. Other facilities include a sun terrace. The decor is very simple and cosy.	By paying an additional charge, it is possible to book Transport Services (from and to the airport) and to rent a bicycle. Entertainment and Family Services , such as Kids' TV Networks, Books, DVDs and Music for Kids, as well as Board Games/puzzle, are available. The house also offers Activities such as Water Sports, Diving, Bowling, Hiking, Canoeing, Fishing, and Golf Course, by paying an additional charge.	Mainly for families with children or groups of friends.	Varies between 55€ and 80€ per night.	Does not have a Website. Disclosed in various platforms of accommodation booking. It is not present on Facebook.

<p>Setúbal Downtown Studios</p>	<p>Located in Setúbal. It was established in 2017. All units have a flat-screen TV with cable channels. Some units include a dining area and/or balcony. There is also a kitchenette, fitted with a microwave and refrigerator. Each unit has a bathroom with free toiletries. Towels and bed linen are provided. The decor is quite simple, modern and cosy.</p>	<p>Not specified.</p>	<p>Mainly for couples.</p>	<p>Varies between 45€ and 69€ per night.</p>	<p>Does not have a Website. Disclosed in various platforms of accommodation booking. It is not present on Facebook.</p>
<p>Setúbal Downtown Apartments</p>	<p>Located in Setúbal, the establishment opened in 2016, and it belongs to the same owner of <i>Setúbal Downtown Studios</i>. An oven and a microwave are provided in the kitchen. A flat-screen TV with cable channels is also available. The decor is very simple.</p>	<p>By paying an additional charge, it is possible to book Transport Services (from and to the airport). The apartments also offer Activities such as Canoeing (by paying an additional charge). It is possible to book Cleaning Services (laundry services are available).</p>	<p>Mainly for families with children.</p>	<p>Varies between 45€ and 69€ per night.</p>	<p>Does not have a Website. Disclosed in various platforms of accommodation booking. It is present on Facebook, although not actively – the latest posts are from 2016.</p>
<p>PH in Setúbal</p>	<p>Located in Setúbal. It was established in 2017. The kitchen provides a dishwasher, an oven, and a microwave. A TV with cable channels is featured. The apartment is very comfortable. The apartment colours are allusive to the sea and sun.</p>	<p>Not specified.</p>	<p>Mainly for couples.</p>	<p>Varies between 120€ and 150€ per night.</p>	<p>Does not have a Website. Disclosed in various platforms of accommodation booking. It is actively present on Facebook, making posts regularly.</p>

Table 3 - Competitor's Characterization. Source: Author

7. Internal Analysis

SWOT

By conducting a SWOT Analysis, an entrepreneur will be able to distil the critical findings of the internal and external environment analysis. This tool will show where the entrepreneur should focus his attention, allowing the anticipation of important developments that can have an impact on the business.

Strengths	Weaknesses
<ul style="list-style-type: none"> - Partnerships with local establishments, such as restaurants, cafes, bars, and tour operators; - Modern and sophisticated accommodation, characterized by a unique design; - Great location, close to the main points of interest, including beaches, monuments, and typical restaurants; - Innovative services offer; - Good receptivity regarding tourist apartments, since there is a significant growth of this type of establishment in the Peninsula of Setúbal; - Proximity to the city of Lisbon. 	<ul style="list-style-type: none"> - High seasonal dependency; - Low brand awareness at an early stage.
Threats	Opportunities
<ul style="list-style-type: none"> - The Considerable increase in the number of tourist apartments in the Peninsula of Setúbal, especially in the last two years; - Increasing laws and regulations for licensing and setting-up tourism enterprises; - Still reduced offer of Tourism & Recreation activities in the Peninsula of Setúbal; 	<ul style="list-style-type: none"> - Economic recovery; - The exponential growth of the tourism sector; - Relevant search for Sun & Sea Tourism; - The increasing number of domestic and foreign tourists interested in spending holidays in the Peninsula of Setúbal; - Good weather conditions observed throughout the year; - Increasing search for an authentic accommodation experience; - Increasing search for tourist enterprises offering innovative complementary services.

Table 4 - SWOT Analysis. Source: Author

8. Competitive Analysis

Qualified SWOT

After a SWOT analysis, it may be useful to develop a Qualified SWOT, by crossing the Strengths, Weaknesses, Opportunities, and Threats previously identified. The purpose of this systemic SWOT is to find out which are the critical factors that may affect the business. A description of the main Challenges, Warnings, Constraints, and Risks is presented below:

	Opportunities	Threats
Strengths	<p style="text-align: center;"><u>Challenges</u></p> <p>- S1 vs. O7: Invest in partnerships with local firms which organize tourist routes and other activities;</p> <p>- S2 vs. O6: Be the first tourist establishment of the Peninsula of Setúbal offering an exclusive concept, which proportionates a unique accommodation experience for customers;</p> <p>- S3 vs. O5: Invest in marketing and communication strategies in order to attract tourists throughout the year, avoiding the seasonality effect.</p>	<p style="text-align: center;"><u>Warnings</u></p> <p>S4 vs. T1: Need to be at the frontline of innovation (especially regarding the offer of complementary services) by creating a need instead of satisfying an already existing one;</p> <p>S6 vs. T3: Importance of taking advantage from the diversity of tourist attractions offered by the Lisbon city, optimizing the tourists' stay and bridging any gaps in the offer of tourist activities in the Setúbal Peninsula.</p>
Weaknesses	<p style="text-align: center;"><u>Constraints</u></p> <p>W1 vs. O3: Although the weather conditions are favourable throughout the year, there are only three months of summer, which means the Peninsula of Setúbal cannot always proportionate the much-sought-after Sun & Sea Tourism;</p> <p>W2 vs. O2: At an early stage, it is possible that the business does not grow at precisely the same pace as the sector does since it will need to conquer the tourist's awareness.</p>	<p style="text-align: center;"><u>Risks</u></p> <p>W2 vs. T1: At an early stage, the tourists will not be aware of the exclusive concept of the apartments, which may lead to the choice of other competitors already established;</p>

Table 5 - Qualified SWOT Analysis, based on previous SWOT Analysis. Note: S1 represents the first mentioned Strength; O1 represents the first mentioned Opportunity; W1 represents the first mentioned Weakness; T1 represents the first mentioned Threat, and so on. Source: Author

9. Plan Objectives

Objectives are the measurable steps which the entrepreneur should follow in order to accomplish the strategic business goals. They should answer questions such as “What are the reasons for investing in this business?”, “What strategy will the entrepreneur follow in order to maintain a competitive advantage over time?”, “Which areas or processes are critical for the development of the business?” and “What are the entrepreneur’s perspectives on the evolution of the business?”. The qualitative and quantitative objectives this business plan proposes to achieve are the following:

Qualitative Objectives:

- Promote the affirmation of the Peninsula of Setúbal as a tourism region of excellence;
- Contribute to the promotion of the economy of the Peninsula of Setúbal, as well as to the preservation of its key attributes;
- Be recognized as a premium tourist establishment, offering an exclusive concept and proportionating a unique accommodation experience;
- Build long-term relationships with the customers, by adopting a customer-oriented strategy;
- Foster a solid network of partnerships valuable to the business;
- Hire high qualified staff, with good communication skills, able to perceive and satisfy the customer’s needs and expectations;
- Adopt effective marketing and communication strategies.

Quantitative Objectives:

- Reach a profitability index higher than 5;
- Achieve an internal rate of return above 30%;
- Recover the initial investment in less than 5 years;
- Achieve a minimum turnover of 35,000€ in the first year of activity and assure a subsequent annual growth of 5%;
- Achieve a market share of 0.25% by the end of 5 years.

10. Development Strategy

10.1 Strategy Definition

Using the words of Porter (1985:14), *“In a differentiation strategy, a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceived as important, and uniquely positions itself to meet those needs. It is rewarded for its uniqueness with a premium price”*. The focus strategy “[...]

rests on the choice of a narrow competitive scope within an industry. The focuser selects a segment or group of segments in the industry and tailors its strategy to serving them to the exclusion of others. By optimizing its strategy for the target segments, the focuser seeks to achieve a competitive advantage in its target segments even though it does not possess a competitive advantage overall.” This specific business plan is intended to adopt a differentiation focus strategy by combining both strategies referred above. In order to pursue a differentiation focus strategy, this business will offer a unique accommodation experience to a narrow target, which is looking for a very sophisticated establishment to spend its “Sun and Sea” holidays, while having access to a broad range of exclusive services. By adopting this strategy, it is possible to charge a “premium price” since the resulting brand loyalty lowers customers’ sensitivity to price. The critical competitive advantages which will allow this strategy to be attained are the following:

- Premium tourist establishment, offering an exclusive concept and proportionating a unique accommodation experience;
- A broad range of complementary services and activities offered;
- Partnerships with local establishments, such as restaurants, cafes, bars, and tour operators;
- Great location, close to the main points of interest, including beaches, monuments, and typical restaurants;

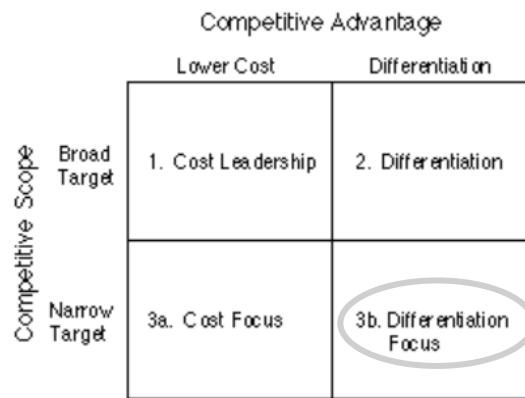


Figure 3 - Porter’s Generic Competitive Strategies. Source: Adapted from Porter, 1985

- Proximity to Lisbon, a city which offers a great range of activities, events and other attractions;

- Excellent customer service.

10.2 Mission, Vision and Core Values

As stated by Tallant (2009:4), “*An organization [...] cannot develop a strategic plan without identifying vision, mission, and values. [...] By identifying and understanding how values, mission, and vision interact with one another, an organization can plan a well-designed and successful strategic plan leading to competitive advantage*”. Taking this into account, the mission, vision, and values proposed to this business are the following:

Mission: *Through authenticity and innovation, provide a unique accommodation experience that exceeds customer expectations in every aspect of their stay.*

Vision: *To be unequivocally recognized as the best accommodation establishment in the Peninsula of Setúbal.*

Core Values:

Innovation – To be one step ahead of competitors; To create needs instead of satisfying already existing ones;

Excellence – To strive every day for a superior, faultless performance;

Integrity – To act with honesty and ethics; To be consistent and fair;

Loyalty – To create mutually beneficial relationships based on trust, respect, and esteem;

Proactive attitude – To positively contribute to local communities’ well-being;

10.3 Critical Success Factors

According to Bullen & Rockart (1981:7), critical success factors can be defined as the “*[...] limited number of areas in which satisfactory results will ensure successful competitive performance for the individual, department or organization*”. Taking this into consideration, the critical factors which will ensure the success of this business are described below:

Critical Success Factor	Description
Performance	Guarantee a faultless performance, in order to achieve a customer service characterized by a high-quality standard.
Training	Invest in staff training on a regular basis, not only with the purpose to increase employees' motivation and commitment, but also to allow their contribution to business growth.
Communication	Adopt powerful communication and marketing strategies, in order to achieve the customers' desired level of awareness.
Sustainability	Invest in actions which ensure the positive contribution of the business to the local communities.
Relationship with customer	Create close and beneficial relationships with customers. Ensure they feel motivated to come back.
Strategic partnerships	Develop partnerships with local firms/institutions particularly the ones which may be considered complementary to this business.

Table 6 - Critical Success Factors. Source: Author

10.4 Partnerships

By developing strategic partnerships, especially with local and complementary businesses, it is possible to create a sharing environment: know-how, resources, and ideas may be shared. This synergy is essential for the businesses' prosperity, thus reflecting in value creation for customers, as well as in the well-being of local communities. Having said this, it is presented below some examples of companies/institutions with which this business pretends to create strategic partnerships:

Enterprise/Organization	Description
<i>Ludyefera – Turismo e Aventura, Lda.</i>	Offers aquatic activities (such as boat trips, dolphin watching, canoeing), as well as land activities (such as sightseeing, jeep tours).
<i>Rotas Terra Una</i>	Organizes three horse-riding tours (“Louro Mountain”, “Arrábida Weekend” and “Dolphin Bay”), all taking place in the Natural Park of Arrábida.
<i>Associação da Rota de Vinhos da Cidade de Setúbal/Costa Azul</i>	The Association has its object the promotion and defence of the wines IG Setúbal Peninsula and Designation of Origin Palmela and Setúbal, the support for the promotion of traditional products, as well as the coordination of activities in partnership with local organizations. It organizes visits to wine cellars, as well as wine taste routes, gastronomy routes and handicraft routes. These routes can be combined with other activities, such as golf, karting and bicycle rides.

<p><i>Rotas do Sal – Atividades de Animação Ambiental e Turismo da Natureza, Lda.</i></p>	<p>The ecological tourism agency organizes activities such as bird watching, historical cruises in Sado River, among others. In addition, the agency offers the possibility of renting a recreational craft without a crew.</p>
<p><i>Badoca Safari Park</i></p>	<p>The Animal Theme Park, launched in 1999, is located in Santiago do Cacém (approximately one hour away from Setúbal). Operating from March to October, the park offers the opportunity to spend a day in contact with nature and different animal species. Visitors can experience a Safari along 1-hour overland journey, being offered the possibility to observe 30 different wild species living freely. In addition, the park offers a wide range of activities, such as Birds of Prey shows to assist, a Primate’s Island to visit, an “African Village”, among others.</p>

Table 7 - Partnerships. Source: Author

11. Definition of Implementation Policies

11.1 Brand

In the words of Ries, A. and Ries, L. (2004), *“Marketing is building a brand in the mind of consumer. If you can build a strong brand, you have a powerful marketing program. If you can not, then no advertising, no creative packaging nor all sales promotions and public relations in the world will not help you reach your goals”*. Building a strong brand involves the creation of an appellative name for the product/service, which in few words express its exact essence. Having said this, the proposed name for the network of tourist apartments is *Quebedo’s Heaven – Luxury Apartments*.

11.2 Segmentation, Targeting and Positioning

Through the analysis made at the Customer Profile subchapter, it is now possible to proceed with the segmentation of the market, as well as with the selection of the target group for which this business plan will tailor its marketing and communication strategies.

A combination of geographic, demographic and psychographic variables was considered for the market segmentation process. From that process results the target chosen by this business, which comprises:

- Tourists aged between 35-65 years old, namely couples or families with children;
- Residents and foreigners, belonging to the upper-middle and upper class;
- Tourists looking for a quiet stay in a destination where they can explore beautiful beaches and landscapes, traditional gastronomy and wines, cultural and historical places; who are aiming to have innovative experiences, as well as to take advantage from unique customer service.

According to Kotler, F. *et al.* (2008:435) *“The differentiation and positioning task consists of three steps: identifying a set of possible customer value differences that provide competitive advantages upon which to build a position, choosing the right competitive advantages, and selecting an overall positioning strategy.”*

Regarding the first step, the potential value differences that provide competitive advantages to this business are the following: charming establishment, characterized by

a contemporary décor; outside pool seasonally heated; delicious breakfast; broad range of complementary services and activities offered; partnerships established with local firms; privileged location, close to the main points of interest; proximity to Lisbon; excellent customer service; highly trained and qualified staff; shop which offers regional products and souvenirs.

Once identified the potential differentiations that provide competitive advantages, the next step consists in choosing the ones from which the positioning strategy will be built. On the Strategy Definition subchapter, this step was already concluded, having been chosen the critical competitive advantages which will allow the strategy underlying this Business Plan to be attained.

Finally, in what concerns the overall positioning strategy itself, this business will adopt a “More-for-more” strategy which involves providing a unique and upscale service, while charging a premium price for it.

11.3 Perceptual map of competitors

“In planning their differentiation and positioning strategies, marketers often prepare perceptual positioning maps, which show consumer perceptions of their brands versus competing products on important buying dimensions.” (Kotler et al., 2008:434)

Figure below shows a perceptual map for the tourist apartments market in the Peninsula of Setúbal. The map indicates the *Quebedo’s Heaven – Luxury Apartments’* perceivable positioning on the two dimensions concluded to be the most relevant for consumers when choosing an accommodation – *price and quality and diversity of services offered*, compared to the ones of the already identified competitors (Setúbal Downtown Studios and PH in Setúbal were excluded from the map, taking into account it was not possible to identify the services offered by them).

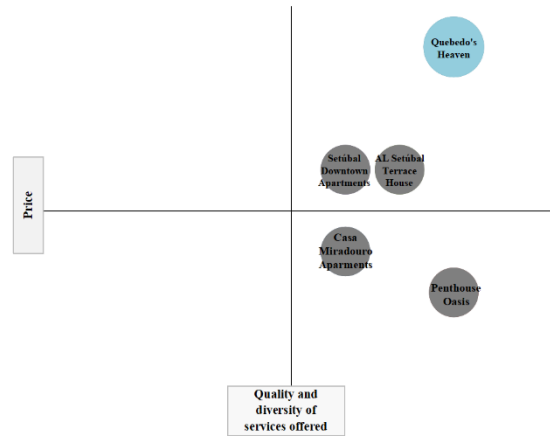


Figure 4 - Perceptual map of main competitors. Source: Author

11.4 Key strategic options

Once the Competitors Analysis is made, and the Development Strategy is defined, it is now important to identify the desired positioning of this business plan in the already selected target market. This business pretends to adopt the “Market Challenger” strategy, by attacking the market leader, as well the other direct competitors. Initially, in order to reach its goal, this business will launch an *indirect attack* on the competitor’s weaknesses (for example, it will invest in aspects the competitors are not yet considering). When conquering a higher market share, as well as more resources, this business will move to a *full-frontal attack*, matching or even surpassing the competitor's main strengths.

11.5 Marketing Mix

As stated by Kotler, F. *et al.* (2008:157) “*The marketing mix is the set of controllable, tactical, marketing tools that the firm blends to produce the response it wants in the target market.*” Also known as the ‘four *Ps*’, the marketing mix tools are *product, price, place, and promotion*. Booms & Bitner (1981), being from the opinion that the four *Ps* may omit or underemphasize certain important variables, extended the marketing mix concept to include three more *Ps*: *people, physical evidence, and process*. However, according to Kotler, F. *et al.* (2008:158), the “*issue is not whether there should be four, six or ten Ps so much as what framework is most helpful in designing integrated marketing programmes.*” Regardless of how many they are, the business should select the *Ps* which will allow putting the marketing plan into practice.

Product

Kotler, F. *et al.* (2008:158) define *Product* as the “ [...] *goods-and-services combination the company offers to the target market.*” The idea underlying this project is about creating a network of tourist apartments offering a set of innovative complementary services. Below, it will be characterized the property where the tourist establishment will be located, as well as the activities and complementary services to be offered, which together constitute the product of this Business Plan.

Characterization of the property

The property will be located at *Pátio Gago da Silva*, next to *Praça do Quebedo* and *Jardim General Luís Domingues*, municipality of Setúbal. It is composed of four vacant buildings. Three of these buildings have a view to *Praça do Quebedo*. Their façade, whose construction is prior to the 1900s, is characterized by the Portuguese architectural style *Pombalino*, which will be preserved. The fourth building, which is on the other side of *Pátio Gago da Silva*, is contiguous to the medieval wall of Setúbal. Not having a particular architectural interest, it will be completely demolished. It will be built another building with the same style as the other three and to which it will be attached (together constituting the main building). In addition to an outside garden, there will be a porch with barbecue grills and a lack-style swimming pool. At the underground level, it will be constructed a car parking, which will confer to this establishment a great value-added in what concerns to accessibility. See the plan and location of *Pátio Gago da Silva* in Annex 6.

- Main building

The main building will be arranged on two floors, with a lift. On the ground floor, there will be a reception, an office room, a comfortable lounge, a bathroom, an area with lockers, a dining room where the breakfast will be served, a small shop offering some typical products of the region, as well as the Wellness & Spa Centre. At the top floor, it will be the 30 apartments (12 studios, 10 one-bedroom apartments, and 8 two-bedroom apartments). In what concerns interior decoration, the house will have a contemporary style. The essence of this style – simultaneously simple and bold - perfectly mirrors the objective of this tourist establishment: to proportionate the unique sensation of being at home, while experiencing a sophisticated and elegant atmosphere. It will be chosen neutral colours (such as white, grey and light steel blue). Geometric silhouettes

and straight lines will characterize the furniture. It will be given preference to solid hues and finishes, natural materials and unadorned surfaces.

- **Outside**

The outside area will be an enclosed courtyard with a garden with shrubs, flower beds, and fruit trees. In the middle of the garden, there will be a lake-style swimming pool, (with a design inspired on the typical *Alentejo*'s style), complemented with an area with sun loungers and sun umbrellas. Contiguous to the main building, there will be a porch with barbecue grills, a bar, and an outdoor dining/sitting area.

- **The apartments**

The apartments will be a total of 30 (12 studio apartments, 10 one-bedroom apartments, and 8 two-bedroom apartments). The 12 studio apartments will have a fully-equipped private bathroom, a well-equipped kitchenette, an independent living area with a sofa and two single beds, as well as one parking space at the underground car parking. The 10 one-bedroom apartments will have a fully-equipped private bathroom, one bedroom with a double bed, a well-equipped kitchenette, an independent living area with a sofa, as well as a parking space at the underground car parking. The 8 two-bedroom apartments will have one bedroom with double/single beds and another one with two single beds, two fully-equipped private bathrooms, a well-equipped kitchenette, an independent living area with a sofa, as well as two parking spaces at the underground car parking. All the apartments are equipped with the following amenities: free Wi-Fi, satellite and cable channels, flat-screen TV, air conditioning, heating, hairdryer, iron, refrigerator, stovetop and oven, microwave, electric kettle, toaster, wash and dry machine, dishwasher, kitchenware, coffee machine, wake-up service, towels, linen and free toiletries. There will be 15 apartments with views to both *Praça do Quebedo* and to the courtyard garden (6 studios, 6 one-bedroom apartments, and 3 two-bedroom apartments). The other 15 apartments will have views to the courtyard garden and the medieval wall (6 studios, 4 one-bedroom apartments, and 5 two-bedroom apartments). The apartments will be cleaned every day. The cleaning services take place from 11 am to 15 pm. If guests do not desire this service, it will be recommended putting the "Do not disturb" hanger on the other side of the apartment's entrance door. Check-in could be done from 3 pm and check-out until 11 am.

- **Orchis Wellness & SPA**

Its name is allusive to a species of flora characteristic of the Natural Park of Arrábida – *Orchis Italica*, which has healing and homeopathic properties. The *Orchis Wellness & Spa* centre offers guests a wide range of treatments (such as massages, hydrotherapy, as well as body and facial treatments) that will surely add to the accommodation experience a feeling of harmony, renovation, and intense relaxation. Guests may book their treatments directly by telephone, e-mail, mobile app or at the apartment's reception. The centre will be open daily from 10 am to 7 pm. This timetable may be subject to alteration depending on seasonality.

- **Carrapau e Sarrdinha Shop**

As previously referred, on the ground floor there will be a small shop which will have available gastronomic products typical of the Peninsula of Setúbal, 100% Portuguese origin and produced by different brands. The name of the shop is inspired by local people's way to pronounce the names of two popular species of fish in Setúbal – horse mackerel and sardine. Examples of the products that will be for sale are PDO *Moscatel de Setúbal*, honey with origin at *Serra da Arrábida*, *Arrabidine* liquor, canned fish typical of Setúbal, as well as cheese and confectionary traditional from *Azeitão*. The shop will be open daily from 9 am to 7 pm.

- **Meals**

At the main building's ground floor, there will be a dining area where the breakfast will be served. It will include coffee, a selection of teas, milk, natural juices, a variety of bread, croissants, pancakes, pastries, cakes, a variety of marmalades and jams, many types of cheese, jam, fresh fruit, and so on. Whenever possible, typical and regional products will be available. The breakfast will be served between 7 am and 11 am. Additionally, the outdoor bar will serve alcoholic and non-alcoholic drinks, as well as soft meals and snacks. It will be open from 12 pm to 11 pm. See the price list of the Bar in Annex 7.

- **Activities and Complementary Services**

Considering the previously identified target market, it will be offered a broad range of activities thought to enable this target to fully explore the Peninsula of Setúbal, as well as the neighbouring regions. Below, it can be found a list (non-exclusive) of the activities proposed:

Activities
<ul style="list-style-type: none"> - Boat trips and historical cruises along the Sado river - Dolphin watching - Canoeing along the Sado river - Horse-riding tours - Wine taste, gastronomy, and cultural routes - Karting - Bird watching in Natural Park of Arrábida - Visits to <i>Badoca Safari Park</i>

Table 8 - Activities offered. Source: Author

Additionally, it will be made available a set of complementary services which are believed to add value to this proposal, namely:

Complementary Services
<ul style="list-style-type: none"> - Transport service (from and to the airport) - Shuttle service - Bicycle renting

Table 9 - Complementary Services offered. Source: Author

Quebedo's Heaven – Luxury Apartments will outsource the previously mentioned activities and complementary services to local companies with which it pretends to create partnership agreements. See in Annex 8 the touristic maps of Setúbal and Azeitão.

Price

According to Kotler, F. *et al.* (2008:158), “Price is the amount of money customers have to pay to obtain the product.” As previously referred, *Quebedo's Heaven – Luxury Apartments* aims to be recognized as a premium tourist establishment, by offering a unique accommodation experience, as well as a broad range of exclusive services. By adopting this “More-for-more” strategy, the *Quebedo's Heaven – Luxury Apartments* will be able to charge a *premium price*, which “[...] can be thought of as the *excess price paid, over and above the fair price that is justified by the true value of the product*”. (Rao & Bergen, 1992).

In this regard, when defining the *Quebedo's Heaven – Luxury Apartments'* price per night (rack rate per night), it will be considered the prices charged by the direct competitors' establishments previously identified (see subchapter 5.4.2). The second step will consist in the calculation of an arithmetic average price based on those prices. However, it has to be taken into account the direct competitors' establishments do not have the same business model as *Quebedo's Heaven – Luxury Apartments*. These

establishments do not offer three typologies of apartments as *Quebedo's Heaven – Luxury Apartments* does. As most of them only have available the one-bedroom typology, the arithmetic average found will be used to define the *Quebedo's Heaven – Luxury Apartments'* price for this typology of apartments (the price will be slightly higher than the average found). Lastly, the price of the two-bedroom apartments will be calculated increasing the price of the one-bedroom apartments by 30%. Following the same reasoning, the price of the studio apartments will be calculated decreasing the price of the one-bedroom apartments by 20%.

In what concerns the Special Offers and Wellness & SPA services, *Quebedo's Heaven – Luxury Apartments* will adopt a Competition-Based Pricing strategy, by analysing the prices charged by the direct competitors' tourist establishments. In case this data is not available, or these competitors do not have this type of offers/services, the prices will be based on the prices charged by other tourist establishments (adopting the same positioning strategy as *Quebedo's Heaven – Luxury Apartments*) for the same type of offers/services.

Finally, regarding the Activities and Complementary Services, their price will correspond to the prices charged by the companies which will carry out those activities and services plus a rate of 20% (corresponding to *Quebedo's Heaven – Luxury Apartments'* margin for making available those activities/services).

All the above-identified prices include VAT at the legal rate.

Rack rate per night²

The rack rate per night includes access to the common areas of the establishment, as well as access to *Orchis* Wellness & Spa centre. It is based on the average price charged by the previously identified competitors (see Annex 9).

² The rack rate per night is a term commonly used in the hotel industry to describe the maximum price a property may charge for a room

	Low Season ³	High Season ⁴
Studio apartments (sleeps 2 Pax. maximum)	68	92
One-bedroom apartments (sleeps 3 Pax. maximum)	85	115
Two-bedroom apartments (sleeps 4 Pax. maximum)	110	150

Table 10 - Rack rate per night during low and high season, in €. Source: Author

Special Offers

Special Offers include exclusive packages at special prices.

	Price
Romantic Experience Pack (includes 1 night in a one-bedroom apartment; breakfast; 1 massage for two in <i>Orchis Wellness & Spa</i> ; 1 bottle of PDO <i>Moscatel de Setúbal</i>)	225
Family Pack (includes 1 night in a two-bedroom apartment; breakfast; selection of 1 activity from the ones available)	275 (3 people)
	325 (4 people)
Gastronomic Pack (includes 1 night in a one-bedroom apartment; breakfast; “Through the lands of Santiago” route; 1 bottle of PDO <i>Moscatel de Setúbal</i> ; a pack of <i>Barquinhos</i>)	185 (2 people)
	225 (3 people)
Sun & Sea Pack⁵ (includes 1 night in a one-bedroom apartment; breakfast; 1 boat trip along the Sado river)	175 (2 people)
	225 (3 people)

Table 11 - Price per each pack, in €. Source: Author

Wellness & Spa Services

	Price per person
Orchis massage for two 25’/50’	35/65
Hot stones massage 80’	110
Thai massage 70’	95
Shiatsu 70’	95
Reflexology 50’	70
Vichy shower 20’	50

³ Low season includes the months of January, February, March, April, May, October, November, and December

⁴ High season includes the months of June, July, August, and September, as well as the festive seasons of Carnival, Easter and New Year’s Eve

⁵ Only available from June to October

Jet shower 12'	35
Facial cleansing 70'	100
Firming perfection 55'	90
Body drainage 55'	90

Table 12 - Price per each service, in €. Source: Author

Activities

	Price per person
Boat trips and historical cruises along the <i>Sado</i> river 1h-8h (minimum of 6 participants)	Varies between 24 and 48 (depending on the selected route)
Dolphin watching 2h-4h (minimum of 4 participants)	42
Canoeing along the <i>Sado</i> river 2h-8h	Varies between 24 and 60 (depending on the selected route)
Horse-riding tour - “Louro Mountain” 7h	75 (includes lunch)
Wine taste, gastronomic and cultural route “Through the lands of Santiago” full day	40 (does not include meals)
Wine taste, gastronomic and cultural route “Through the lands of <i>Sado</i>” full day	24 (does not include meals)
Karting 15'/30'/45'	18/29/38
Bird watching in Natural Park of Arrábida half day/full day	18/36 (does not include meals)
Visits to <i>Badoca Safari Park</i>	22

Table 13 - Price per each activity, in €. Source: Author

Complementary services

	Price
Breakfast	12/person
Transport service (from and to the Lisbon airport)	30
Shuttle service	1(base price) + 0,65/km travelled + 0,10/min
Bicycle renting	1/hour

Table 14 - Price per each complementary service, in €. Source: Author

Place

“Place includes company activities that make the product available to target consumers.” (Kotler, F. et al., 2008:158) With the purpose of making *Quebedo’s Heaven – Luxury Apartments* available to the consumers, it will be used the following marketing channels:

- Direct and short distribution channel

Guests may book their stay directly through the *Quebedo’s Heaven – Luxury Apartments’* website and mobile app. This type of channel waives the intermediaries’ participation, and consequently, allows the establishment to control better the final price charged (which should be lower than the one charged by the intermediaries).

Quebedo’s Heaven – Luxury Apartments’ website and mobile app will have an online reservation system, allowing guests to confirm and manage their booking easily. The cancellation policy will be moderate: for a full refund of the total amount to be charged, cancellation must be made eight days before the arrival; if the guest cancels less than eight days prior the arrival, the first night is non-refundable but 50% of the total amount to be charged for the remaining nights will be refunded.

- Indirect marketing channel

The establishment’s distribution will also be carried out by the online reservation website *Booking.com*. This platform is considered as one of the most reliable and user-friendly compared to other online travel agencies.

At an initial stage, it will be adopted an **exclusive distribution strategy** which implies the previously referred channels to be the only chosen. This strategy will allow the achievement and consolidation of the business' desired brand awareness.

At a later stage, when this goal is already accomplished, the above-referred strategy will be adapted to a **selective distribution strategy**. This means *Quebedo's Heaven – Luxury Apartments* to be distributed by another online booking platforms, tourism sites, as well as through Portuguese and foreign travel agencies with which it may be created strategic partnerships.

Promotion

As stated by Kotler *et al.* (2008:158) “*Promotion means activities that communicate the merits of the product and persuade target customers to buy it.*” Representing the voice of the business, marketing communication is the vehicle through which “*firms attempt to inform, persuade, and remind consumers – directly or indirectly – about the products and brands they sell.*” (Kotler & Keller, 2012:476) In this sense, marketing communication is vital for businesses, as it is powerful in establishing the brand in the mind of consumers, therefore contributing to customer loyalty.

Having said this, it seems crucial to the business to create an effective communication strategy, which delivers a consistent message and contributes to the achievement of the desired positioning.

In developing an effective communication strategy, it is important to follow the steps below:

1. Identify the Target Audience

As previously mentioned, the target chosen by *Quebedo's Heaven – Luxury Apartments* includes: tourists aged between 35-65 years old, namely couples or families with children, as well as upper-middle and upper class residents and foreigners, who are looking for a quiet stay in Setúbal, a city where they have a broad range of activities to explore, while taking advantage of a unique accommodation experience. This target will be the audience to whom the establishment's communication message will be transmitted.

2. Determine the Communication Objectives

At an early stage, the objective of the *Quebedo's Heaven – Luxury Apartments*' communication strategy is to create **brand awareness**, appealing for the potential customers' attention, showing them the attributes of the establishment, as well as the services offered and, finally, convincing them *Quebedo's Heaven – Luxury Apartments* is the best option for them.

3. Design the Communication Message

“Ideally, the message should get Attention, hold Interest, arouse Desire and obtain Action (a framework known as the AIDA model).” (Kotler et al., 2008:703) The process of designing the message implies to figure out an appeal that will produce the desired response from the target audience. *Quebedo's Heaven – Luxury Apartments* will opt for a message content using **emotional appeals**. Through the slogan “*After all, Heaven is on Earth*”, it will be used a mix of humour and fantasy to transmit the target audience the idea of *Quebedo's Heaven – Luxury Apartments* being a dream place where they do not want to miss the opportunity to stay.

4. Select the Communication Channels

The fourth and last step consists in selecting the channels of communication, the means through which the message will be carried out. Starting a new business implies some budget constraints at an early stage. In this sense, *Quebedo's Heaven – Luxury Apartments* will only invest on the simultaneously most effective and affordable means of communication. At a later stage, this strategy may be adapted in case of need.

In this sense, it will be chosen both *above the line (media)* and *below the line* marketing channels:

<i>Above the line channels (media)</i>	
Channel	Brief description
<p><u>Own Website</u> <i>www.quebedoheaven-luxxyapartments.com</i></p>	<p>An appealing, user-friendly and well-organized website where visitors can find a brief description of the property and the apartments, information about the treatments offered at <i>Orchis Wellness & Spa</i>, as well as of the Special Offers, Activities and Complementary Services available. Additionally, the website presents a section with information about the Peninsula of Setúbal, a gallery of photos, establishment's contacts, as well as a link to make online reservations.</p>
<p><u>Own Mobile App</u> <i>Quebedo apartments</i>[®]</p>	<p>Mobile App for iOS and Android systems which has intuitive navigation and sophisticated design. <i>Quebedo apartments</i>[®] app offers a distinctive digital experience through which guests can view and manage their reservations, do check-in 48 hours before their arrival, book treatments at <i>Orchis Wellness & Spa</i>, check their bill, among others.</p>
<p><u>Social Media Marketing</u></p>	<p>The establishment will create pages on social networks, such as Facebook and Instagram where will be published appealing contents on a regular basis. In addition, it will be created a customer service account, in order to easily and quickly communicate with clients. Also, it will be made contacts with Portuguese and foreign social media influencers inviting them to visit the establishment and to share photos and opinions about their stay.</p>
<p><u>Travel & Tourism Websites</u></p>	<p>Disclosure on national and international websites specifically focused on tourism, such as guiadacidade.pt; lifecooler.com; travelandleisure.com.</p>

Table 15 - Above the line channels. Source: Author

<i>Below the line channels (media)</i>	
<p><u>Direct Marketing</u></p>	<p>- <u>E-mail Marketing:</u> <i>communication@quebedoapartments.com</i> Created with the purpose of promoting direct communication with customers, it will be used to send newsletters, feedback and satisfaction surveys, information about future campaigns, among others;</p> <p>- <u>Press Releases:</u> It will be shared with the market interesting information and news on a regular basis.</p>
<p><u>Public Relations</u></p>	<p>The establishment will organize a free access opening event, distribute appellative inviting brochures, as well as business cards to customers.</p>

<u>Sales Promotion</u>	It will be offered customers strong incentives to visit the establishment by launching different special offers, doing promotions and organizing rewarded challenges with the support of social media channels.
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Table 16 - Below the line channels. Source: Author

People

People refer to all the stakeholders that are involved in the business, namely employees, customers, management team, among others. As this business consists of the provisioning of a service, employees play a crucial role as they contact directly with the customers, being the face of the establishment.

In fact, it is the employees who will mirror the establishment's atmosphere and concept, being responsible for proportioning guests an enriched experience.

In this regard, it will be given particular attention to the employees' selection and recruitment process. It will be selected the candidates that not only proves their in-depth knowledge of the hotel industry and the Peninsula of Setúbal, but that also demonstrate to have customer service interpersonal skills, such as clear communication, active listening, flexibility, conflict resolution, ability to emphasize, patience and self-control.

Additionally, it will be made a continuous investment on the selected employees' technical and behavioural training, with a view of increasing their motivation, efficiency and commitment levels.

Processes

Processes refer to the set of methods, procedures, and mechanisms through which the service is provided to the consumers. In what concerns to this business the two main processes are the following:

- **Customer check-in:** the service provisioning starts upon the arrival of the guests. Guests will be received by the staff at the reception who will ask them for their identification card or passport in order to verify their reservation at the system. All the legal aspects verified, it will be indicated the guests their assigned apartment, as well as delivered the apartment's access card.

- **Customer check-out:** the service ends when the guests complete the check-out at the reception, deliver the apartment's access card and pay for the activities and complementary services provided.

Physical Evidence

Physical Evidence is defined as “*the environment in which the service is delivered and where the firm and customer interact, and any tangible components that facilitate performance or communication service*”. (Booms & Bitner, 1981)

Being this a tourist establishment service, its physical evidence comprises both tangible and intangible elements, such as the property’s architecture and decoration which will be sophisticated and contemporary; the employee’s uniform which will be elegant and sober; the outside facilities which will be modern and comfortable; the communication message which will be short, clear, and make use of humour and fantasy; the customer service which will be characterized by its excellence; the advertising on websites and social media networks which will be attractive and persuasive.

All these elements combined will define the customers’ perceived value of *Quebedo’s Heaven – Luxury Apartments*.

11.6 Legal Framework

Legal framework of Tourist Apartments

Quebedo’s Heaven – Luxury Apartments fulfils the requisites foreseen in the Portuguese Legal Regime of the Installation, Exploration and Operation of Tourist Enterprises (RJET), to be recognized as a Tourist Apartments establishment, namely:

- The establishment will consist of 30 furnished and equipped apartments intended to provide accommodation;
- The establishment will offer other complementary and support services (besides accommodation);
- The 30 apartments will occupy an entire building consisting of complete and contiguous floors with harmonious architecture and functional characteristics;
- The establishment will have more than ten accommodation apartments.

Moreover, *Quebedo’s Heaven – Luxury Apartments* will also meet the classification requirements established in Annex 3 of the Ministerial Ordinance no. 309/2015, of September 25th (rectified by the Rectification no. 49/2015 of 2nd November).

Licencing of Tourist Apartments

According to the Article 23 (2) of Regime of the Installation, Exploration and Operation of Tourist Enterprises (RJET), the request for licensing and presentation of prior communication of urban operations related to the installation of tourism enterprises shall be carried out in accordance with the Portuguese Legal Regime of Construction and Land Development (Decree-Law no. 79/2017 of August 18th). The interested party must indicate in the request the type of enterprise, as well as the name and classification intended.

Based on Article 36 of RJET, Turismo de Portugal, I.P. determines the performance of a classification audit of the tourism enterprise within two months from the date of issuance of the use permit for tourism purposes or the opening of the enterprise.

Once the classification audit is performed, Turismo de Portugal, I.P. or the city's mayor, as appropriate, assign the classification of the tourism enterprise, as well as the identification plate. This plate must be affixed at the establishment's exterior, next to the main entrance, within a maximum period of ten days after the notification to the interested party of the assignment of the classification.

The Notice no. 8388/2018 of June 20th establishes the Rule and Table of Taxes and Other Revenues of the Setúbal Municipality for 2018. At Chapter II, Section II, (16) it may be found the taxes charged by this Municipality for the procedures of licensing described above.

Legal framework of the company

It will be structured a Limited Liability Company (LLC) whose name will be *Quebedo's Heaven – Luxury Apartments, Lda*. This company will be composed of two partners, who will hold the capital of the company (represented by shares) in equal proportion. The partners will also be jointly liable for the payment of their own contributions. The share capital of the company will amount 50,000€ (contribution in cash).

Quebedo's Heaven – Luxury Apartments, Lda. will conclude a build-to-suit lease agreement with the property's owner which foresees the following conditions:

- the owner will deliver the property entirely furnished and equipped, duly licensed to be explored as a tourism enterprise, as well as with the assigned classification of tourist apartment;
- the characteristics of the furniture and equipment placed by the owner will be consistent with the quality standard laid down by the company;
- *Quebedo's Heaven – Luxury Apartments, Lda.* will be responsible for exploring the tourist establishment, guaranteeing the maintenance of the property, as well as of its facilities and equipment;
- *Quebedo's Heaven – Luxury Apartments, Lda.* will pay a fixed amount for the property lease plus a variable amount to be defined with the owner according to the sales made by the company.

11.7 Organizational Structure of the Company

Organizational Chart

Quebedo's Heaven – Luxury Apartments, Lda. will be arranged according to a functional structure. This type of organization structure leads to increased efficiency standards, as each of the functions or departments are focused on the accomplishment of the tasks they are specialized in, thus avoiding the unnecessary duplication of efforts.

Taking into consideration the company's size and objectives, it was defined the following Organizational Chart:

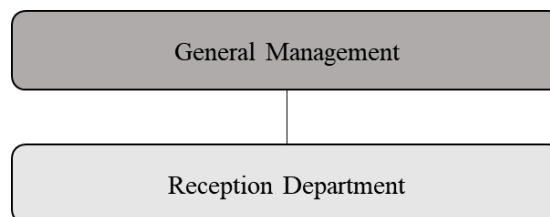


Figure 5 - Organization Chart. Source: Author

Function Description

- **General Management:** the company will have one General Manager, which will be responsible for: setting operational policies and procedures; assuring the accomplishment of the defined goals and objectives; guaranteeing the tasks performed by

the internal department (Reception Department), as well as by the outsourced functions (Housekeeping, Security, Maintenance, Food & Beverage, Marketing, Accounting & Legal, as well as Transportation) meets the minimum performance standards; recruitment & selection process; developing market research and contacting different providers, among others. This professional will work 40 hours in a week (8 hours per day, 5 times a week). His contract foresees the possibility of doing overtime.

- **Reception Department:** the establishment’s reception will be opened 24 hours per day, 7 days per week. There will be three different work shifts per day, all totalling eight hours. From Monday to Friday, each of the three shifts will be done by three full-time receptionists. During the weekends, each of the three shifts will be done by three-part time employees. The receptionists will be responsible for: check-in and check-out; managing accommodation booking; managing activities and complementary services booking; handling complaints, as well as satisfying guests’ requests; managing *Carrapau e Sarrdinha* small shop. The receptionists (particularly the ones with more experience) may have to replace the General Manager on his holidays or any specific occasion he is unable to perform his function.

Remuneration Policy

The Remuneration Policy should be as follows:

Function	Gross Remuneration
General Manager	1500€
Receptionists Full-Time	800€
Receptionists Part-Time	400€

Table 17 - Remuneration Policy. Source: Author

12. Implementation Requirements

In this chapter, it will be defined the critical activities required to the project's implementation as well as their estimated duration. The project's beginning is expected to be on November 2018, just after this Business Plan conclusion. It is estimated the implementation of the *Quebedo's Heaven – Luxury Apartments* to take around three years. If everything goes well, the establishment will open in January 2022. The critical activities defined are summarized in the table below:

Task Description	Start Date	End Date	Estimated Duration (in days)
Feasibility analysis	05/11/2018	04/12/2018	30
Investment decision	05/12/2018	12/12/2018	8
Property lease negotiation	13/12/2018	31/12/2018	19
Property's construction and refurbishment works	01/01/2019	03/07/2021	915
Society constitution	05/07/2021	05/07/2021	1
Brand registration	06/07/2021	06/07/2021	1
Obtention of the use permit for tourist purposes by the Municipality of Setúbal	07/07/2021	21/07/2021	15
Outsourced providers/suppliers selection and negotiation	22/07/2021	10/08/2021	20
Reaching agreements with local companies	22/07/2021	22/08/2021	32
Recruitment and selection of receptionists	22/07/2021	22/08/2021	32
Acquisition and instalment of equipment, software and security devices	23/08/2021	21/10/2021	60
Communication and Promotion of <i>Quebedo's Heaven – Luxury Apartments</i>	23/08/2021	31/12/2021	131
<i>Quebedo's Heaven – Luxury Apartments'</i> Opening	01/01/2022	01/01/2022	1

Table 18 - Task's description, schedule, and estimated duration. Source: Author

The Gantt diagram (see Annex 10) provides a great visualization of the activities' schedule described on the previous table.

13. Financial and Economic Evaluation

In this final chapter, it will be studied the financial and economic viability of the project, crucial in order to decide whether the investment will take place or not. This analysis will be supported by essential maps such as Income Statement, Balance Sheet, Cash Flow Map, as well as by supporting maps.

13.1 Main Assumptions

The Financial and Economic Evaluation was conducted taking into account the following main assumptions:

Time horizon of analysis: the analysis will be conducted for the period between the year in which the company is constituted, the brand is registered, and the main investments take place (2021), and the end of the year in which it is expected the desired minimum occupancy rate to be achieved (2030).

Growth rate: based on Turismo de Portugal (2017), in 2017 the total number of overnight stays (of residents and non-residents) has increased 7.6% compared to 2016. As the tourism sector in Portugal is expected to maintain a growth trend, it seems acceptable to assume 7% as the growth rate/year during the time horizon.

Installed capacity: it is calculated multiplying the total number of apartments the establishment will have by the total number of days per year it will be opened, which makes a total of 10,950 (30 x 365).

The Assumptions Map on Annex 11 presents the remaining assumptions considered for the time horizon of analysis.

13.2 Sales Forecast

The Sales Forecast was developed taking into account the following specific assumptions (detailed in Annex 11):

Occupancy Rate: in the first year of operation (2022), the average occupancy rate during the year will be of 20%. This percentage seems appropriate for the first year, taking into consideration the establishment is still not recognized in the market. For the following years of the time horizon, it was considered the growth of this rate to be indexed to the growth rate of the market (7%).

Average Prices: it was considered the average price of 103€ per night for the Apartments (Regular Accommodation); 234€ for Special Offers; 76€ for Wellness and Spa Services; 39€ for Activities; 12€ for the Breakfast; 30€ for Transport Service; 5.25€ for Shuttle Service; 8€ for Bicycle Renting; it was also assumed an average expenditure of 15€ and 12.5€ at the outdoor bar and small shop, respectively.

Sales Mix: it was assumed 90% of the nights will be through the modality of Regular Accommodation, as well as the remaining 10% will be through Special Offers. Additionally, it is expected 25% of guests will consume drinks and soft meals at the outdoor bar; 10% will purchase products at the small shop; 20% will book Wellness & Spa treatments; 20% will book Activities; 55% will pay the Breakfast; 30% will pay the Transport Service; 10% will pay the Shuttle Service; 15% will rent a bicycle.

Sales Forecast Map										
	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Forecast for Occupation rates	20%	21%	23%	25%	26%	28%	30%	32%	34%	
Estimated Sales (in nights)	2190	2 343	2 507	2 683	2 871	3 072	3 287	3 517	3 763	
Apartments (Regular Accommodation)	215 530	233 845	253 718	275 278	298 672	324 053	351 591	381 469	413 886	
Packs	54 131	58 731	63 722	69 137	75 012	81 387	88 303	95 807	103 948	
Wellness & Spa Services	35 184	38 174	41 418	44 938	48 757	52 900	57 396	62 273	67 565	
Activities	18 051	19 585	21 249	23 055	25 014	27 140	29 446	31 949	34 664	
Breakfast	15 296	16 595	18 006	19 536	21 196	22 997	24 952	27 072	29 373	
Transport Service	24 334	26 402	28 646	31 080	33 721	36 587	39 696	43 069	46 729	
Shuttle Service	1 217	1 320	1 432	1 554	1 686	1 829	1 985	2 153	2 336	
Bicycle renting	2 781	3 017	3 274	3 552	3 854	4 181	4 537	4 922	5 340	
Light meals and drinks	10 139	11 001	11 936	12 950	14 050	15 244	16 540	17 945	19 470	
Typical products (small shop)	2 897	3 143	3 410	3 700	4 014	4 356	4 726	5 127	5 563	
Total Accommodation Sales with VAT 6%	269 660	292 576	317 439	344 415	373 684	405 439	439 893	477 276	517 834	
Total of other Sales with VAT 23%	109 899	119 238	129 371	140 364	152 293	165 234	179 276	194 511	211 041	
Total of Sales with VAT	379 559	411 814	446 810	484 780	525 976	570 674	619 170	671 787	728 875	
Total Accommodation Sales without VAT 6%	254 397	276 015	299 471	324 920	352 532	382 490	414 994	450 260	488 523	
Total of other Sales without VAT 23%	89 348	96 941	105 179	114 117	123 815	134 337	145 753	158 139	171 578	
Total of Sales without VAT	343 745	372 956	404 650	439 037	476 347	516 827	560 747	608 399	660 101	
VAT 6%	15 264	16 561	17 968	19 495	21 152	22 949	24 900	27 016	29 311	
VAT 23%	20 550	22 296	24 191	26 247	28 477	30 898	33 523	36 372	39 463	
Market Share	0,22%	0,24%	0,26%	0,28%	0,30%	0,33%	0,35%	0,38%	0,42%	
Market Turnover Tourist Apartments	158 247 000	INE, 2017								

Table 19 - Sales Forecast Map, in €. Source: Author

13.3 Investment

As previously mentioned, *Quebedo's Heaven – Luxury Apartments, Lda.* will conclude a lease agreement with the property's owner which foresees, besides other conditions, the owner will deliver the property entirely furnished and equipped, ready to be explored as a tourist enterprise. In this regard, the company will invest mainly in administrative equipment needed to carry out its activity of managing and exploring the tourist enterprise, namely furniture for the office room, computers, software, as well as office supplies. *Quebedo's Heaven – Luxury Apartments, Lda.* will also invest in a vehicle

and mobile phone, both needed by the General Manager to perform his function. The total investment will amount approximately 26k€ (see the supporting maps in Annex 11). Therefore, the share capital of 50k€ will be sufficient to cover the referred amount (the remaining amount will be used to invest in WC). Nevertheless, should there be a need for any additional investment not covered by the remaining amount of share capital, partners will consider creating a Pledged Current Account before a bank entity. This short-term credit solution would have as collateral a real bank guarantee provided by the partners, in order to minimize the interest rate underlying this modality of bank financing.

Capital Structure			
Investment	Value	Capital	Value
Tangible Assets	24 547	Equity	
Intangible Assets	947	Social Capital	50 000
Investment in Assets	25 494		
Investment in WC	20 000		
Total Investment	45 494	Total of resources	50 000

Table 20 - Investment and Capital Structure, in €. Source: Author

13.4 Income Statement Analysis

The Income Statement Analysis will be conducted on the basis of the following assumptions:

Materials Consumed: comprise the typical products which will be available at the small shop. In order to calculate the costs linked with the materials consumed, it was estimated the margin of sales of *Carrapau e Sarrdinha* small shop to be about 35%.

Purchases Map: the company will be responsible for guaranteeing the stock of the typical products. It was defined a stock policy of 0.5 months.

VAT: all the costs described below (except the ones related to insurance, which is exempt of this tax) are subject to VAT at the legal rate into force.

Inflation Rate: all the costs described below will increase according to the inflation rate over the years.

Supplies:

- Water – A monthly water supply contract will be concluded with Águas do Sado, S.A.. The Trade & Industry tariff underlying this contract includes three components, assuming consumption of around 150 m³/month:

cost/m³ of water consumed which is of 2.14€/m³; cost/m³ of sanity which is of 1.2945€/m³; service fee of 55.40€/150m³ of water consumed.

- Energy – A monthly energy supply contract (with a billing period corresponding to 26 days/month) will be concluded with EDP Comercial – Comercialização de Energia, S.A.. The Businesses tariff underlying this contract includes the following components, assuming consumption of around 3,500kWh/month: cost/kWh of energy consumed which is of 0.1616/kWh; cost/day of contracted power which is of 0.9953, assuming a contracted power of 20.7 kVA; Directorate-General for Geology and Energy fee of 0.35€; Excise Duty on Energy of 0.0010€/kWh of energy consumed.
- Telecommunications – A monthly telecommunications supply contract will be concluded with Vodafone Portugal – Comunicações Pessoais, S.A.. It will be chosen the *Premium Pack*, which is a special pack for Businesses. This pack costs 74.90€/month. It will be selected an additive of 50€/month – *Business Wi-Fi*, in order to optimize the Wi-Fi network of the establishment.
- POS terminal – It will be subscribed a POS with communication costs included in the monthly fee of 29.95€ - *TPA PLUS*, at Banco Comercial Português, S.A.. In the first year of operation (2022), it will also be supported the installation costs of the POS in the amount of 70€.
- Insurance – It will be concluded an annual insurance contract - *Generali + Hotel*, with Generali – Companhia de Seguros, S.A.. This insurance product is specially created for the hotel industry including tourist apartments. The insurance premium shall amount 2,500€ per annum.

Outsourced Functions

- Housekeeping – It will be concluded an annual contract with Joliklin – Serviços de Limpeza, Lda. This company will be responsible for housekeeping, laundry, as well as for the replacement of WC toiletries. Joliklin estimates it will be necessary three maids which cost 3€/hour. The apartments will be cleaned from 11 am to 15 pm (4 hours/day). The costs of laundry and replacement of WC toiletries are established in

600€/month. The total cost/month with this service amounts 1,680€ (includes VAT at the legal rate into force).

- Security – It will be concluded an annual contract with Os Linces – Companhia de Segurança Privada, Lda. It was considered a monthly fee of 1,250€ for a 24 monitoring service including the supervision of the car parking (includes VAT at the legal rate into force).
- Maintenance – The maintenance of the property and the apartments will be outsourced to Cateringassiste – Assistência Técnica e Equipamentos de Catering, Lda. It will be concluded an annual contract which foresees two technicians will move to the establishment, three days per week, in order to verify all the equipment functioning. The technicians' assistance costs are 12€/hour, and they will take 2 hours to check all the establishment equipment. Therefore, the total cost of this service is expected to amount 576€/month (includes VAT at the legal rate into force).
- Food & Beverage – It will be concluded an annual contract with Casa da Comida, Eventos e Catering. This company will be responsible for breakfast as well as for the outdoor bar drinks and soft meals. In order to reach the costs with this service, it was established a margin of 30% on the sales of both breakfast and outdoor bar drinks and soft meals.
- Marketing – This function will be outsourced to Milestones. It will be concluded an annual contract which foresees Milestones will be responsible for the promotion and advertising programs of the establishment. The monthly fee underlying this contract is estimated to be 1,350€/month (includes VAT at the legal rate into force).
- Accounting & Legal – Legal procedures, planning, and preparation of tax obligations, payroll processing, as well as accounting services will be outsourced to Acountia, Lda. It will be established an annual contract which foresees a monthly fee of 1,000€ (includes VAT at the legal rate into force) for the provisioning of those services.

Wellness & Spa Expenses: it will be outsourced two professionals who will be responsible for this space (annual contract). In order to reach the costs with these services, it was established a margin of 15% on treatments sales.

Mobile App: GuestU will be responsible for creating and updating the establishment's mobile app. With this purpose, it will be concluded an annual contract with this company which foresees a monthly fee for this service provisioning of 2,500€ (includes VAT at the legal rate into force).

Activities: will be outsourced to previously identified companies. With the purpose of reaching their costs, it was established a margin of 30% on activities sales.

Transportation and Shuttle Services: will be outsourced to TTJP TUR – Táxis, Transfers e Turismo, Lda. Their costs will be calculated assuming a margin of 25% on both transportation and shuttle sales.

Property Lease: The property has 2,000 m², and the owner estimates to incur in construction and refurbishment' investment in the amount of 1,200€/m² (2,400,000€). In this regard, and with the purpose of recovering the capital invested within a short period, the owner has proposed the property lease value per annum to include two components: a fixed amount which is calculated by multiplying a rate of 2.5% by the total invested amount; a variable amount which is calculated by multiplying a rate of 5% by the total sales (with VAT) the company makes per year. Therefore, the value of the lease is estimated in 60,000€/annum plus 5% of the total sales (with VAT).

Personnel Expenses: comprise the costs with the remunerations of General Manager, Full-Time Receptionists, and Part-Time Receptionists.

Depreciation and Amortization Expenses: are calculated by applying the straight-line method to the tangible fixed assets depreciations, as well as to the intangible assets amortizations.

Interest and similar income received: results from the short-term cash application made at BIG – Banco de Investimento Global, S.A.

As one may observe on the Income Statement below, 2021 presents a negative result due to the fact in this year the establishment is not yet operating, but the company already incurs in expenses, namely of depreciation and amortization regarding the tangible and intangible assets in which it has invested. Nevertheless, from 2022 until 2030, the company presents always positive results, being verified an extremely positive evolution. In what concerns the distribution policy, it was established the following criteria: the results will only be distributed when potential losses are covered; 5% of the

results will be allocated to the constitution of legal reserves up to 20% of share capital (10k€); it will be applied a pay-out ratio of 90% only in the 9th year of operation, when net income is higher than 180k, and a greater stability is reached; the remaining 10% will be allocated to retained earnings. See the supporting maps in Annex 11.

Income Statement										
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Sales and services provided	0	343 745	372 956	404 650	439 037	476 347	516 827	560 747	608 399	660 101
Cost of goods sold and of materials consumed	0	1 531	1 661	1 802	1 955	2 121	2 302	2 497	2 710	2 940
GROSS MARGIN	0	342 214	371 295	402 848	437 082	474 225	514 525	558 249	605 689	657 161
Operational expenses	0	243 186	252 410	261 270	270 778	280 988	291 958	303 751	316 435	330 084
Insurance expenses	0	2 646	2 683	2 720	2 758	2 797	2 836	2 876	2 916	2 957
Personnel expenses	0	75 558	76 615	77 688	78 776	79 879	80 997	82 131	83 281	84 447
EBITDA	0	20 825	39 587	61 170	84 770	110 562	138 734	169 492	203 058	239 674
Depreciation and Amortization Expenses/reversals	613	6 452	6 452	6 311	6 188	6 838	6 853	6 864	6 874	7 245
Impairment of depreciable/amortisable investments (losses/reverseals)	0	0	0	0	0	0	0	0	0	0
EBIT (Operational Result)	-613	14 372	33 135	54 859	78 582	103 723	131 881	162 628	196 185	232 429
Interest and similar income received	0	68	231	822	1 428	2 117	2 586	3 352	4 413	5 347
Interest and similar expenses paid	0	0	0	0	0	0	0	0	0	0
EBT	-613	14 440	33 366	55 681	80 011	105 841	134 468	165 980	200 598	237 776
IRC	0	2 904	7 007	11 693	16 802	22 227	28 238	34 856	42 126	49 933
<i>Derrama</i>	0	207	500	835	1 200	1 588	2 017	2 490	3 009	3 567
NET INCOME	-613	11 329	25 858	43 153	62 008	82 027	104 213	128 634	155 464	184 277
Results to be distributed	0	3 965	14 222	28 049	40 305	61 520	78 159	109 339	132 144	165 849
NET INCOME AFTER THE DISTRIBUTION	-613	7 364	11 636	15 104	21 703	20 507	26 053	19 295	23 320	18 428

Income Distribution Policy										
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Pay-out ratio	0%	35%	55%	65%	65%	75%	75%	85%	85%	90%
Results to be distributed	0	3 965	14 222	28 049	40 305	61 520	78 159	109 339	132 144	165 849
IRS withholding rate on profits distribution	28%									
IRS on profits distributed	0	1 110	3 982	7 854	11 286	17 226	21 885	30 615	37 000	46 438
IRS net dividends	0	2 855	10 240	20 196	29 020	44 294	56 275	78 724	95 144	119 411
% Legal reserves to be constituted	0%	5%	5%	5%	5%	5%	0%	0%	0%	0%
Value of legal reserves	0	566	1 293	2 158	3 100	4 101	0	0	0	0
Cumulative amount of legal reserves	0	566	1 859	4 017	7 117	11 219	11 219	11 219	11 219	11 219
% transited results	100%	60%	40%	30%	30%	20%	25%	15%	15%	10%
Earnings Retained Value	-613	6 797	10 343	12 946	18 602	16 405	26 053	19 295	23 320	18 428
Accumulated amount of retained earnings	-613	6 184	16 528	29 474	48 076	64 481	90 534	109 830	133 149	151 577

Table 21 - Provisional Income Statement and Income Distribution Policy, in €. Source: Author

13.5 Balance Sheet Analysis

With the purpose of explaining how was the Balance Sheet Analysis conducted, each of its items and how they were computed will be described below (see the supporting maps in Annex 11):

Non-Current Assets: comprise tangible assets (office room, reception, and small shop furniture and equipment, among others), reinvestment needed along the time horizon of analysis, as well as intangible assets (society constitution and brand registration), net of depreciations and amortizations.

Current Assets:

- Inventories – comprises the stock of typical products (materials consumed) to be available at the small shop. It was established a stock policy of 0.5 months for these products.
- State and other public sector institutions – results from the sum of VAT payable, IRS retention, and SS expenses.
- Other financial assets – correspond to the short-term financial investment made at BIG – Banco de Investimento Global, S.A., in the amount

corresponding to the difference between financial resources and financial needs.

- Cash and bank deposits – the amount in this item was computed taking into account the cash policy defined (1 month for operational, insurance and personnel expenses).

Equity:

- Paid-up capital – corresponds to the share capital of the company (contribution in cash made by the two partners). The initial value of share capital (50.000€) will remain the same over the time horizon of analysis, considering it is not expected capital inflows.
- Legal reserves – according to articles 218 and 295 of the Portuguese Commercial Companies Code, it is required to a company the constitution of legal reserves. They will be constituted by reserving 5% of the company's profits until it totals 20% of the share capital.
- Transited Results – accumulated value corresponding to the Net Income deducted from dividends to be distributed and legal reserves to be constituted.

Non-Current Liabilities: correspond to 0, considering it is not expected the company will resort to a long-term debt loan over the time horizon of analysis.

Current Liabilities: see Annex 11 in order to observe in more detail how these items were computed, considering the assumptions previously referred on the sub-chapters above.

Balance Sheet - 31 of December of year N										
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Assets										
Non-Current Assets										
Fixed Tangible assets	24 103	17 966	11 830	6 681	1 242	19 016	13 222	7 194	828	20 799
Intangible assets	778	462	147	0	0	0	0	0	0	0
Total of Non-Current Assets	24 881	18 429	11 976	6 681	1 243	19 016	13 222	7 195	828	20 799
Current Assets										
Inventories	0	64	69	75	81	88	96	104	113	122
State and other public sector institutions	0	25 001	18 244	16 993	15 847	14 266	18 082	10 827	8 757	6 467
Other financial assets	4 506	15 380	54 804	95 226	141 165	172 427	223 458	294 223	356 489	399 220
Cash and bank deposits	20 000	32 836	33 885	34 906	35 994	37 156	38 397	39 724	41 145	42 666
Total of Current Assets	24 506	73 281	107 003	147 200	193 088	223 938	280 033	344 878	406 504	448 475
TOTAL ASSETS	49 387	91 710	118 979	153 881	194 331	242 953	293 255	352 073	407 332	469 274
Equity										
Paid-up capital	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000
Legal Reserves	0	0	566	1 859	4 017	7 117	11 219	11 219	11 219	11 219
Transited results	0	-613	6 184	16 528	29 474	48 076	64 481	90 534	109 830	133 149
Net Income	-613	7 364	11 636	15 104	21 703	20 507	26 053	19 295	23 320	18 428
TOTAL EQUITY	49 387	56 751	68 387	83 491	105 193	125 700	151 753	171 048	194 368	212 796
Liabilities										
Non-Current Liabilities										
Long Term Obtained Financing	0	0	0	0	0	0	0	0	0	0
Total of Non-Current Liabilities	0	0	0	0	0	0	0	0	0	0
Current Liabilities										
Suppliers	0	25 044	25 984	26 894	27 870	28 918	30 044	31 255	32 556	33 957
State and other public sector institutions	0	2 839	2 878	2 919	2 959	3 001	3 043	3 085	3 129	3 172
State - IRC	0	2 904	7 007	11 693	16 802	22 227	28 238	34 856	42 126	49 933
Derrama	0	207	500	835	1 200	1 588	2 017	2 490	3 009	3 567
State - IRS results distributed	0	1 110	3 982	7 854	11 286	17 226	21 885	30 615	37 000	46 438
Shareholders/Partners	0	2 855	10 240	20 196	29 020	44 294	56 275	78 724	95 144	119 411
Total of Current Liabilities	0	34 959	50 592	70 390	89 137	117 253	141 502	181 025	212 964	256 478
TOTAL LIABILITIES	0	34 959	50 592	70 390	89 137	117 253	141 502	181 025	212 964	256 478
TOTAL EQUITY AND LIABILITIES	49 387	91 710	118 979	153 881	194 331	242 953	293 255	352 073	407 332	469 274

Table 22 - Provisional Balance Sheet, in €. Source: Author

13.6 Financial Indicators

	2022	2023	2024	2025	2026	2027	2028	2029	2030
ROIC (EBIT*(1-t)/ ICboy)	25%	53%	120%	211%	360%	265%	343%	647%	1188%
ROE (Net Income/ Equity)	20%	38%	52%	59%	65%	69%	75%	80%	87%
ROI (EBT/Assets)	16%	28%	36%	41%	44%	46%	47%	49%	51%
Financial Autonomy (Equity/Assets)	62%	57%	54%	54%	52%	52%	49%	48%	45%

Table 23 - Financial Indicators. Source: Author

Financial indicators are crucial metrics used to assess the business's financial health. The most important valuation metrics are:

- Return on Invested Capital (ROIC), which reveals whether invested capital is being used effectively. In the first year of activity (2022), for every 100€ invested in operating activities, 25€ were generated. This ratio increases significantly along the time horizon of analysis, reaching 1188% (1188€ generated for every 100€ invested) in the 9th year of operation.

- Return on Equity (ROE), which measures how effectively the Assets are used to create profits. As can be seen in Table 23, in the first year of activity (2022), for every

100€ held by the partners, the project generates 20% of Net Income. This ratio evolves positively over the time horizon of analysis, practically quadrupling from the 1st to the 9th year of operation.

- Return on Investment (ROI), which directly quantifies the amount of return on a particular investment, in relation to the cost of such investment. By taking a look at the table above, it is possible to see that in the 1st year of activity, for every 100€ invested it is generated an Operational Result of 16€. This ratio grows substantially along the time horizon of analysis, reaching 51% in the 9th year of operation.

- Financial Autonomy, which is determined by dividing the Equity by the Total Assets. This ratio keeps relatively high along the time horizon of analysis, which is related with the fact this project is not supposed to be financed by external lenders, meaning a significant percentage of its Assets are owned by the company and its partners.

In Annex 11, it is possible to see with more detail the evolution of these indicators along the time horizon of analysis (and others not referred above). By analysing all of them, one may conclude the project at stake is financially healthy.

13.7 Project Evaluation – Feasibility analysis

Discount Rate

The Capital Asset Pricing Model (CAPM) will be used with the purpose of obtaining the project’s discount rate. This rate will be applied to discount the project cash flows along the time horizon of analysis to the moment when the investment takes place. By having all the cash flows updated, it will be possible to evaluate the feasibility of the investment.

The details regarding the calculation of CAPM’s formula components are described in Annex 11. The project’s risk premium is given by its unlevered beta since it is assumed the investment is entirely financed by equity.

Capital Asset Pricing Model (CAPM) $r = r_f + \beta_U \times [E(r_M) - r_f]$	
Risk-free interest rate - r_f	0,25%
Unlevered Beta - β_U	0,67
Market Equity Risk Premium - $E(r_M)$	7,96%
Market Risk Premium $E(r_M) - r_f$	7,71%
Discount rate - r_U	5,42%
Growth rate - g	1%

Table 24 - Discount rate computation, based on CAPM. Source: Author

Operational Cash Flow Map

The Operational Cash Flow Map below presents the amount of cash generated by the project's operations along the time horizon of analysis. As it should be expected, taking into account the previous analysis, in the first year of operation the cash flow is quite low. Nonetheless, from 2022 to 2030, operational cash flow increase substantially, showing a very positive growth trend.

Operational Cash Flow Map										
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
EBITDA	0	20 825	39 587	61 170	84 770	110 562	138 734	169 492	203 058	239 674
Depreciation and Amortization Expenses	613	6 452	6 452	6 311	6 188	6 838	6 853	6 864	6 874	7 245
EBIT	-613	14 372	33 135	54 859	78 582	103 723	131 881	162 628	196 185	232 429
EBIT (1-t)	-475	11 139	25 680	42 516	60 901	80 386	102 208	126 037	152 043	180 132
Operational Cash Flow	138	17 591	32 132	48 826	67 089	87 224	109 061	132 901	158 917	187 377

Table 25 - Operational Cash Flow Map, in €. Source: Author

Cash Flow Map

As it can be observed below on the Cash Flow Map, in 2021 the Free Cash Flow for the Firm (FCFF) is negative, due to the fact the Operational Cash Flow has a marginal value (there are no sales in this year), and the values of investment in CAPEX and WC are already expressive. Nevertheless, FCFF evolves positively along the subsequent years of the time horizon of analysis (reaching around 162k€ in the 9th year of operation), which can be explained by the fact that Total Financial Resources always exceed Total Financial Needs, from 2022 onwards. In the 9th year of operation, it will be considered a continuity value, as the project at stake is supposed to continue after this year.

CASH FLOW MAP										
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Operational Cash Flow	138	17 591	32 132	48 826	67 089	87 224	109 061	132 901	158 917	187 377
Continuity Value										
TOTAL of Financial Resources	138	17 591	32 132	48 826	67 089	87 224	109 061	132 901	158 917	187 377
CAPEX	25 494	0	0	1 016	749	24 612	1 059	837	507	27 216
Investment in WC	20 000	10 018	-6 682	-1 174	-1 068	-1 502	3 897	-7 173	-1 985	-2 205
TOTAL of Financial Needs	45 494	10 018	-6 682	-159	-319	23 110	4 956	-6 336	-1 479	25 012
Free Cash Flow for the Firm (FCFF)	-45 356	7 573	38 814	48 985	67 408	64 114	104 105	139 237	160 395	162 366
Continuity Value (ru)										4 120 156
Cash Flow (ru)	-45 356	7 573	38 814	48 985	67 408	64 114	104 105	139 237	160 395	4 282 522
Continuity Value (IRR of project)										200 068
Cash Flow (IRR of project)	-45 356	7 573	38 814	48 985	67 408	64 114	104 105	139 237	160 395	362 434

Table 26 - Cash Flow Map, in €. Source: Author

Investment Decision

As it may be seen in Table 28, Net Present Value (NPV), which is computed using the project's discount rate, is approximately 6M€, an amount that largely surpasses the initial

Project Evaluation	
NPV (ru)	5 646 926 €
IRR of project	92%
Payback period	2

Table 27 - Evaluation of Economic Indicators.
Source: Author

investment made (a financial surplus is generated). In what concerns to Internal Rate of Return (IRR), which represents the maximum profitability of the project, it is frankly superior to the project's minimum rate required (r_u - 5.42%). The Payback Period (PP) is about 2 years, which is less than the project's duration (9 years). Finally, the Profitability Index (PI) is 50, which means that for each € invested, a return of 50€ is generated. Taking into account the evaluation of these economic indicators, it is possible to conclude the project is economically viable. See the calculation of PP and PI in more detail in Annex 11.

13.8 Sensitivity Analysis

Although the financial plan at hand has been conducted in such a way as to be as realistic as possible, it is essential to predict the results of possible deviations, as well as their impacts on project's viability. Therefore, as it can be seen in the table below, a Sensitivity Analysis was developed. It includes two scenarios – pessimistic and optimistic and considers a fluctuation of the one which is regarded as the determining variable of the project at stake – Occupancy Rate. It is possible to verify that, even in the pessimistic scenario, NPV is still largely positive, the IRR higher than r_u , and the PP not greater than the duration of the project.

Sensitivity Analysis		
	Pessimistic Scenario	Optimistic Scenario
Δ	-40%	+20%
Δ Occupancy Rates and Prices		
NPV	414 171	8 263 304
IRR	9%	155%
PP	9	1

Table 28 - Sensitivity Analysis, in €. Source: Author

14. Conclusion

As documented throughout this Business Plan, the tourism sector has been growing prominently in Portugal over the last few years. According to information provided by Turismo de Portugal, in 2017 this sector was the country's largest export economic activity, accounting for more than 50% of exports of services and 18% of total exports. Furthermore, tourism revenues registered a contribution of 7.8% for the Portuguese GDP.

Along with this notorious development of the sector, there has also been a growing demand for tourist establishments which provide a unique experience of accommodation, as well as access to a diverse range of complementary services. Offering all this and still the unique feeling of being at home, tourist apartments are increasingly sought after by both, domestic and foreign tourists. In 2017, the total profits of this type of tourist accommodation reached approximately 158 million euros.

The Peninsula of Setúbal, integrated into the district of Setúbal, due to its very own characteristics, presents itself as a tourist destination of enormous potential, having also been registering a considerable increase of visits of domestic and foreign tourists in recent years. Nevertheless, the offer of accommodation in this region is still scarce, which constitutes itself as an opportunity for the development of a new tourist enterprise.

Quebedo's Heaven – Luxury Apartments aims to position itself as a high-quality tourist accommodation, which will be set to offer a premium accommodation service while offering access to a wide range of complementary services and activities that will allow visitors to explore the best possible the Peninsula of Setúbal.

Through the Financial and Evaluation, it is possible to conclude the project is feasible, since even in a pessimistic scenario where the Occupancy Rate falls by 40%, the Net Present Value is still largely positive, the Internal Rate of Return is greater than the unlevered cost of capital, and the Payback Period does not exceed the time horizon assumed for the project.

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16. Annexes

Annex 1 – Portuguese Tourism Sector

Guests and Overnight stays, Occupancy rates, Revenues and Tourism Balance

TURISMO EM NÚMEROS | dezembro 2017									
PORTUGAL									
INDICADORES									
MENSAL - dezembro					ACUMULADO - dezembro				
Valor	Var. 17/16	Quota	Var. 17/16		Valor	Var. 17/16	Quota	Var. 17/16	
2017	%	Abs.	2017	p.p.	2017	%	Abs.	2017	p.p.
1 179,7	11,5	121,3	100,0		20 645,3	8,9	1 683,9	100,0	
605,4	9,6	53,2	51,3	-0,9	7 973,9	4,7	356,8	38,6	-1,5
574,3	13,5	68,1	48,7	0,9	12 671,5	11,7	1 327,1	61,4	1,5
2 727,9	10,0	248,0	100,0		57 497,1	7,4	3 944,2	100,0	
1 009,9	12,2	109,8	37,0	0,7	15 885,6	4,2	643,4	27,6	-0,8
1 718,0	8,7	138,2	63,0	-0,7	41 611,5	8,6	3 300,8	72,4	0,8
159,5	17,5	23,8	100,0		3 390,7	16,6	483,2	100,0	
108,2	21,0	18,8	67,8	2,0	2 484,1	18,3	384,6	73,3	1,1
51,3	10,8	5,0	32,2	-2,0	906,6	12,2	98,6	26,7	-1,1
31,9		-0,3			53,0		2,2		
42,7		0,2			66,5		3,1		
28,2	18,2	4,3			50,2	16,2	7,0		
1 789,9	11,4	183,6	100,0		25 661,9	16,7	3 677,1	100,0	
1 476,1	13,2	172,6	82,5	1,3	21 321,9	17,4	3 163,4	83,1	0,5
313,9	3,6	11,0	17,5	-1,3	4 340,0	13,4	513,7	16,9	-0,5
128 714	36,3	34 248	100,0		1 283 923	1,7	21 962	100,0	
127 923	37,0	34 544	99,4	0,5	1 218 610	0,7	8 472	94,9	-1,0
369	-25,8	-128	0,3	-0,2	33 342	30,0	7 698	2,6	0,6
422	-28,5	-168	0,3	-0,3	31 971	22,1	5 792	2,5	0,4
677,7	22,9	126,4			10 860,7	23,0	2 030,0		
1 021,9	16,6	145,3			15 153,4	19,5	2 472,8		
344,2	5,8	18,9			4 292,7	11,5	442,8		

Source: Turismo de Portugal, 2018

Guests and Overnight stays – countries' contribution

HÓSPEDES E DORMIDAS
em estabelecimentos
hoteleiros, alojamentos e
apartamentos turísticos e
outros
Dados provisórios
(15/03/2018)
Fonte: INE

TURISMO EM NÚMEROS | dezembro 2017
PORTUGAL

MENSAL - dezembro					INDICADORES				ACUMULADO - dezembro							
Valor	Var. 17/16		Quota	Var. 17/16	Hóspedes do estrangeiro (milhares)	Valor	Var. 17/16		Quota	Var. 17/16	Dormidas do estrangeiro (milhares)	Valor	Var. 17/16		Quota	Var. 17/16
2017	%	Abs.	2017	p.p.		2017	%	Abs.	2017	p.p.		2017	%	Abs.	2017	p.p.
574.3	13.5	68.1	100.0			12 671.5	11.7	1 327.1	100.0			41 611.5	8.6	3 300.8	100.0	
55.2	-10.0	-6.4	10.1	-2.8	Reino Unido	1 934.0	2.2	41.0	15.3	-1.4		9 278.8	1.1	99.8	22.3	-1.7
47.9	13.8	5.8	8.3	0.0	Alemanha	1 309.1	9.0	108.8	10.3	-0.3		6 643.5	7.7	402.9	13.8	-0.1
125.2	20.6	21.3	21.8	1.3	Espanha	1 728.0	4.0	68.8	13.6	-1.0		4 080.3	2.8	110.6	9.8	-0.6
50.3	3.3	1.8	8.8	-0.9	França	1 343.2	1.2	15.5	10.8	-1.1		3 954.5	0.3	10.5	9.5	-0.8
18.1	2.3	0.4	3.1	-0.3	Holanda	519.3	-1.3	-7.0	4.1	-0.5		2 384.0	-0.6	-15.0	5.7	-0.5
52.8	15.7	7.2	9.2	0.2	Brasil	868.5	38.9	243.0	6.9	1.3		2 014.1	35.6	528.5	4.8	1.0
5.8	7.3	0.4	1.0	-0.1	Irlanda	317.9	-37.2	-188.5	2.5	-2.0		1 510.5	28.7	337.1	3.8	0.6
27.6	27.7	6.0	4.8	0.5	E.U.A.	684.8	140.6	400.1	5.4	2.9		1 965.1	14.0	191.7	3.8	0.2
29.0	10.5	2.8	5.0	-0.1	Itália	543.2	14.6	69.4	4.3	0.1		1 324.3	14.0	163.0	3.2	0.2
8.2	10.6	0.8	1.4	0.0	Bélgica	258.4	27.4	55.6	2.0	0.3		880.7	19.3	142.6	2.1	0.2
151.2	23.0	28.3	26.3	2.0	Outros	3 167.0	19.8	522.4	25.0	1.7		8 997.8	17.3	1 329.2	21.6	1.6
1 718.0	8.7	138.2	100.0													
207.9	-11.1	-33.3	15.6	-3.5	Reino Unido	9 278.8	1.1	99.8	22.3	-1.7		2 591.4	14.3	324.6	17.1	-0.8
218.1	6.5	13.3	12.7	-0.3	Alemanha	6 643.5	7.7	402.9	13.8	-0.1		1 731.8	16.8	249.6	11.4	-0.3
275.4	21.2	48.2	16.0	1.7	Espanha	4 080.3	2.8	110.6	9.8	-0.6		1 995.7	21.6	354.9	13.2	0.2
134.7	-0.6	-0.9	7.8	-0.7	França	3 954.5	0.3	10.5	9.5	-0.8		2 482.9	9.0	205.6	16.4	-1.6
82.0	-6.3	-5.5	4.8	-0.8	Holanda	2 384.0	-0.6	-15.0	5.7	-0.5		637.0	8.8	51.3	4.2	-0.4
129.2	12.9	14.8	7.5	0.3	Brasil	2 014.1	35.6	528.5	4.8	1.0		578.8	44.8	179.1	3.8	0.7
20.6	5.6	1.1	1.2	0.0	Irlanda	1 510.5	28.7	337.1	3.8	0.6		376.9	20.4	64.0	2.5	0.0
67.3	29.8	15.4	3.9	0.6	E.U.A.	1 965.1	14.0	191.7	3.8	0.2		812.8	37.0	219.4	5.4	0.7
75.2	8.2	5.7	4.4	0.0	Itália	1 324.3	14.0	163.0	3.2	0.2		337.5	27.4	72.6	2.2	0.1
25.0	11.4	2.6	1.5	0.0	Bélgica	880.7	19.3	142.6	2.1	0.2		433.3	11.6	45.1	2.9	-0.2
422.6	22.2	76.7	24.6	2.7	Outros	8 997.8	17.3	1 329.2	21.6	1.6		3 175.3	28.6	708.6	21.0	1.5

Source: Turismo de Portugal, 2018

Revenues and Tourism Balance – countries' contribution

RECEITAS TURÍSTICAS
da rubrica "Viagens e
Turismo" da Balança de
Pagamentos
Dados provisórios
(21/02/2018)
Fonte: Banco de Portugal

TURISMO EM NÚMEROS | dezembro 2017
PORTUGAL

MENSAL - dezembro					INDICADORES				ACUMULADO - dezembro							
Valor	Var. 17/16		Quota	Var. 17/16	Receitas do Turismo (milhões de €)	Valor	Var. 17/16		Quota	Var. 17/16	Valor	Var. 17/16		Quota	Var. 17/16	
2017	%	Abs.	2017	p.p.		2017	%	Abs.	2017	p.p.	2017	%	Abs.	2017	p.p.	
1 021.9	16.6	145.3	100.0			15 153.4	19.5	2 472.8	100.0							
117.3	3.4	3.9	11.5	-1.5	Reino Unido	2 591.4	14.3	324.6	17.1	-0.8		7 591.4	14.3	324.6	17.1	-0.8
113.4	15.9	15.5	11.1	-0.1	Alemanha	1 731.8	16.8	249.6	11.4	-0.3		1 731.8	16.8	249.6	11.4	-0.3
175.4	22.0	31.7	17.2	0.8	Espanha	1 995.7	21.6	354.9	13.2	0.2		1 995.7	21.6	354.9	13.2	0.2
190.8	12.6	21.3	18.7	-0.7	França	2 482.9	9.0	205.6	16.4	-1.6		2 482.9	9.0	205.6	16.4	-1.6
37.5	8.5	3.0	3.7	-0.3	Holanda	637.0	8.8	51.3	4.2	-0.4		637.0	8.8	51.3	4.2	-0.4
43.9	22.6	8.1	4.3	0.2	Brasil	578.8	44.8	179.1	3.8	0.7		578.8	44.8	179.1	3.8	0.7
10.7	10.0	1.0	1.1	-0.1	Irlanda	376.9	20.4	64.0	2.5	0.0		376.9	20.4	64.0	2.5	0.0
54.3	24.9	10.8	5.3	0.4	E.U.A.	812.8	37.0	219.4	5.4	0.7		812.8	37.0	219.4	5.4	0.7
22.7	18.2	3.5	2.2	0.0	Itália	337.5	27.4	72.6	2.2	0.1		337.5	27.4	72.6	2.2	0.1
35.6	16.7	5.1	3.5	0.0	Bélgica	433.3	11.6	45.1	2.9	-0.2		433.3	11.6	45.1	2.9	-0.2
220.3	23.2	41.4	21.6	1.2	Outros	3 175.3	28.6	708.6	21.0	1.5		3 175.3	28.6	708.6	21.0	1.5

Source: Turismo de Portugal, 2018

Guests and Overnight stays, Occupancy rates, Revenues and Tourism Balance – North

TURISMO EM NÚMEROS | dezembro 2017									
NORTE									
MENSAL - dezembro				INDICADORES		ACUMULADO - dezembro			
Valor	Var. 17/16	Quota	Var. 17/16		Valor	Var. 17/16	Quota	Var. 17/16	
2017	%	Abs.	2017	p.p.	2017	%	Abs.	2017	p.p.
265,9	14,6	36,4	100,0		Hóspedes (milhares)	4 117,4	8,2	312,9	100,0
177,7	12,7	20,0	62,1	-1,1	hóspedes de Portugal	2 086,7	4,5	90,7	50,7
108,2	17,9	16,4	37,9	1,1	hóspedes do estrangeiro	2 030,7	12,3	222,2	49,3
484,8	15,9	66,4	100,0		Dormidas (milhares)	7 433,4	8,0	551,6	100,0
262,6	14,3	32,8	54,2	-0,8	dormidas de Portugal	3 182,7	3,8	115,3	42,8
222,2	17,9	33,7	45,8	0,8	dormidas do estrangeiro	4 250,8	11,4	436,4	57,2
28,2	20,9	4,9	100,0		Proveitos Globais (milhões €)	429,9	18,8	67,9	100,0
19,4	23,1	3,6	68,7	1,2	proveitos de aposento	324,4	20,5	55,2	75,5
8,8	16,3	1,2	31,3	-1,2	outros proveitos	105,5	13,7	12,7	24,5
39,5		0,5			Taxas de Ocupação (%)				
46,5		0,9			taxa de ocupação cama	52,1		2,1	
29,4	16,3	4,1			taxa de ocupação quarto	64,0		3,3	
436,0	9,1	36,3	100,0		Fluxos nos Aeroportos (milhares)	5 358,0	15,1	701,8	100,0
365,4	12,0	39,1	83,8	2,2	pass. desembarcados internacionais	4 436,8	16,7	633,4	82,8
70,6	-3,9	-2,8	16,2	-2,2	pass. desembarcados nacionais	921,2	8,0	88,4	17,2
34	47,8	11	100,0		Fluxos nos Portos Marítimos	95 562	33,1	23 763	100,0
5	-50,0	-5	14,7	-28,8	passageiros em trânsito	94 267	31,9	22 813	98,0
10	150,0	6	29,4	12,0	passageiros embarcados	746	482,8	618	0,8
19	111,1	10	55,9	16,8	passageiros desembarcados	549	153,0	332	0,8

Source: Turismo de Portugal, 2018

Guests and Overnight stays, Occupancy rates, Revenues and Tourism Balance – Centre

TURISMO EM NÚMEROS | dezembro 2017									
CENTRO									
MENSAL - dezembro				INDICADORES		ACUMULADO - dezembro			
Valor	Var. 17/16	Quota	Var. 17/16		Valor	Var. 17/16	Quota	Var. 17/16	
2017	%	Abs.	2017	p.p.	2017	%	Abs.	2017	p.p.
195,8	9,4	16,8	100,0		Hóspedes (milhares)	3 197,2	13,2	371,9	100,0
145,9	4,8	6,6	74,5	-3,3	hóspedes de Portugal	1 798,8	4,6	78,4	56,3
49,9	25,6	10,2	25,5	3,3	hóspedes do estrangeiro	1 398,4	26,6	293,6	43,7
307,9	10,7	29,8	100,0		Dormidas (milhares)	5 652,3	14,5	714,4	100,0
219,6	6,3	13,1	71,3	-2,9	dormidas de Portugal	2 900,9	3,2	91,3	51,3
88,3	23,3	16,7	28,7	2,9	dormidas do estrangeiro	2 751,4	29,3	623,1	48,7
16,9	11,2	1,7	100,0		Proveitos Globais (milhões €)	272,1	19,3	44,0	100,0
10,6	15,2	1,4	62,7	2,2	proveitos de aposento	188,7	21,9	33,9	69,4
6,3	5,1	0,3	37,3	-2,2	outros proveitos	83,4	13,8	10,1	30,6
27,2		-0,4			Taxas de Ocupação (%)				
29,8		-2,2			taxa de ocupação cama	40,6		4,7	
17,8	9,8	1,6			taxa de ocupação quarto	47,9		4,6	
17,8	9,8	1,6			RevPar (€)	26,1	20,5	4,4	

Source: Turismo de Portugal, 2018

Guests and Overnight stays, Occupancy rates, Revenues and Tourism Balance – Metropolitan Area of Lisbon

TURISMO EM NÚMEROS | dezembro 2017									
ÁREA METROPOLITANA DE LISBOA									
MENSAL - dezembro					ACUMULADO - dezembro				
Valor	Var. 17/16	Quota	Var. 17/16		Valor	Var. 17/16	Quota	Var. 17/16	
2017	%	Abs.	2017	p.p.	2017	%	Abs.	2017	p.p.
HÓSPEDES, DORMIDAS, PROVEITOS E REVPAR em estabelecimentos hoteleiros, aldeamentos e apartamentos turísticos e outros									
394,8	9,8	35,1	100,0		6 176,9	9,4	529,2	100,0	
143,6	3,4	4,7	36,4	-2,2	1 749,3	2,4	41,2	28,3	-1,9
251,2	13,8	30,4	63,6	2,2	4 427,6	12,4	488,0	71,7	1,9
TAXAS DE OCUPAÇÃO CAMA em estabelecimentos hoteleiros, aldeamentos e apartamentos turísticos									
869,4	12,3	95,3	100,0		14 327,0	8,7	1 146,4	100,0	
236,7	6,7	14,9	27,2	-1,4	3 102,7	2,2	66,7	21,7	-1,4
632,7	14,6	80,4	72,8	1,4	11 224,4	10,6	1 079,7	78,3	1,4
TAXAS DE OCUPAÇÃO QUARTO em estabelecimentos hoteleiros									
44,0	27,8	9,6	72,8	2,6	812,7	23,8	166,4	76,3	1,3
16,5	12,4	1,8	27,2	-2,6	252,9	15,1	33,2	23,7	-1,3
MOVIMENTOS NOS AEROPORTOS									
41,3		-0,1			60,3		2,5		
52,6		2,6			76,4		3,9		
MOVIMENTOS DE PASSAGEIROS EM CRUZEIROS									
48,5	25,5	9,4			72,6	20,6	12,4		
1 055,1	15,6	142,3	100,0		13 381,0	18,9	2 126,3	100,0	
936,5	17,5	139,6	89,0	1,4	11 629,5	19,8	1 902,1	86,9	0,5
116,6	2,4	2,7	11,0	-1,4	1 751,5	14,7	224,2	13,1	-0,5
Fluxos nos Portos Marítimos									
32 187	35,8	8 482	100,0		521 042	-0,3	-1 455	100,0	
32 004	39,9	9 132	99,4	2,9	482 127	-2,7	-12 738	88,7	-2,2
105	-73,0	-284	0,3	-1,3	30 225	25,4	6 118	5,8	1,2
78	-82,4	-366	0,2	-1,6	28 890	22,0	5 165	5,5	1,0

Source: Turismo de Portugal, 2018

Guests and Overnight stays, Occupancy rates, Revenues and Tourism Balance – Alentejo

TURISMO EM NÚMEROS | dezembro 2017									
ALENTEJO									
MENSAL - dezembro					ACUMULADO - dezembro				
Valor	Var. 17/16	Quota	Var. 17/16		Valor	Var. 17/16	Quota	Var. 17/16	
2017	%	Abs.	2017	p.p.	2017	%	Abs.	2017	p.p.
HÓSPEDES, DORMIDAS, PROVEITOS E REVPAR em estabelecimentos hoteleiros, aldeamentos e apartamentos turísticos e outros									
59,4	23,3	11,2	100,0		991,5	13,0	114,0	100,0	
46,0	21,9	8,2	77,4	-0,9	644,3	11,0	63,6	65,0	-1,2
13,4	28,6	3,0	22,6	0,9	347,2	17,0	50,4	35,0	1,2
TAXAS DE OCUPAÇÃO CAMA em estabelecimentos hoteleiros, aldeamentos e apartamentos turísticos									
98,5	27,3	21,1	100,0		1 771,6	11,9	187,9	100,0	
76,1	27,0	16,2	77,3	-0,2	1 143,9	9,7	101,1	64,0	-1,3
22,3	28,6	5,0	22,7	0,2	627,7	16,1	86,8	35,4	1,3
TAXAS DE OCUPAÇÃO QUARTO em estabelecimentos hoteleiros									
6,0	26,5	1,3	100,0		100,1	18,4	15,5	100,0	
3,7	33,3	0,9	61,7	3,2	69,5	16,5	10,8	69,4	0,1
2,3	16,9	0,3	38,3	-3,2	30,6	18,2	4,7	30,6	-0,1
MOVIMENTOS NOS AEROPORTOS									
26,0		1,3			40,5		5,4		
38,4		5,3			52,2		5,3		
MOVIMENTOS DE PASSAGEIROS EM CRUZEIROS									
19,8	30,0	4,6			31,4	16,9	4,6		

Source: Turismo de Portugal, 2018

Guests and Overnight stays, Occupancy rates, Revenues and Tourism Balance – Algarve

TURISMO EM NÚMEROS | dezembro 2017									
ALGARVE									
MENSAL - dezembro					ACUMULADO - dezembro				
Valor	Var. 17/16		Quota	Var. 17/16	Valor	Var. 17/16		Quota	Var. 17/16
2017	%	Abs.	2017	p.p.	2017	%	Abs.	2017	p.p.
136,6	12,2	14,8	100,0		4 132,6	5,1	200,4	100,0	
57,7	21,1	10,0	42,3	3,1	1 119,7	3,2	34,3	27,1	-0,5
78,9	6,4	4,8	57,7	-3,1	3 012,9	6,8	166,1	72,9	0,5
481,5	5,0	22,8	100,0		19 016,6	5,3	959,5	100,0	
127,8	18,7	20,1	26,5	3,1	3 991,7	3,8	145,9	21,0	-0,3
353,7	0,8	2,6	73,5	-3,1	15 024,9	5,7	813,5	79,0	0,3
19,5	13,4	2,3	100,0		1 028,0	13,2	119,7	100,0	
12,2	13,5	1,4	62,5	0,1	761,8	14,2	94,7	74,1	0,7
7,3	13,2	0,9	37,5	-0,1	266,3	10,3	25,0	25,9	-0,7
19,0		-1,6			49,5		1,2		
27,0		-2,3			65,5		1,0		
13,8	14,1	1,7			53,2	12,6	5,9		
118,9	-4,1	-5,1	100,0		4 335,2	14,6	552,5	100,0	
104,4	-5,4	-6,0	87,8	-1,2	4 122,0	14,4	518,1	95,1	-0,2
14,5	6,6	0,9	12,2	1,2	213,2	19,2	34,4	4,9	0,2
1 452	240,8	1 026	100,0		27 781	42,3	8 261	100,0	
1 451	240,6	1 025	99,9	-0,1	27 325	40,3	7 840	98,4	-1,4
0		0	0,0	0,0	188	#	164	0,7	0,6
1		1	0,1	0,1	268	#	248	1,0	0,9

Source: Turismo de Portugal, 2018

Guests and Overnight stays, Occupancy rates, Revenues and Tourism Balance – Autonomous Region of Azores

TURISMO EM NÚMEROS | dezembro 2017									
REGIÃO AUTÓNOMA DOS AÇORES									
MENSAL - dezembro					ACUMULADO - dezembro				
Valor	Var. 17/16		Quota	Var. 17/16	Valor	Var. 17/16		Quota	Var. 17/16
2017	%	Abs.	2017	p.p.	2017	%	Abs.	2017	p.p.
25,4	19,3	4,1	100,0		594,2	16,7	85,1	100,0	
17,5	23,4	3,3	69,1	2,3	303,6	15,5	40,7	51,1	-0,6
7,9	11,2	0,8	30,9	-2,3	290,6	16,1	44,4	48,9	0,6
68,1	23,4	12,9	100,0		1 787,5	15,8	243,9	100,0	
40,0	30,9	9,4	58,8	3,3	751,1	16,7	118,2	42,0	1,0
28,0	14,2	3,5	41,2	-3,3	1 036,4	13,8	125,7	58,0	-1,0
3,3	31,4	0,8	100,0		87,6	24,0	16,9	100,0	
2,0	32,3	0,5	61,4	0,4	63,6	23,0	11,9	72,6	-0,6
1,3	28,9	0,3	38,6	-0,4	24,0	26,6	5,1	27,4	0,6
22,3		1,4			50,4		3,4		
28,1		-0,3			61,6		3,1		
14,6	26,8	3,1			37,4	16,0	5,2		
55,0	11,0	5,4	100,0		910,5	22,9	169,6	100,0	
7,4	46,5	2,3	13,5	3,3	168,9	35,6	44,3	18,5	1,7
47,6	6,9	3,1	86,5	-3,3	741,6	20,3	125,3	81,5	-1,7
7 516	41,7	2 212	100,0		135 783	8,1	10 120	100,0	
7 492	41,7	2 203	99,7	0,0	134 227	7,7	9 590	98,9	-0,3
13	225,0	9	0,2	0,1	786	40,4	226	0,6	0,1
11	0,0	0	0,1	-0,1	770	65,2	304	0,6	0,2

Source: Turismo de Portugal, 2018

Guests and Overnight stays, Occupancy rates, Revenues and Tourism Balance – Autonomous Region of Madeira

HÓSPEDES, DORMIDAS, PROVEITOS E REVPAR em estabelecimentos hoteleiros, aldeamentos e apartamentos turísticos e outros
Dados provisórios (15/03/2018)
Fonte: INE

TAXAS DE OCUPAÇÃO CAMA em estabelecimentos hoteleiros, aldeamentos e apartamentos turísticos
Dados provisórios (24/04/2018)
Fonte: Turismo de Portugal

MOVIMENTOS NOS AEROPORTOS
Dados provisórios (14/02/2018)
Fonte: ANA – Aeroportos de Portugal

MOVIMENTOS DE PASSEIROS EM CRUZEIROS
Dados provisórios (14/02/2018)
Fonte: Portos da Madeira

TURISMO EM NÚMEROS | dezembro 2017

REGIÃO AUTÓNOMA DA MADEIRA

MENSAL - dezembro					INDICADORES				ACUMULADO - dezembro					
Valor	Var. 17/16	Quota	Var. 17/16		Valor	Var. 17/16	Quota	Var. 17/16		Valor	Var. 17/16	Quota	Var. 17/16	
2017	%	Abs.	2017	p.p.	2017	%	Abs.	2017	p.p.	2017	%	Abs.	2017	p.p.
81,9	3,5	2,8	100,0		Hóspedes (milhares)	1 435,6	5,2	70,3	100,0					
17,0	1,6	0,3	20,8	-0,4	hóspedes de Portugal	271,4	3,0	8,0	18,9	-0,4				
64,9	4,1	2,5	79,2	0,4	hóspedes do estrangeiro	1 164,1	5,7	82,4	81,1	0,4				
417,8	-0,1	-0,4	100,0		Dormidas (milhares)	7 508,6	1,9	140,6	100,0					
47,0	7,6	3,3	11,3	0,8	dormidas de Portugal	812,7	0,6	4,9	10,8	-0,1				
370,8	-1,0	-3,7	88,7	-0,8	dormidas do estrangeiro	6 695,9	2,1	135,6	89,2	0,1				
25,1	6,4	1,5	100,0		Proveitos Globais (milhões €)	407,3	7,8	29,6	100,0					
16,3	8,9	1,3	64,8	1,5	proveitos de aposento	283,5	9,0	21,7	64,7	0,7				
8,8	2,0	0,2	35,2	-1,5	outros proveitos	143,8	5,8	7,8	35,3	-0,7				
					Taxas de Ocupação (%)									
50,7			0,1		taxa de ocupação cama	71,5			0,4					
55,9			-1,4		taxa de ocupação quarto	78,2			0,6					
38,7	8,2	2,9			RevPar (€)	51,5	8,3	4,0						
125,0	3,9	4,7	100,0		Fluxos nos Aeroportos (milhares)	1 677,2	8,2	126,9	100,0					
60,4	-3,9	-2,5	48,4	-3,9	pass. desembarcados internacionais	964,8	7,3	85,6	57,5	-0,5				
64,5	12,4	7,1	51,6	3,9	pass. desembarcados nacionais	712,4	9,4	61,3	42,5	0,5				
87 525	34,6	22 517	100,0		Fluxos nos Portos Marítimos	503 755	-3,6	-18 727	100,0					
86 971	34,3	22 189	99,4	-0,3	passageiros em trânsito	500 664	-3,7	-10 042	99,4	-0,1				
241	141,0	141	0,3	0,1	passageiros embarcados	1 397	69,3	572	0,3	0,1				
313	148,4	187	0,4	0,2	passageiros desembarcados	1 694	-13,2	-257	0,3	0,0				

Source: Turismo de Portugal, 2018

Annex 2 – Overview about Tourist Apartments and Local Lodging

Establishments by type, by region (NUTS II) in 2016

NUTS	Total dos Alojamentos turísticos	Total Hotelaria	Hotéis					Hotéis-Apartamentos				Apartamentos turísticos
			Total	*****	****	***	** / *	Total	*****	****	*** / **	
PORTUGAL	4 805	1 669	1 237	109	417	366	345	143	6	96	41	193
CONTINENTE	3 802	1 451	1 092	91	352	337	312	108	5	71	32	167
Norte	1 141	347	315	16	99	84	116	7	0	4	3	13
Centro	918	333	304	6	72	122	104	9	0	6	3	10
A.M. Lisboa	621	279	250	41	102	61	46	12	1	11	0	7
Alentejo	499	116	88	4	26	34	24	8	1	3	4	7
Algarve	623	376	135	24	53	36	22	72	3	47	22	130
RA AÇORES	179	87	68	3	25	15	25	3	0	3	0	14
RA MADEIRA	824	131	77	15	40	14	8	32	1	22	9	12

NUTS	Aldeamentos turísticos	Pousadas	Quintas da Madeira	Total TER e TH	Turismo no Espaço Rural				Turismo de Habitação	Alojamento Local
					Agro-turism	Casas de	Hotéis Rurais	Outros TER		
PORTUGAL	52	36	8	1 305	183	718	77	111	216	1 831
CONTINENTE	51	33	//	1 164	176	618	73	97	200	1 187
Norte	3	9	//	491	80	241	32	48	90	303
Centro	2	8	//	315	27	185	17	17	69	270
A.M. Lisboa	6	4	//	16	3	9	1	0	3	326
Alentejo	4	9	//	268	53	145	16	24	30	115
Algarve	36	3	//	74	13	38	7	8	8	173
RA AÇORES	0	2	//	92	2	67	0	13	10	x
RA MADEIRA	1	1	8	49	5	33	4	1	6	644

Source: INE, 2017

Establishments by type, by region (NUTS II) in 2017

NUTS	Total dos Alojamentos turísticos	Total Hotelaria	Hotéis					Hotéis-Apartamentos				Apartamentos turísticos
			Total	*****	****	***	** / *	Total	*****	****	*** / **	
PORTUGAL	5 840	1 758	1 309	114	449	391	355	145	6	97	42	203
CONTINENTE	4 456	1 526	1 154	96	380	360	318	110	5	72	33	175
Norte	1 313	362	326	16	105	88	117	8	0	4	4	16
Centro	1 079	346	315	6	78	126	105	9	0	6	3	11
A.M. Lisboa	771	303	270	42	113	67	48	13	1	11	1	10
Alentejo	576	124	95	6	28	36	25	8	1	3	4	7
Algarve	717	391	148	26	56	43	23	72	3	48	21	131
RA AÇORES	190	93	71	3	28	16	24	4	0	3	1	16
RA MADEIRA	1 194	139	84	15	41	15	13	31	1	22	8	12

NUTS	Aldeamentos turísticos	Pousadas	Quintas da Madeira	Total TER e TH	Turismo no Espaço Rural				Turismo de Habitação	Alojamento Local
					Agro-turismo	Casas de Campo	Hotéis Rurais	Outros TER		
PORTUGAL	55	36	10	1 419	230	766	85	112	226	2 663
CONTINENTE	54	33	//	1 271	221	662	78	99	211	1 659
Norte	3	9	//	542	99	261	34	51	97	409
Centro	4	7	//	331	35	191	19	17	69	402
A.M. Lisboa	6	4	//	19	4	9	1	1	4	449
Alentejo	4	10	//	295	65	157	17	22	34	157
Algarve	37	3	//	84	18	44	7	8	7	242
RA AÇORES	0	2	//	97	2	73	0	13	9	x
RA MADEIRA	1	1	10	51	7	31	7	0	6	1 004

Source: INE, 2018

Rooms by type, by region (NUTS II) in 2017

NUTS	Total dos Alojamentos turísticos	Total Hotelaria	Hotéis					Hotéis-Apartamentos				Apartamentos turísticos
			Total	*****	****	***	** / *	Total	*****	****	*** / **	
PORTUGAL	175 056	137 085	98 960	17 534	44 936	24 199	12 291	15 376	1 036	11 287	3 053	12 625
CONTINENTE	151 516	118 336	85 169	13 988	37 041	22 515	11 625	12 086	...	8 851	...	11 731
Norte	28 784	19 455	18 356	1 966	7 524	4 898	3 968	296	0	83	213	316
Centro	27 235	18 978	17 214	545	5 507	7 594	3 568	513	0	407	106	414
A.M. Lisboa	36 284	29 772	26 950	5 833	13 350	5 254	2 513	1 667	...	1 498	...	360
Alentejo	10 172	6 018	3 883	395	1 449	1 366	673	769	...	367	...	576
Algarve	49 041	44 113	18 766	5 249	9 211	3 403	903	8 841	...	6 496	...	10 064
RA AÇORES	5 389	4 873	4 344	378	2 753	813	400	126	0	...	...	...
RA MADEIRA	18 151	13 876	9 447	3 168	5 142	871	266	3 164	...	...	...	...

NUTS	Aldeamentos turísticos	Pousadas	Quintas da Madeira	Total TER e TH	Turismo no Espaço Rural				Turismo de Habitação	Alojamento Local
					Agro-turismo	Casas de Campo	Hotéis Rurais	Outros TER		
PORTUGAL	8 123	1 516	481	10 288	1 669	4 576	1 569	913	1 561	27 683
CONTINENTE	...	...	//	9 396	1 617	4 101	1 438	777	1 463	23 784
Norte	...	...	//	3 837	704	1 493	574	372	694	5 492
Centro	...	...	//	2 385	222	1 171	342	171	479	5 872
A.M. Lisboa	525	270	//	133	...	47	...	...	32	6 376
Alentejo	479	308	//	2 385	540	1 083	369	165	228	1 766
Algarve	6 292	150	//	656	...	307	...	...	30	4 272
RA AÇORES	0	...	//	516	...	...	0	136	65	x
RA MADEIRA	...	...	481	376	...	...	131	0	33	3 896

Source: INE, 2018

Capacity (beds) of accommodation by type, by regions (NUTS II) in 2017

NUTS	Total dos Alojamentos turísticos	Total Hotelaria	Hotéis					Hotéis-Apartamentos				Apartamentos turísticos
			Total	*****	****	***	** / *	Total	*****	****	*** / **	
PORTUGAL	402 832	312 982	210 949	37 451	95 560	51 852	26 086	43 768	2 562	32 138	9 068	34 769
CONTINENTE	352 133	272 474	181 649	29 678	79 029	48 304	24 638	36 250	...	26 493	...	32 641
Norte	62 855	41 166	38 605	3 940	15 715	10 452	8 498	865	0	238	627	736
Centro	58 418	39 752	35 802	1 115	11 153	15 945	7 589	1 292	0	935	357	905
A.M. Lisboa	80 416	63 190	56 253	11 735	27 914	11 318	5 286	4 257	...	3 719	...	911
Alentejo	22 861	13 091	7 906	853	2 968	2 704	1 381	2 284	...	1 197	...	1 104
Algarve	127 583	115 275	43 083	12 035	21 279	7 885	1 884	27 552	...	20 404	...	28 985
RA AÇORES	11 544	10 432	9 037	777	5 711	1 642	907	370	0	...	...	...
RA MADEIRA	39 155	30 076	20 263	6 996	10 820	1 906	541	7 148	...	...	...	...

NUTS	Aldeamentos turísticos	Pousadas	Quintas da Madeira	Total TER e TH	Turismo no Espaço Rural				Turismo de Habitação	Alojamento Local
					Agro-turismo	Casas de Campo	Hotéis Rurais	Outros TER		
PORTUGAL	19 390	3 133	973	23 210	3 861	10 409	3 543	1 941	3 456	66 640
CONTINENTE	...	...	//	21 249	3 739	9 338	3 247	1 677	3 248	58 410
Norte	...	...	//	8 505	1 581	3 308	1 301	805	1 510	13 184
Centro	...	...	//	5 321	520	2 632	768	366	1 035	13 345
A.M. Lisboa	1 221	548	//	316	...	104	...	...	74	16 910
Alentejo	1 098	699	//	5 485	1 226	2 528	832	354	545	4 285
Algarve	15 327	328	//	1 622	...	766	...	...	84	10 686
RA AÇORES	0	...	//	1 112	...	...	0	264	132	x
RA MADEIRA	...	...	//	973	849	...	296	0	76	8 230

Source: INE, 2018

Guests in Portugal by type of establishment in 2017

Países de residência	Total dos Alojamentos turísticos	Total Hotelaria	Hotéis					Hotéis-Apartamentos				Apartamentos turísticos
			Total	*****	****	***	** / *	Total	*****	****	*** / **	
PORTUGAL	23 953,8	19 769,3	16 199,3	2 510,8	7 608,7	4 049,1	2 030,7	1 695,9	129,0	1 212,3	354,6	990,9

Países de residência	Aldeamentos turísticos	Pousadas	Quintas da Madeira	Total TER e TH	Turismo no Espaço Rural				Turismo de Habitação	Alojamento Local
					Agro-turismo	Casas de Campo	Hotéis Rurais	Outros TER		
PORTUGAL	519,9	318,2	45,1	794,75	122,49	309,26	201,93	48,68	112,40	3 389,7

Source: INE; 2018

Overnight stays in Portugal by type of establishment in 2017

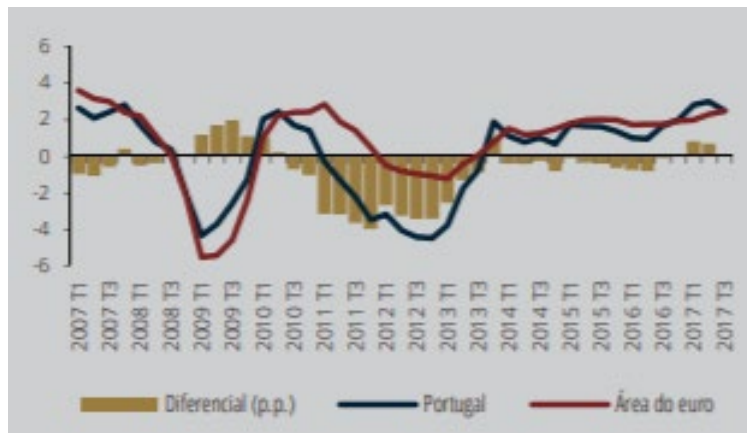
Países de residência	Total dos Alojamentos turísticos	Total Hotelaria	Hotéis					Hotéis-Apartamentos				Apartamentos turísticos
			Total	*****	****	***	** / *	Total	*****	****	*** / **	
PORTUGAL	65 385,2	55 734,6	39 827,0	7 469,0	19 508,0	8 956,6	3 893,5	7 749,1	512,6	5 645,6	1 590,8	4 749,6

Países de residência	Aldeamentos turísticos	Pousadas	Quintas da Madeira	Total TER e TH	Turismo no Espaço Rural				Turismo de Habitação	Alojamento Local
					Agro-turismo	Casas de Campo	Hotéis Rurais	Outros TER		
PORTUGAL	2 576,0	591,5	241,4	1 699,99	255,71	724,43	395,81	106,77	217,28	7 950,6

Source: INE, 2018

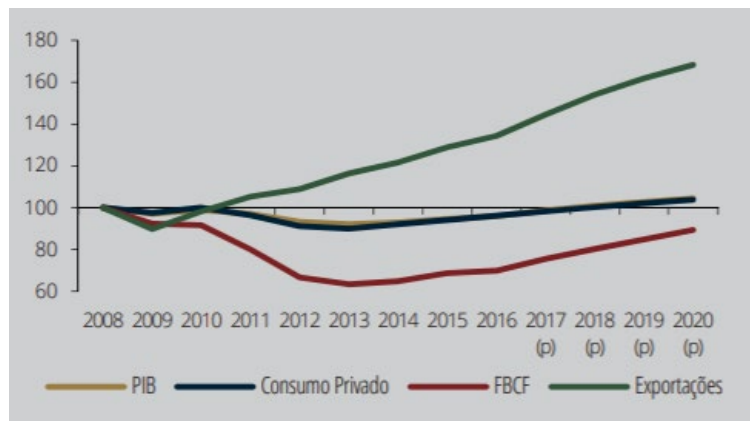
Annex 3 – Economical Context

GDP in Portugal and in the Euro Zone, in real terms – variation rate in %



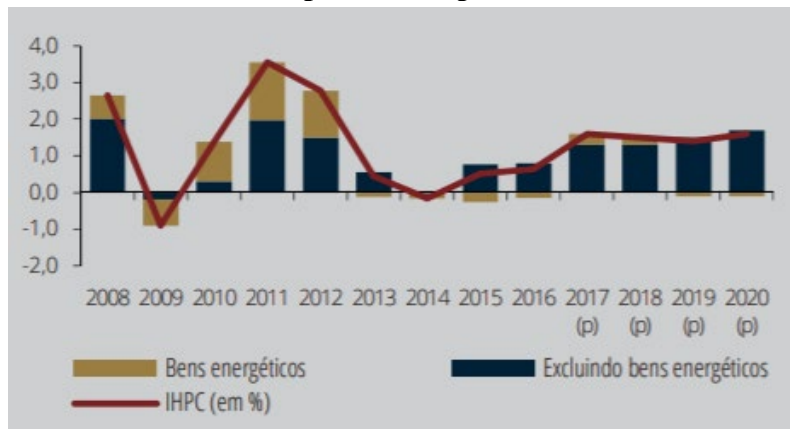
Source: Banco de Portugal, 2017

Evolution of GDP and components of global demand – index 2008=100



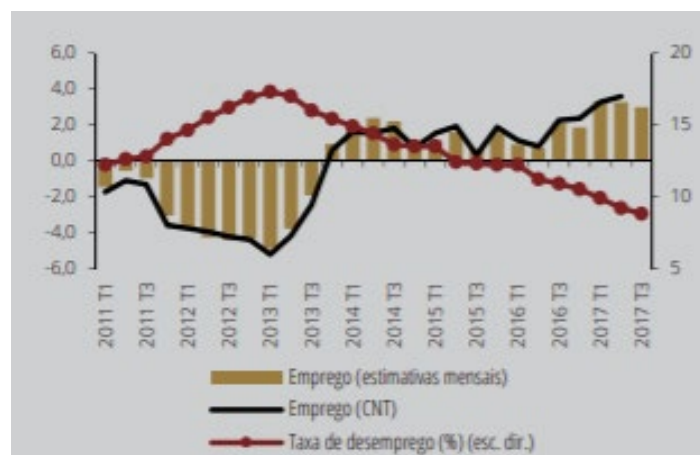
Source: Banco de Portugal, 2017

Harmonized Index of Consumer Prices – contribution to the annual variation rate, in percentual points



Source: Banco de Portugal, 2017

Expectation for the inflation at a time horizon of 12 months – annual variation rate, in percentage



Source: Banco de Portugal, 2017

Evolution of employment and unemployment rate – variation rates, in percentage



Source: Banco de Portugal, 2017

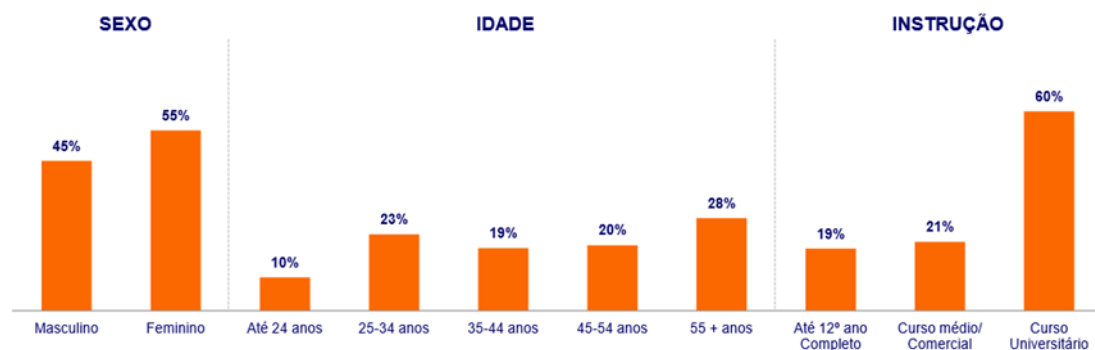
Annex 4 – Porter’s Five Forces

Market Analysis Porter’s Five Forces	Contribution to Force				
	Very Low	Low	Medium	High	Very High
Threat of New Entrants					
Capital requirements		x			
Service differentiation		x			
Government and legal barriers			x		
		4	3		
Force global score		2,3			
Industry Rivalry					
Concentration				x	
Market Growth	x				
	1			4	
Force global score			2,5		
Power of Suppliers					
Size and concentration of suppliers relative to producers			x		
Producer’s switching costs		x			
Ability to integrate vertically	x				
	1	2	3		
Force global score		2			
Power of Customers					
Buyer’s price sensivity			x		
Relative bargaining power					
Size and concentration of buyers		x			
Buyer’s information					x
Ability of buyers to integrate vertically	x				
	1	2	3		5
Force global score			2,8		
Power of Substitutes					
Buyer propensity to substitutes			x		
Relative prices and performance of substitutes		x			
		2	3		
Force global score			2,5		

Source: Author

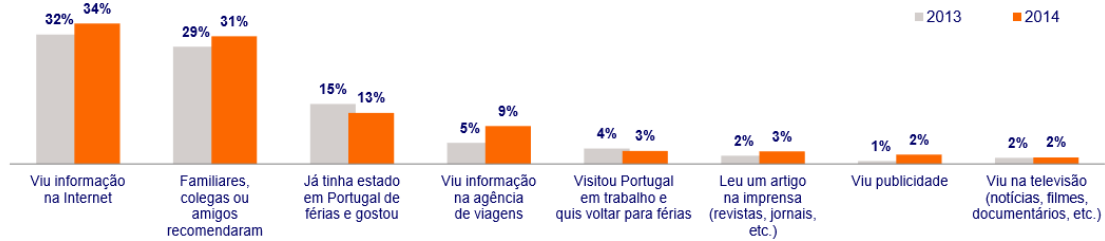
Annex 5 – International Tourist Profile

Percentage of tourists by sex, age and education – winter 2014



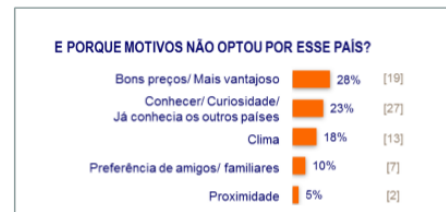
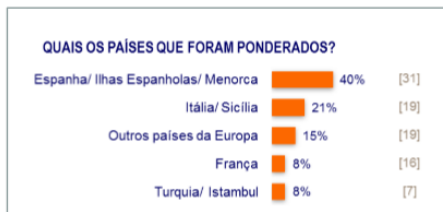
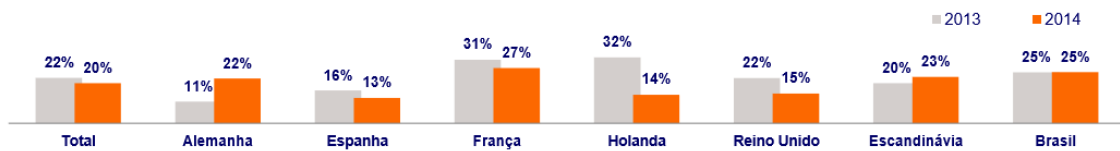
Source: Turismo de Portugal, 2015

Percentage of tourists by driving factors for visiting Portugal – winters of 2013 and 2014



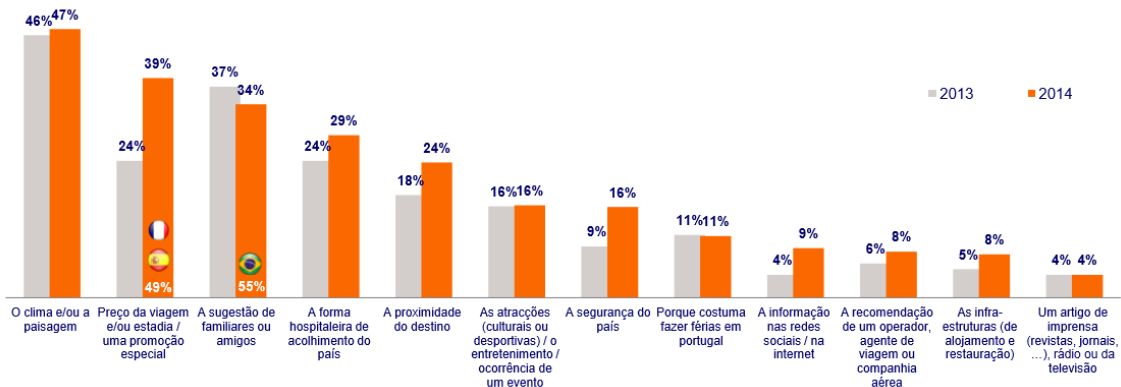
Source: Turismo de Portugal, 2015

Percentage of tourists who consider travelling to other country than Portugal (total and by country of origin), alternative countries considered (percentage), and reasons for considering those alternative countries (percentage) – winters of 2013 and 2014



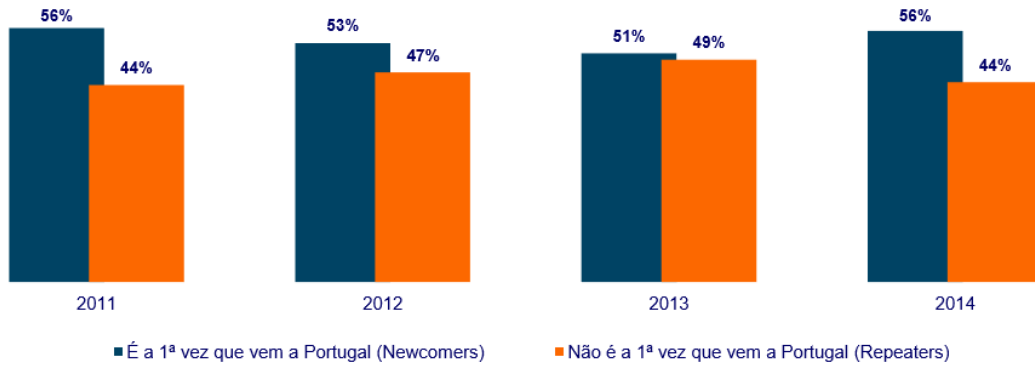
Source: Turismo de Portugal, 2015

Percentage of tourists by motivation for visiting Portugal – winters of 2013 and 2014



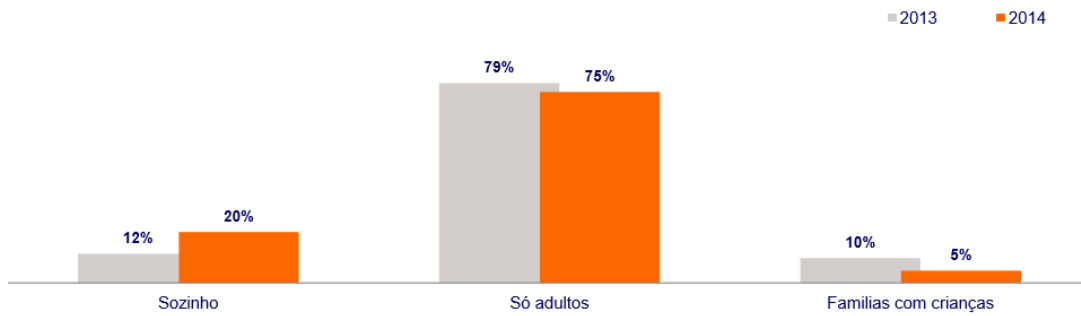
Source: Turismo de Portugal, 2015

Percentage of Newcomers and Repeaters – winters of 2011, 2012, 2013 and 2014



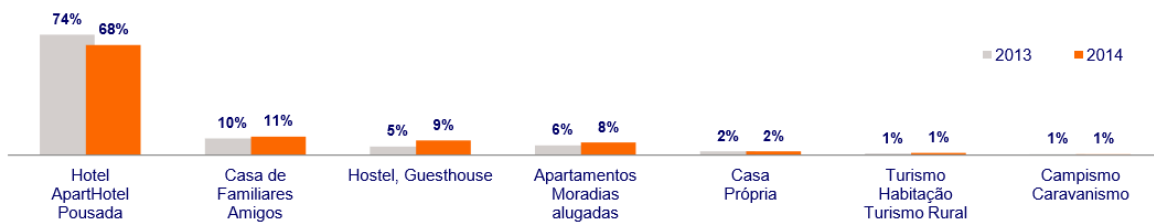
Source: Turismo de Portugal, 2015

Percentage of tourists who travelled Alone, with other Adults, and in Family with children – winters of 2013 and 2014



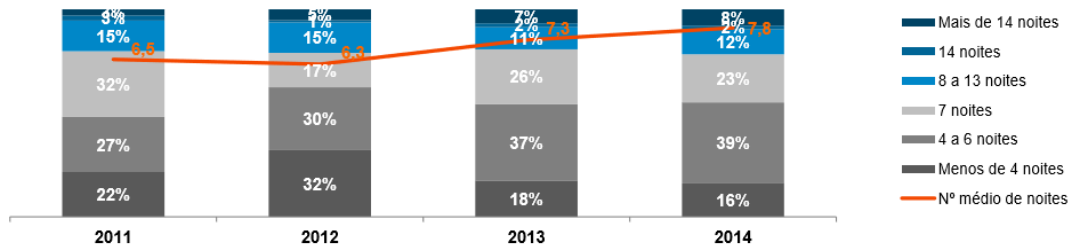
Source: Turismo de Portugal, 2015

Percentage of tourists by type of accommodation – winters of 2013 and 2014



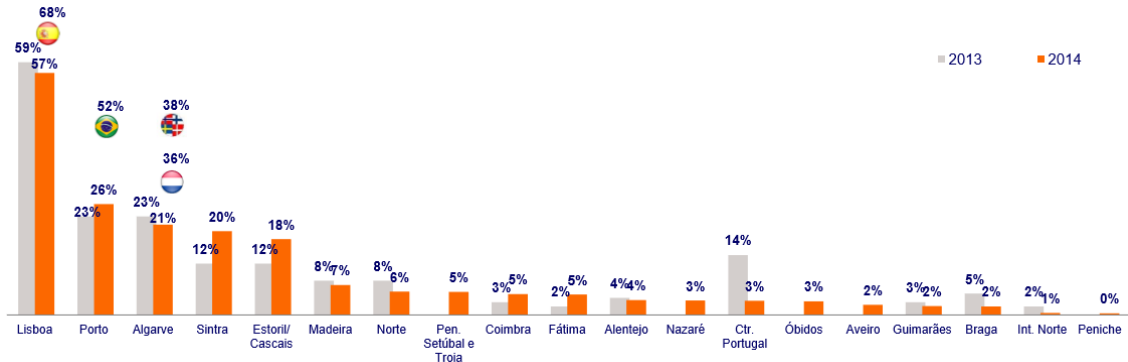
Source: Turismo de Portugal, 2015

Percentage of tourists by number of nights spent in Portugal – winters of 2011, 2012, 2013 and 2014



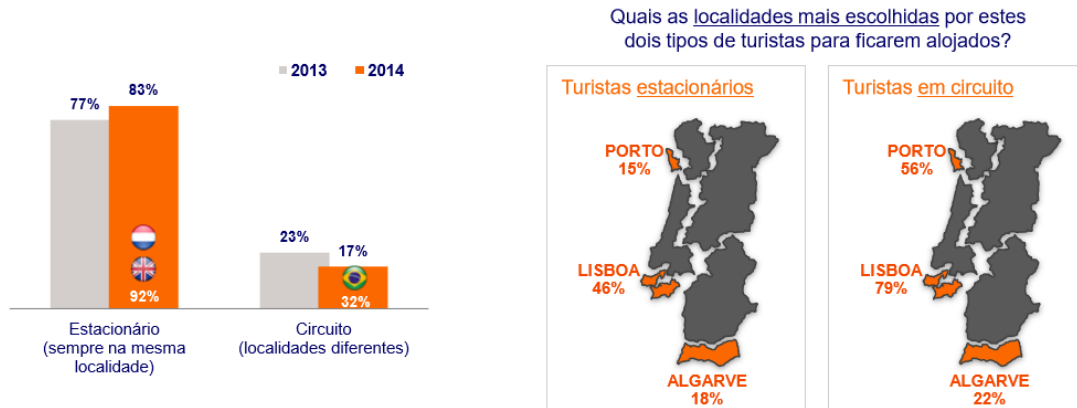
Source: Turismo de Portugal, 2015

Percentage of tourists by regions/cities most visited – winters of 2013 and 2014



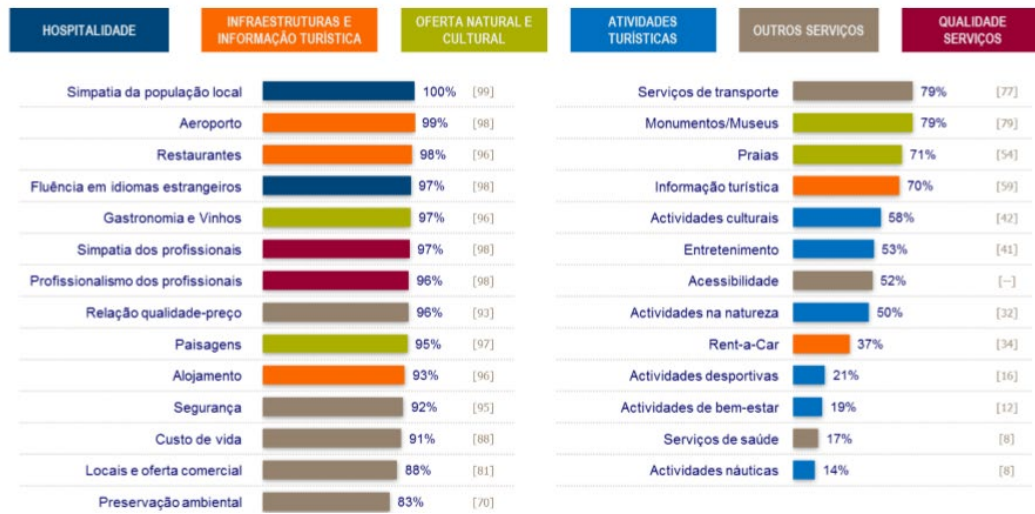
Source: Turismo de Portugal, 2015

Percentage of Stationary and Circuit tourists – winters of 2013 and 2014, regions most chosen by Stationary tourists (percentage), and regions most chosen by Circuit tourists (percentage) – winter of 2014



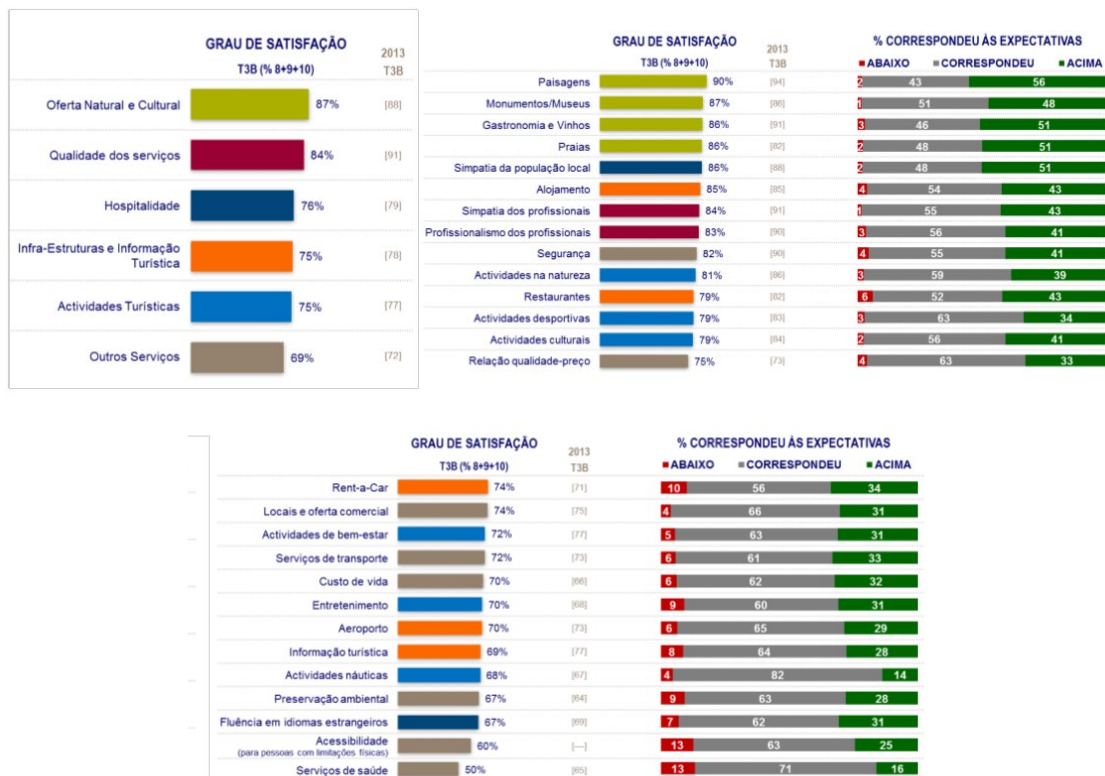
Source: Turismo de Portugal, 2015

Percentage of tourists by touch points used (sub-categories) – winters of 2013 and 2014



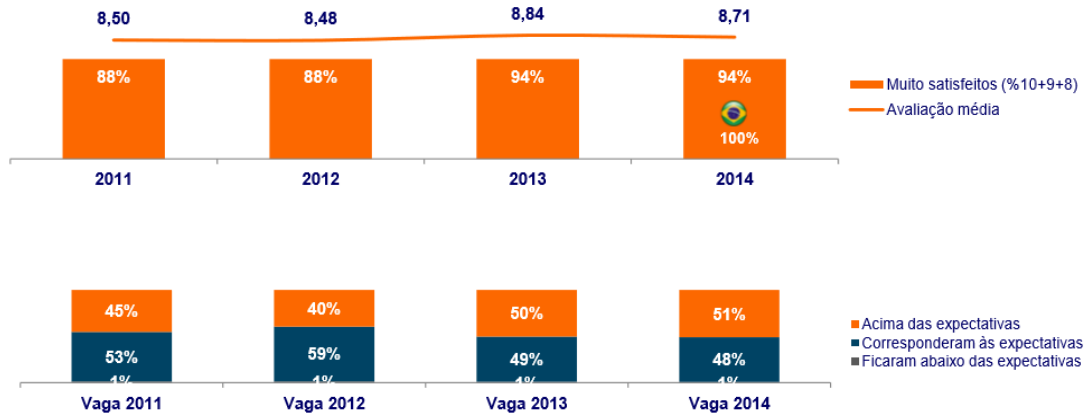
Source: Turismo de Portugal, 2015

Level of satisfaction by main categories and sub-categories of touch points (percentage) – winters of 2013 and 2014, and percentage of tourists whose expectations were met (by sub-categories of touch points) – winter of 2014



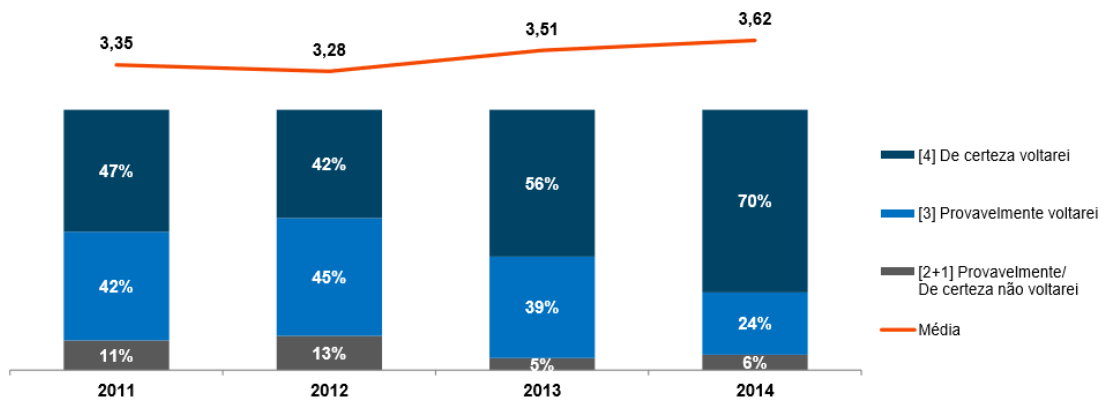
Source: Turismo de Portugal, 2015

Percentage of tourists very satisfied with their holidays in Portugal and average rating, and percentage of tourists by level of expectations – winters of 2011, 2012, 2013 and 2014



Source: Turismo de Portugal, 2015

Percentage of tourists that will Surely return, Consider returning and Probably/Surely will not return to Portugal, and average – winters of 2011, 2012, 2013 and 2014



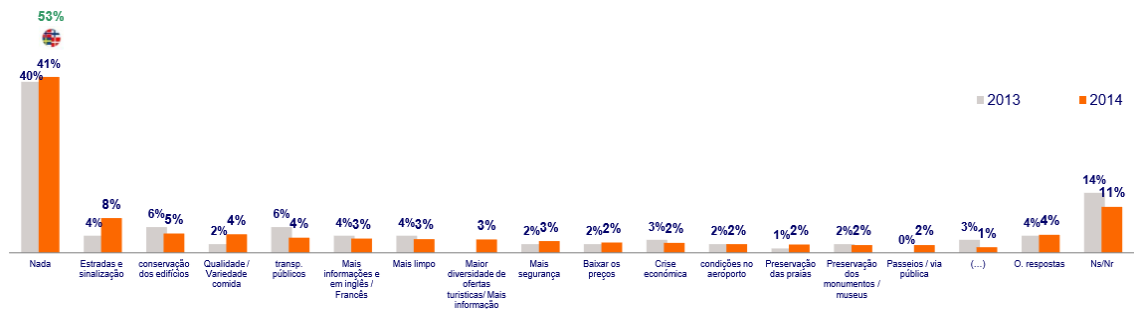
Source: Turismo de Portugal, 2015

Percentage of tourists by perception regarding Portugal's attributes, before and after the trip – winter of 2014



Source: Turismo de Portugal, 2015

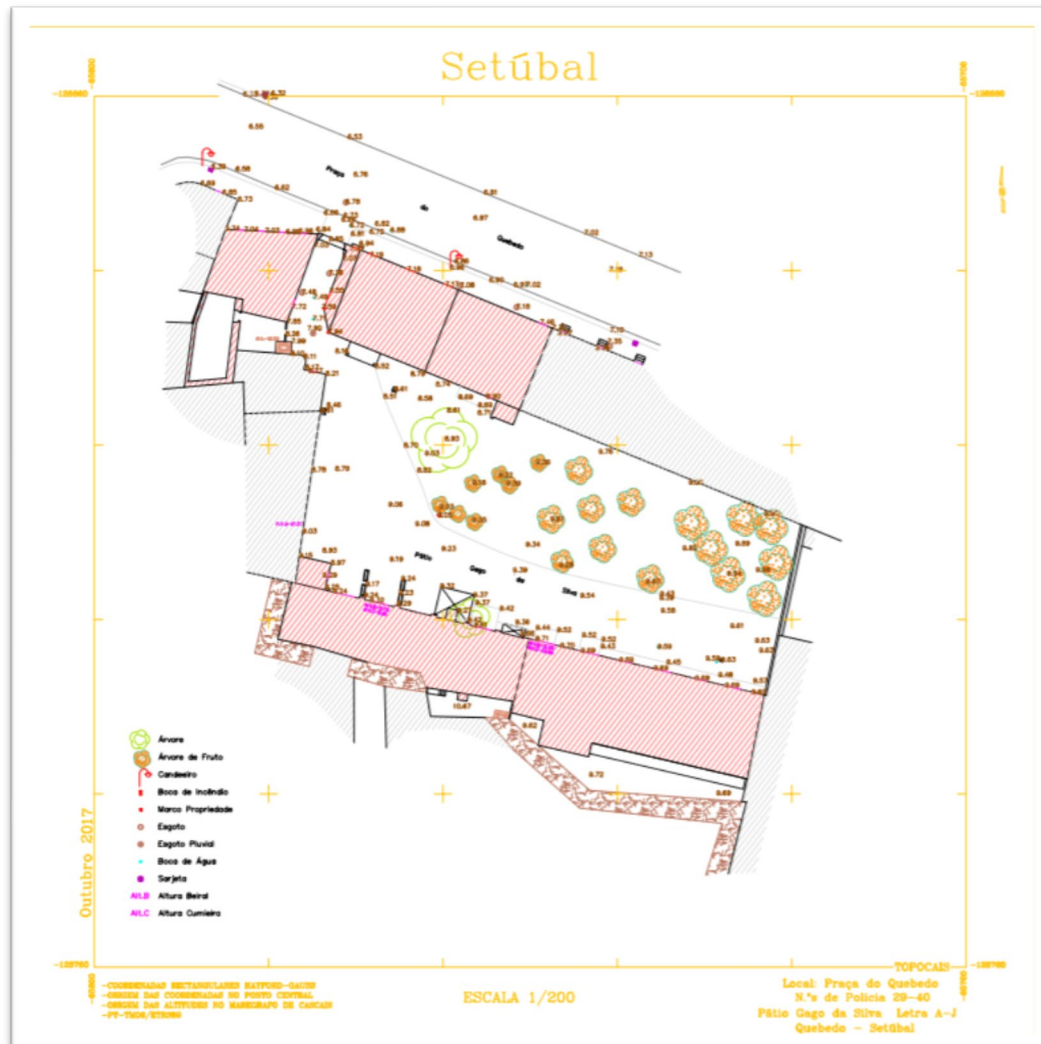
Percentage of tourists by aspects to be improved – winters of 2013 and 2014



Source: Turismo de Portugal, 2018

Annex 6 - Plan and location of Pátio Gago da Silva

Plan of Pátio Gago da Silva



Source: Author

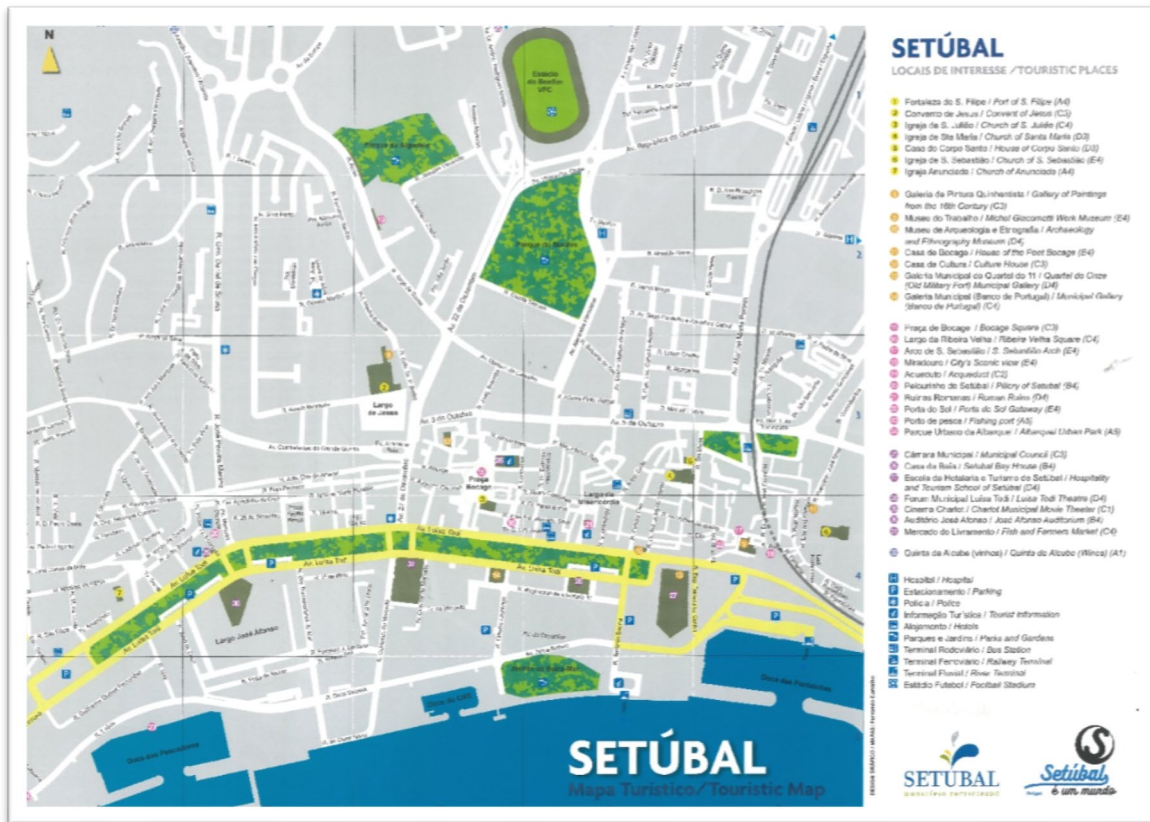
To Eat

Soup of the day.....	2,70€
Chicken Salad.....	8,50€
Quinoa and Smoked Salmon Salad.....	9,20€
Chicken Bowl.....	9,00€
Shrimp Bowl.....	9,50€
Grilled Chicken Sandwich.....	7,80€
Cheese and Ham Toast.....	3,70€
Pink Humus and Avocado Toast.....	4,50€
Cream Cheese and Smoked Salmon Bagel.....	5,50€
Scrambled Eggs with Spinach and Mushrooms.....	7,00€
Fresh Fruit Plate.....	4,00€
Homemade Ice Cream (flavour of the day).....	2,70€
Piece of Cake.....	3,00€
Pancakes with Honey, Nutella or Maple Syrup.....	4,50€
Cream Cheese and Smoked Salmon Bagel.....	5,50€
Scrambled Eggs with Spinach and Mushrooms.....	7,00€
Fresh Fruit Plate.....	4,00€
Homemade Ice Cream (flavour of the day).....	2,70€
Piece of Cake.....	3,00€
Pancakes with Honey, Nutella or Maple Syrup.....	4,50€

Source: Author

Annex 8 – Touristic Maps of Setúbal and Azeitão

Touristic Map of Setúbal



Source: Câmara Municipal de Setúbal, 201

Tourist Map of Azeitão



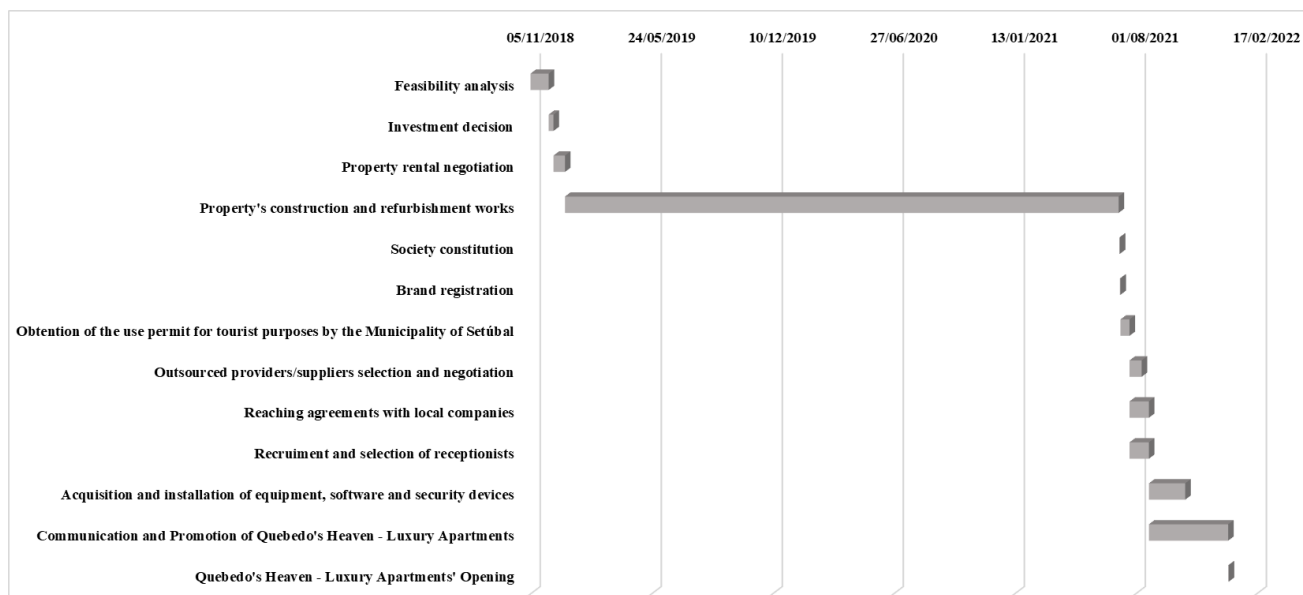
Source: Câmara Municipal de Setúbal, 2018

Annex 9 – Average price of competitors

High Season							
	Casa Miradouro Apartments	Penthouse Oasis	AL Setúbal Terrace House	Setúbal Downtown Studios	Setúbal Downtown Apartments	PH in Setúbal	Average Price
Charged price	74	139	80	69	69	150	97
Low Season							
	Casa Miradouro Apartments	Penthouse Oasis	AL Setúbal Terrace House	Setúbal Downtown Studios	Setúbal Downtown Apartments	PH in Setúbal	Average Price
Charged price	55	99	55	45	45	120	70

Source: Author

Annex 10 – Gantt diagram



Source: Author

Annex 11 – Financial and Economic Evaluation – Supporting Maps

Assumptions Map

Assumptions Map										
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
VAT rate - Accommodation (reduced) ¹	6,00%	6,00%	6,00%	6,00%	6%	6%	6%	6%	6%	6%
VAT rate - Activities and Complementary Services, Investments, all others (standard) ¹	23,00%	23,00%	23,00%	23,00%	23%	23%	23%	23%	23%	23%
Single Social Tax (TSU) - Employer ¹	23,75%	23,75%	23,75%	23,75%	23,75%	23,75%	23,75%	23,75%	23,75%	23,75%
Single Social Tax (TSU) - Employee ¹	11,00%	11,00%	11,00%	11,00%	11,00%	11,00%	11,00%	11,00%	11,00%	11,00%
Personal Income Tax (IRS) rate - taxable income up to 7.091€ ¹	14,50%	14,50%	14,50%	14,50%	14,50%	14,50%	14,50%	14,50%	14,50%	14,50%
Personal Income Tax (IRS) rate - taxable income € 10.700 - € 20.261 ¹	28,50%	28,50%	28,50%	28,50%	28,50%	28,50%	28,50%	28,50%	28,50%	28,50%
Personal Income Tax (IRS) rate - taxable income € 25.000 - € 36.856 ¹	37,00%	37,00%	37,00%	37,00%	37,00%	37,00%	37,00%	37,00%	37,00%	37,00%
Corporate Income Tax rate ¹	21,00%	21,00%	21,00%	21,00%	21,00%	21,00%	21,00%	21,00%	21,00%	21,00%
Municipal Tax of Setúbal (<i>Derrama</i>) ¹	1,50%	1,50%	1,50%	1,50%	1,50%	1,50%	1,50%	1,50%	1,50%	1,50%
Expected inflation rate ² (based on forecasts of Banco de Portugal)	1,40%	1,40%	1,40%	1,40%	1,40%	1,40%	1,40%	1,40%	1,40%	1,40%

¹ It was considered the rates in force in 2018 and their maintenance for the following years
² Measured by the HICP (Harmonized Index of Consumer Prices)

Inflation (Forecasts of Banco de Portugal)	
2019	1,50%
2020	1,40%
2021	1,40%
2022	1,40%

Source: Author

Assumptions used for Sales Forecast Map

Assumptions used for Sales Forecast Map		
Installed Capacity		10 950
Growth Rate		7%
Average expenditure at the bar (per guest)		17,50
Percentage of guests who spend money at the outdoor bar		25%
Average expenditure at the small shop (per guest)		12,50
Percentage of guests who spend money at the small shop		10%
Percentage of guests who buy Wellness & Spa Treatments		20%
Percentage of guests who buy Activities		20%
Percentage of guests who pay the Breakfast		55%
Percentage of guests who pay the Transport Service		30%
Percentage of guests who pay the Shuttle Service		10%
Percentage of guests who rent a bicycle		15%
Prices		
Apartments (Regular Accommodation)		
	Low Season	High Season
Studio apartments	68	92
One-bedroom apartments	85	115
Two-bedroom apartments	110	150
Average price per night	103	
Special Offers		
Romantic Experience Pack	225	
Family Pack		
2 people	275	
3 people	325	
Gastronomic Pack		
2 people	185	
3 people	225	
Sun & Sea Pack		
2 people	175	
3 people	225	
Average price of Special Offers	234	
Sales Mix		
Regular Accommodation	90%	
Special Offers	10%	
Wellness & Spa Treatments		
Orchis massage for two 25'/50'	35	65
Hot stones massage 80'	110	
Thai massage 70'	95	
Shiatsu 70'	95	
Reflexology 50'	70	
Vichy shower 20'	50	
Jet shower 12'	35	
Facial cleansing 70'	100	
Firming perfection 55'	90	
Body drainage 55'	90	
Average price of Wellness & Spa Services	76	
Activities		
	Per person	Average
Boat trips and historical cruises along the <i>Sado</i> river 1h-8h (minimum of 6 participants)	24-48	36
Dolphin watching 2h-4h (minimum of 4 participants)	42	
Canoeing along the <i>Sado</i> river 2h-8h	24-60	42
Horse-riding tour - "Louro Mountain" 7h	75	
Wine taste, gastronomic and cultural route "Through the lands of Santiago" full day	40	
Wine taste, gastronomic and cultural route "Through the lands of Sado" full day	24	
Karting 15'/30'/45'	18/29/38	42,5
Bird watching in Natural Park of Arrábida half day/full day	18/36	27
Visit to <i>Badoca Safari Park</i>	22	
Average price of Activities	39	
Complementary Services		
Breakfast	12	/ per person / per day
Transport service (from and to the Lisbon airport)	35	/ per person
Shuttle service	5,25	² / trip
Bicycle renting	8	³

¹ Considering at the small shop it will be available products with a price range from 3€ to 22€

² Considering a basic route of 5km travelled in 10 minutes

³ Considering guests rent a bicycle for an average period of 8 hours

Source: Author

Investment Maps

Investment										
Assets	Supplier	Quantity	Unit Price VAT included (current prices of 2018)	Unit Price VAT included (current prices of 2021)	Unit Price without VAT	VAT	Total Cost with VAT	Total Cost without VAT	TOTAL VAT	Depreciation rates (DR 25/2009 14 of september 2009)
Office room										
Desk	IKEA	2	129	135	109	25	269	219	50	12,5%
Desk organiser	IKEA	2	10	10	8	2	21	17	4	12,5%
3 sections/shelves	IKEA	1	115	120	98	22	120	98	22	12,5%
Work lamp	IKEA	2	29	30	25	6	61	49	11	14,28%
Swivel chair	IKEA	2	45	47	38	9	94	76	18	12,5%
Laptop HP Pavilion	Fnac	1	1 100	1 148	933	215	1 148	933	215	33,33%
HP Officejet 7510 A3	Fnac	1	140	146	119	27	146	119	27	20%
Software Microsoft Windows 10 Pro	Microsoft	2	259	270	220	51	541	440	101	33,33%
Reception										
Work lamp	IKEA	1	29	30	25	6	30	25	6	14,28%
Swivel chair	IKEA	1	45	47	38	9	47	38	9	12,5%
Desktop All-in-One HP Pavilion	Fnac	1	800	835	679	156	835	679	156	33,33%
Shop										
3 sections/shelves	IKEA	2	115	120	98	22	240	195	45	12,5%
Vitrina	IKEA	2	129	135	109	25	269	219	50	12,5%
Bureaucratic procedures										
Society constitution	Empresa na hora	1	360	376	376	0	376	376	0	33,33%
Brand Registration	INPI	1	126	132	132	0	132	132	0	33,33%
Others										
Renault Clio Soci�t�	Multiauto S.A.	1	22 498	23 479	19 089	4 390	23 479	19 089	4 390	25%
Apple iPhone SE - 32GB	FNAC	1	300	313	255	59	313	255	59	20%
Berg Cycles Crosstown F6	Sportzone	10	299	312	254	58	3 120	2 537	583	25%
Total of Investment in Tangible and Intangible Assets							31 241	25 494	5 747	

Source: Author

Investment Map										
Investment Map	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Tangible Fixed Assets										
Office room	1 511	0	0	0	0	0	0	0	0	0
Reception	742	0	0	0	0	0	0	0	0	0
Shop	414	0	0	0	0	0	0	0	0	0
Others	21 880	0	0	0	0	0	0	0	0	0
Reinvestments	0	0	0	1 016	749	24 612	1 059	837	507	27 216
Total of Tangible Fixed Assets	24 547	0	0	1 016	749	24 612	1 059	837	507	27 216
Intangible Fixed Assets										
Office room	440	0	0	0	0	0	0	0	0	0
Bureaucratic procedures	507	0	0	0	0	0	0	0	0	0
Reinvestments	0	0	0	0	0	0	0	0	0	0
Total of Intangible Fixed Assets	947	0	0	0	0	0	0	0	0	0
Total of Fixed Assets	25 494	0	0	1 016	749	24 612	1 059	837	507	27 216
Depreciations and Amortizations										
Depreciations for the period	444	6 137	6 137	6 164	6 188	6 838	6 853	6 864	6 874	7 245
Amortizations for the period	169	316	316	146	0	0	0	0	0	0
Total of Depreciations and Amortizations	613	6 452	6 452	6 311	6 188	6 838	6 853	6 864	6 874	7 245
Net Fixed Tangible Assets	24 103	17 966	11 830	6 681	1 242	19 016	13 222	7 194	828	20 799
Net Fixed Intangible Assets	778	462	147	0	0	0	0	0	0	0

Source: Author

Income Statement Maps

Materials Consumed									
	2022	2023	2024	2025	2026	2027	2028	2029	2030
Typical Products - small shop	1 883	2 043	2 217	2 405	2 609	2 831	3 072	3 333	3 616
Total with VAT 23%	1 883	2 043	2 217	2 405	2 609	2 831	3 072	3 333	3 616
Total without VAT 23%	1 531	1 661	1 802	1 955	2 121	2 302	2 497	2 710	2 940

Source: Author

Purchases Map									
Stocks policy	0,5 months								
	2022	2023	2024	2025	2026	2027	2028	2029	2030
Initial Stocks	0	64	69	75	81	88	96	104	113
Purchases - without VAT	1595	1666	1808	1962	2128	2309	2505	2718	2949
Purchases' VAT	367	383	416	451	490	531	576	625	678
Purchases with VAT	1961	2050	2224	2413	2618	2840	3082	3344	3628
Materials Consumed	1 531	1 661	1 802	1 955	2 121	2 302	2 497	2 710	2 940
Final Stocks	64	69	75	81	88	96	104	113	122

Assumptions	
Estimated Growth Rate	7%
Estimated margin of small shop sales	35%

Source: Author

Operational Expenses										
	Cost estimated per month (with VAT)	2022	2023	2024	2025	2026	2027	2028	2029	2030
Water	605	7 680	8 333	8 450	8 568	8 688	8 810	8 933	9 058	9 185
Energy	732	9 299	10 089	10 230	10 373	10 519	10 666	10 815	10 967	11 120
Telecommunications	154	1 951	1 978	2 006	2 034	2 062	2 091	2 121	2 150	2 180
POS terminal	37	559	474	481	488	495	501	508	516	523
Housekeeping	1 680	21 334	21 633	21 935	22 243	22 554	22 870	23 190	23 515	23 844
Security	1 250	15 873	16 096	16 321	16 550	16 781	17 016	17 254	17 496	17 741
Maintenance	576	7 314	7 417	7 521	7 626	7 733	7 841	7 951	8 062	8 175
Food & Beverage	-	17 804	19 317	20 959	22 740	24 673	26 769	29 044	31 512	34 190
Marketing	1 350	17 143	17 383	17 627	17 873	18 124	18 377	18 635	18 896	19 160
Accounting & Legal	1 000	12 699	12 877	13 057	13 240	13 425	13 613	13 803	13 997	14 193
Wellness & Spa Expenses	-	29 907	32 448	35 205	38 197	41 443	44 965	48 786	52 932	57 430
Mobile App	2 500	31 747	32 191	32 642	33 099	33 562	34 032	34 509	34 992	35 482
Activities	-	12 636	13 709	14 874	16 138	17 510	18 998	20 612	22 364	24 265
Transportation & Shuttle Services	-	19 163	20 791	22 558	24 475	26 555	28 812	31 260	33 917	36 799
Property Lease	-	92 778	94 391	96 140	98 039	100 099	102 334	104 758	107 389	110 244
Total with VAT 23%		290 207	300 795	311 558	323 115	335 534	348 886	363 248	378 704	395 345
Total with VAT 6%		7 680	8 333	8 450	8 568	8 688	8 810	8 933	9 058	9 185
Total without VAT 23%		235 941	244 549	253 299	262 695	272 792	283 647	295 323	307 889	321 419
Total without VAT 6%		7 246	7 861	7 971	8 083	8 196	8 311	8 427	8 545	8 665
Total without VAT 23% + VAT 6%		243 186	252 410	261 270	270 778	280 988	291 958	303 751	316 435	330 084
VAT 23% + VAT 6%		54 701	56 718	58 737	60 905	63 234	65 738	68 430	71 327	74 446

Assumptions:	
Growth Rate	7%
Margin of Breakfast	30%
Margin of Light Meals and Drinks	30%
Margin of Wellness & Spa Services	15%
Margin of Activities	30%
Margin of Transport Services	25%
Margin of Shuttle Services	25%

Source: Author

Insurance Expenses										
	Cost estimated per month (exempt of VAT)	2022	2023	2024	2025	2026	2027	2028	2029	2030
Insurance	-	2646	2683	2720	2758	2797	2836	2876	2916	2957
Total Insurance Expenses		2646	2683	2720	2758	2797	2836	2876	2916	2957

Source: Author

Personnel Expenses										
	Monthly	2022	2023	2024	2025	2026	2027	2028	2029	2030
General Manager	1 500	22 223	22 534	22 849	23 169	23 494	23 823	24 156	24 494	24 837
Receptionists Full-Time	2 400	35 557	36 054	36 559	37 071	37 590	38 116	38 650	39 191	39 740
Receptionists Part-Time	1 200	1 777	1 802	1 828	1 855	1 879	1 908	1 935	1 965	1 995
Total gross remuneration	5100	75558	76615	77688	78776	79879	80997	82131	83281	84447
IRS		20 934	21 227	21 524	21 825	22 131	22 441	22 755	23 074	23 397
TSU Employee		8 311	8 428	8 546	8 665	8 787	8 910	9 034	9 161	9 289
TSU Employer		17 945	18 196	18 451	18 709	18 971	19 237	19 506	19 779	20 056
Payment to the employee		46 312	46 961	47 618	48 285	48 961	49 646	50 341	51 046	51 761
Taxes payable to the State		47 190	47 851	48 521	49 200	49 889	50 587	51 295	52 014	52 742
Employees cost for the company		93 503	94 812	96 139	97 485	98 850	100 234	101 637	103 060	104 503

Source: Author

Business Plan for an Innovative Network of Tourist Apartments

Depreciations and Amortizations										
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Tangible Assets										
Office room										
Rate - 12,50%	410								478	
Depreciation Rate	12,5%									
Annual Depreciation	51	51	51	51	51	51	51	51	60	60
Accumulated Depreciation	51	102	154	205	256	307	359	410	470	530
Reinvestment									478	
Rate - 14,28%	49							57		
Depreciation Rate	14,28%									
Annual Depreciation	7	7	7	7	7	7	7	8	8	8
Accumulated Depreciation	7	14	21	28	35	42	49	57	65	73
Reinvestment								57		
Rate - 20%	119					133				
Depreciation Rate	20%									
Annual Depreciation	24	24	24	24	24	27	27	27	27	27
Accumulated Depreciation	24	48	71	95	119	146	173	200	227	254
Reinvestment						133				
Rate - 33,33%	933			1016			1059			1104
Depreciation Rate	33,33%									
Annual Depreciation	311	311	311	338	338	338	353	353	353	368
Accumulated Depreciation	311	622	933	1271	1609	1947	2290	2643	2996	3354
Reinvestment				1016			1059			1104
Reception										
Rate - 12,50%	38									45
Depreciation Rate	12,5%									
Annual Depreciation	-	5	5	5	5	5	5	5	5	6
Accumulated Depreciation	-	5	10	14	19	24	29	33	38	44
Reinvestment										45
Rate - 14,28%	25								29	
Depreciation Rate	14,28%									
Annual Depreciation	-	4	4	4	4	4	4	4	4	4
Accumulated Depreciation	-	4	7	11	14	18	21	25	29	33
Reinvestment									29	
Rate - 33,33%	679				749			781		
Depreciation Rate	33,33%									
Annual Depreciation	-	226	226	226	250	250	250	260	260	260
Accumulated Depreciation	-	226	452	678	928	1178	1428	1688	1948	2208
Reinvestment					749			781		
Shop										
Rate - 12,50%	414									490
Depreciation Rate	12,5%									
Annual Depreciation	-	52	52	52	52	52	52	52	52	61
Accumulated Depreciation	-	52	104	156	208	260	312	364	416	477
Reinvestment										490
Others										
Rate - 20%	255					285				
Depreciation Rate	20%									
Annual Depreciation	51	51	51	51	51	57	57	57	57	57
Accumulated Depreciation	51	102	153	204	255	312	369	426	483	540
Reinvestment						285				
Rate - 25%	21 626					24 194				25 577
Depreciation Rate	25%									
Annual Depreciation	-	5 406	5 406	5 406	5 406	6 048	6 048	6 048	6 048	6 394
Accumulated Depreciation	-	5 406	10 813	16 219	21 626	27 674	33 722	39 770	45 818	51 866
Reinvestment						24 194				25 577
Total Depreciations	444	6 137	6 137	6 164	6 188	6 838	6 853	6 864	6 874	7 245
Total Investments	24 547	0	0	1 016	749	24 612	1 059	837	507	27 216
Intangible Assets										
Office Room										
Rate - 33,33%	440									
Depreciation Rate	33,33%									
Annual Depreciation	-	146	146	146						
Accumulated Depreciation	-	146	293	439						
Reinvestment										
Bureaucratic procedures - 33,33%	507									
Depreciation Rate	33,33%									
Annual Depreciation	169	169	169							
Accumulated Depreciation	169	338	507							
Reinvestment										
Total Amortizations	169	316	316	146	0	0	0	0	0	0
Total Investments	947	0	0	0	0	0	0	0	0	0

Source: Author

Balance Sheet Maps

State										
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
VAT Calculation										
Vat Paid										
sales - 6%	0	15 264	16 561	17 968	19 495	21 152	22 949	24 900	27 016	29 311
sales - 23%	0	20 550	22 296	24 191	26 247	28 477	30 898	33 523	36 372	39 463
TOTAL VAT PAID	0	35 814	38 857	42 160	45 742	49 629	53 847	58 423	63 388	68 774
Deductible VAT 23%										
Purchase of materials	0	367	383	416	451	490	531	576	625	678
Operational expenses (VAT 23% + VAT 6%)	0	54 701	56 718	58 737	60 905	63 234	65 738	68 430	71 327	74 446
Tangible and Intangible assets	0	5 747	0	0	234	172	5 661	244	193	117
TOTAL DEDUCTIBLE VAT	0	60 815	57 101	59 153	61 590	63 896	71 929	69 250	72 145	75 241
VAT PAYABLE	0	0	0	0	0	0	0	0	0	0
VAT RECEIVABLE	0	25 001	18 244	16 993	15 847	14 266	18 082	10 827	8 757	6 467
SS costs										
TSU - Employer	0	17 945	18 196	18 451	18 709	18 971	19 237	19 506	19 779	20 056
TSU - Employee	0	8 311	8 428	8 546	8 665	8 787	8 910	9 034	9 161	9 289
SS TOTAL	0	26256	26624	26997	27375	27758	28146	28540	28940	29345
IRS Retention	0	20 934	21 227	21 524	21 825	22 131	22 441	22 755	23 074	23 397
IRS TOTAL	0	20 934	21 227	21 524	21 825	22 131	22 441	22 755	23 074	23 397
Income Tax										
IRC	0	2 904	7 007	11 693	16 802	22 227	28 238	34 856	42 126	49 933
Derrama	0	207	500	835	1200	1588	2017	2490	3009	3567
TOTAL INCOME TAXES	0	3 111	7 507	12 528	18 002	23 814	30 255	37 345	45 135	53 500
IRS on dividends	0	1 110	3 982	7 854	11 286	17 226	21 885	30 615	37 000	46 438
IRS retention on dividends	0	1 110	3 982	7 854	11 286	17 226	21 885	30 615	37 000	46 438

Source: Author

Working Capital Map										
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Cash Reserve	20 000	32836	33885	34906	35994	37156	38397	39724	41145	42666
Stocks	0	64	69	75	81	88	96	104	113	122
VAT receivable	0	25001	18244	16993	15847	14266	18082	10827	8757	6467
Clients	0	0	0	0	0	0	0	0	0	0
Other accounts receivable	0	0	0	0	0	0	0	0	0	0
TOTAL NEEDS	20 000	57 901	52 198	51 974	51 923	51 510	56 575	50 655	50 015	49 255
Suppliers	0	25 044	25 984	26 894	27 870	28 918	30 044	31 255	32 556	33 957
VAT payable	0	0	0	0	0	0	0	0	0	0
IRS retention	0	1 744	1 769	1 794	1 819	1 844	1 870	1 896	1 923	1 950
SS	0	1 094	1 109	1 125	1 141	1 157	1 173	1 189	1 206	1 223
Other accounts payable	0	0	0	0	0	0	0	0	0	0
TOTAL RESOURCES	0	27 883	28 862	29 812	30 830	31 919	33 087	34 340	35 685	37 130
WC	20 000	30 018	23 336	22 161	21 093	19 591	23 488	16 315	14 330	12 125
Δ WC	20 000	10 018	-6 682	-1 174	-1 068	-1 502	3 897	-7 173	-1 985	-2 205
Cash Reserve Policy										
Operational and Insurance expenses		1 month								
Personnel expenses		1 month								
Average payment period										
Clients		0 month								
VAT payable		3 month								
VAT receivable		6 month								
Stocks		2 month								
IRS		1 month								
SS		0,5 month								
Operational and Insurance expenses		1 month								

Source: Author

Business Plan for an Innovative Network of Tourist Apartments

Financial Plan										
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Financial Needs										
Investments in fixed assets	25 494	0	0	1 016	749	24 612	1 059	837	507	27 216
Investment in WC	20 000	10 018	0	0	0	0	3 897	0	0	0
Dividends distribution	0	0	2 855	10 240	20 196	29 020	44 294	56 275	78 724	95 144
State - IRC	0	0	2 904	7 007	11 693	16 802	22 227	28 238	34 856	42 126
<i>Derrama</i>	0	0	207	500	835	1 200	1 588	2 017	2 490	3 009
State - IRS dividends	0	0	1 110	3 982	7 854	11 286	17 226	21 885	30 615	37 000
TOTAL FINANCIAL NEEDS	45 494	10 018	7 076	22 745	41 327	82 919	90 290	109 252	147 191	204 495
Financial Resources										
EBITDA	0	20 825	39 587	61 170	84 770	110 562	138 734	169 492	203 058	239 674
Disinvestment in Working Capital	0	0	6 682	1 174	1 068	1 502	0	7 173	1 985	2 205
Short-term investments	0	4 506	15 380	54 804	95 226	141 165	172 427	223 458	294 223	356 489
Income from financial investments in short-term	0	68	231	822	1 428	2 117	2 586	3 352	4 413	5 347
Equity	50 000	0	0	0	0	0	0	0	0	0
TOTAL FINANCIAL RESOURCES	50 000	25 398	61 881	117 970	182 492	255 346	313 748	403 475	503 680	603 714
ANNUAL BALANCE	24 506	48 217	88 690	130 131	177 159	209 583	261 855	333 947	397 633	441 885
Intended Cash Security reserve	20 000	32 836	33 885	34 906	35 994	37 156	38 397	39 724	41 145	42 666
Short-term investments	4 506	15 380	54 804	95 226	141 165	172 427	223 458	294 223	356 489	399 220
Interest receivable	68	231	822	1 428	2 117	2 586	3 352	4 413	5 347	5 988
Accumulated balance	20 000	32 836	33 885	34 906	35 994	37 156	38 397	39 724	41 145	42 666

Short-term investment:

Bank	Banco de Investimento Global, S.A.
Product	SUPER DEPÓSITO 2%
Period	3 months
TANB	2,00%
TANL	1,50%

Source: Author

Financial Indicators

Economical and Financial Indicators									
	2022	2023	2024	2025	2026	2027	2028	2029	2030
Growth									
Assets									
Total Assets	86%	30%	29%	26%	25%	21%	20%	16%	15%
Current Assets	199%	46%	38%	31%	16%	25%	23%	18%	10%
Non-Current Assets	-26%	-35%	-44%	-81%	1430%	-30%	-46%	-88%	2413%
Equity									
	15%	21%	22%	26%	19%	21%	13%	14%	9%
Liabilities									
Total Liabilities		45%	39%	27%	32%	21%	28%	18%	20%
Current Liabilities		45%	39%	27%	32%	21%	28%	18%	20%
Non-Current Liabilities									
Profitability									
Sales		8%	8%	8%	8%	8%	8%	8%	8%
EBIT		131%	66%	43%	32%	27%	23%	21%	18%
Net Income		128%	67%	44%	32%	27%	23%	21%	19%
EBITDA/Sales	6%	11%	15%	19%	23%	27%	30%	33%	36%
Operational Margin of Sales (EBIT/Sales)	4%	9%	14%	18%	22%	26%	29%	32%	35%
Net profitability of Sales (NI/Sales)	3%	7%	11%	14%	17%	20%	23%	26%	28%
Weight of Personnel Expenses in Turnover (Personnel Expenses/Sales)	22%	21%	19%	18%	17%	16%	15%	14%	13%
Profitability									
ROIC (EBIT*(1-t)/ ICboy)	25%	53%	120%	211%	360%	265%	343%	647%	1188%
Net ROA (Net Income/Assets)	12%	22%	28%	32%	34%	36%	37%	38%	39%
GROSS ROA (EBIT/Assets)	16%	28%	36%	40%	43%	45%	46%	48%	50%
ROS (EBIT/ Sales)	4%	9%	14%	18%	22%	26%	29%	32%	35%
ROE (Net Income/ Equity)	20%	38%	52%	59%	65%	69%	75%	80%	87%
ROI (EBT/Assets)	16%	28%	36%	41%	44%	46%	47%	49%	51%
Profit Margin	3%	7%	11%	14%	17%	20%	23%	26%	28%
Financial Structure									
Financial Autonomy (Equity/Assets)	62%	57%	54%	54%	52%	52%	49%	48%	45%
Debt-to-Equity	62%	74%	84%	85%	93%	93%	106%	110%	121%
Total solvability (Equity/Liabilities)	162%	135%	119%	118%	107%	107%	94%	91%	83%
Total debt (Liabilities/Assets)	38%	43%	46%	46%	48%	48%	51%	52%	55%
Debt Structure (Current Liabilities/ Liabilities)	100%	100%	100%	100%	100%	100%	100%	100%	100%
Long Term debt (Non-Current Liabilities/ Assets)	0%	0%	0%	0%	0%	0%	0%	0%	0%
Liquidity Indicators									
Current Liquidity (Current Assets/ Current Liabilities)	2,1	2,1	2,1	2,2	1,9	2,0	1,9	1,9	1,7
Low Liquidity ((Current Assets-Inventory)/Current Liabilities)	2,1	2,1	2,1	2,2	1,9	2,0	1,9	1,9	1,7
Instant Liquidity (Availabilities/Current Liabilities)	1,4	1,8	1,8	2,0	1,8	1,9	1,8	1,9	1,7
Financial Stability									
Permanent Capitals	56 751	68 387	83 491	105 193	125 700	151 753	171 048	194 368	212 796
Non-Current Assets	18 429	11 976	6 681	1 243	19 016	13 222	7 195	828	20 799
Cash Fund	38 322	56 411	76 809	103 951	106 684	138 532	163 854	193 540	191 996
Operating Needs	57 901	52 198	51 974	51 923	51 510	56 575	50 655	50 015	49 255
Operating Resources	27 883	28 862	29 812	30 830	31 919	33 087	34 340	35 685	37 130
Working Capital	30 018	23 336	22 161	21 093	19 591	23 488	16 315	14 330	12 125
Treasury	8 304	33 075	54 648	82 858	87 093	115 043	147 538	179 210	179 871
Efficiency									
Rotation of assets (Sales / Assets)	3,7	3,1	2,6	2,3	2,0	1,8	1,6	1,5	1,4
Rotation on Equity (Sales / Equity)	6,1	5,5	4,8	4,2	3,8	3,4	3,3	3,1	3,1
Risk									
Degree of Operating Leverage (Gross Margin / EBIT)	23,8	11,2	7,3	5,6	4,6	3,9	3,4	3,1	2,8
Degree of Financial Leverage (EBIT / EBT)	1,0	1,0	1,0	1,0	1,0	1,0	1,0	1,0	1,0
Degree of Combined Leverage (Gross Margin / EBT)	23,7	11,1	7,2	5,5	4,5	3,8	3,4	3,0	2,8
Break-even point of sales (current prices)	316 503	321 169	324 923	328 929	333 194	337 731	342 550	347 665	353 091
Safety margin	0,1	0,2	0,2	0,3	0,4	0,5	0,6	0,7	0,9
Fixed costs	241 942	245 509	249 294	253 234	257 338	261 618	266 087	270 759	275 648
Variable costs	80 978	87 860	94 186	101 034	108 447	116 474	125 167	134 582	144 779
Sales	343 745	372 956	404 650	439 037	476 347	516 827	560 747	608 399	660 101

Source: Author

Project Evaluation – Feasibility Analysis

Discount rate

Growth rate, g

For the time horizon of analysis, it was considered a growth rate of 7%. However, taking into account in the 9th year of operation, the establishment still not reaches its maximum occupancy rate, and the project is expected to show a continuous trend of growth after 2030, it seems acceptable to assume a growth rate of 1% from this date afterwards.

Risk-free interest rate, rf

It was assumed as the risk-free rate, the yield rate of the Germany Bund 10 Year (GTDEM10Y:GOV), issued in December 2018 – 0.25% (Bloomberg, 2018).

Unlevered Beta, β_U

It was considered the unlevered beta of the Western Europe Industry of Hotel and Gambling, in January 2018, which is of 0.67. (Damodaran, 2018)

Market Equity Risk Premium

According to the data present at Professor Damodaran's site, the Portuguese equity risk premium in January 2018 is 7.96%. This rate was considered as the risk premium of the project. (Damodaran, 2018)

Cost of debt, rd

This project is not supposed to be financed by external capital, so the cost of debt rate, which is typically the interest rate charged by financing entities, is 0%.

Profit tax rate, t

The profit tax rate corresponds to the IRC rate which is of 21%.

Cost of capital unlevered, r_U

The cost of capital unlevered is calculated as follows:

$$r_U = rf + \beta_U \times (E(r_m) - rf)$$

Source: Author

Investment Decision

Payback period r_u			
Year	Cash Flow	Discounted CF	Accum. D. CF
0	-45 356	-45 356	-45 356
1	7 573	7 184	-38 172
2	38 814	34 929	-3 244
3	48 985	41 817	38 573
4	67 408	54 587	93 160
5	64 114	49 252	142 413
6	104 105	75 865	218 278
7	139 237	96 253	314 531
8	160 395	105 184	419 715
9	4 282 522	2 664 109	3 083 824

PP:

2 years

Decision: Accept the project since the PP is lower than the number of years of the project (9 years)

Source: Author

Profitability Index r_u					
Year	CF + Investment F. Assets	CF + Investment F. Assets Discounted	Investment F. Assets	Investment F. Assets Discounted	
0	-20 809	0	24 547	24 547	
1	7 573	7 184	0	0	
2	38 814	34 929	0	0	
3	50 001	42 683	1 016	867	
4	68 157	55 194	749	606	
5	88 726	68 159	24 612	18 907	
6	105 164	76 636	1 059	772	
7	140 074	96 832	837	579	
8	160 902	105 516	507	332	
9	4 309 738	2 681 040	27 216	16 931	
Total	4 948 340	3 168 173	80 542	63 541	
PI:	50				

Decision: Accept the project since the PI is higher than 1

Source: Author