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## *Orsa Rural Hotel: Business Plan*

João Miguel Catuna Gregório

Master in Hospitality Management and Tourism

Supervisor: Professor Sandra Maria Correia Loureiro, Associate Professor with Habilitation, ISCTE Business School, Department of Marketing, Operations and General Management

November, 2021





BUSINESS  
SCHOOL

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Marketing, Operations and General Management Department

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## **Dedication and Acknowledgments**

I dedicate this project to everyone who made this possible.

To my parents, João and Valentina for their unconditional love, care, support and for all the sacrifices they had to make to made my dreams come true.

To my grandparents, to all four, for the ones who are here and for the ones who are not, a massive thank you for everything you did to make this possible. Words will never be enough to explain my feelings about you.

To my brother, António, my uncle, Michel, my cousins Beatriz and Bernardo and to Maria a special gratitude message for their patience and concern.

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To all my friends, to all the people that were part of this journey and that somehow contributed to who I am.

Finally, to my supervisor, Professor Sandra Loureiro for her help and precious advices.

Viva o Sport Lisboa e Benfica!



## **Resumo**

Serve o presente business plan como ferramenta para analisar a possibilidade de construção de um novo, luxuoso, sustentável e diferenciado hotel rural de 5 estrelas na região da Guia, Albufeira.

As conclusões que advêm deste relatório são devidamente fundamentadas e elaboradas de acordo com a revisão da literatura existente sobre os tópicos relacionados com esta temática, baseadas ainda numa pesquisa de Mercado, da indústria e das preferências e percepções dos consumidores relativamente a uma unidade hoteleira rural deste género. O plano de marketing delineado inclui todas as componentes necessárias para a realização de um projeto desta envergadura e contém, para lá de uma detalhada descrição de todos os processos e passos a seguir, da formulação de uma estratégia adequada assim como inúmeras informações relativas ao enquadramento legal do negócio.

Financeiramente, a construção do *Orsa Rural Hotel* é considerada como viável, tendo como Valor Atualizado líquido de 470 438.28 €, uma Taxa Interna de Rentabilidade de 17.1% e um Payback Period inferior a 8 anos. Assim sendo, a empresa José António Catuna & Filhos Lda deve avançar com o projeto.

Key words: Turismo Rural; Business Plan; Sustentabilidade; Algarve

JEL Classification: M13- New Firms, Start-ups; Marketing-M31





## **Abstract**

Serves the present report as a tool to financially evaluate the possibility of building a new, luxury, sustainable and differentiated Rural 5-Star Hotel in Guia, Albufeira.

The conclusions taken from this business plan are elaborated and supported in accordance with a pertinent existent literature review about the related issues, based in an intense market and industry research as well as the assessment of the consumers' preferences and perceptions towards the construction of a rural hotel of this type. The marketing plan designed gathers all the vital resources required for a project like this. Furthermore, it contains a detailed description with all the steps and processes to follow, the development of the adequate strategy and the legal information framework that clarifies the questions and documents to be addressed in the report.

Financially, the edification of the *Orsa Rural Hotel* is classified as viable, with a Net Present Value of 470 438.28 €, an Internal Return Rate of 17.1% and a Payback Period inferior to 8 years. Subsequently, the familiar company José António Catuna & Filhos Lda should advance with the project.

Key words: Rural Tourism; Business Plan; Sustainability; Algarve

JEL Classification: M13- New Firms, Start-ups; Marketing-M31



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## **Glossary**

ADR- Average Daily Rate

AI – Artificial Intelligence

AM Lisboa- Área metropolitana de Lisboa

BB – Bed and breakfast

CAE – Classificação Portuguesa de Atividades Económicas

CST - Conta Satélite do Turismo

GDP – Gross Domestic Product

IMF – International Monetary Fund

IoT – Internet of things

IRR- Internal Rate of Return

NPV – Net Present Value

OECD – Organization for Economic Cooperation and Development

PME – Pequenas e Médias Empresas

PENT– Plano Estratégico Nacional do Turismo

p.p. – Percentual points

RA Açores - Região Autónoma dos Açores

RA Madeira - Região Autónoma da Madeira

RJET – Regime Jurídico dos Empreendimentos Turísticos

RJUE – Regime Jurídico da Urbanização e Edificação

TER – Turismo do Espaço Rural

VAT – Value-added tax

VR – Virtual Reality

WEF – World Economic Forum

## **1.Introduction: Identification of the promotor and of the innovative proposal**

The author decided to examine the economic viability of a new rural hotel for his master's dissertation approval. Nevertheless, this paper's purpose goes beyond that and it is also directed to the JCA company (a company owned by the student's family) and his shareholders in order to obtain enough tools to decide to invest or not in a project of such characteristics. It includes an extensive and detailed business plan with a new proposal for a unique, high-standard, that respects the country's traditions and eco-friendly rural hotel in one of the enterprise's recently acquired fields in Guia, Albufeira. The hotel's project gathers a technological, innovative and game changing point of view for the hospitality industry in the region and it will present a distinctive value proposition and position in the market, combined with a set of ecological concerns and sustainable practices. Furthermore, the present report starts with a literature review of the most important and critical aspects regarding tourism, rural tourism, sustainability and the composition of a rigorous business plan, followed by the description of the used methodology, an external and business environment analysis that highlights the industry's rivalry and attractiveness alongside with an extensive market analysis. An internal analysis to the JCA's features and attributes is also pursued to access the company's capability to initiate the project. After the definition and description of the strategy to be adopted, including the *Orsa Rural Hotel's* values, mission and vision, the marketing-mix with the correspondent processes, costs and legal requirements for implementation are described and analysed with the final purpose of financially evaluate the business' profitability.

## 2.Literature Review

### 2.1 Tourism

The Tourism sector is a major pillar in the world's economy and due to reasons like the growing income level or the quality of transports, it continues to increase its revenue levels (Chang & Katrichis, 2016). However, tourism cannot be considered as a recent phenomenon and according to Higgins-Desbiolles (2006), it started to be traced during the 1940's. Since then, many definitions have been proposed.

The first relevant definition of Tourism was made by Hunziker and Krapf (1942) as they idealized it as the sum of relationships that result from the temporary move of people to a certain place for any reason than paid work. Chang and Katrichis (2016) adapted that definition and for them, tourism can be described as the consequence of the free movement of people away from their place of residence for a limited period of time. In fact, the definition of tourism has changed throughout time to keep up with societal changes and their development. In the past, travelling was expensive and not available to everyone and people would only do it for holidays but nowadays, travelling is accessible to all and the motives to do so go from business to recreation or even to health cares. The concept's complexity lead some other authors to view it as a relational system and Leiper (1979) defined tourism as system of five elements such as tourists, tourist industry, generating region, transit route, and the destination region. Furthermore, there are three main concepts related with tourism: tourist, traveller and visitor (*International Recommendations for Tourism Statistics, 2008*). A traveller is someone that goes from one destination to another for any reason. A visitor is a traveller that goes to other destinations rather than his/her residence for less than a year and a tourist is a visitor that spends at least one night away from his/her residence or a same-day visitor.

Therefore, three main types of tourism were defined by the United Nations (*International Recommendations for Tourism Statistics, 2008*) according to visitors' origin and destination. Thus, those types of tourism are domestic tourism (when the travel occurs within a country), inbound tourism (when the travel occurs to a country by non-residents) and the outbound tourism (when residents travel to outside the country).

Tourism is seen in the vast majority of times as positive and researchers like Higgins-Desbiolles (2006) exposed that it can generate employment, increase the well-being of tourists, enhance the preservation of cultures, fight globalization, help in environmental conservation, promote peace, the share of culture and help less developed countries to attract capital. However, it could also have negative social and environmental consequences on the destination visited by tourists and those aspects should be always taken into consideration when managing a business in the sector (Sharpley, 2014).

Chang and Katrichis (2016) also stated that businesses in the tourism sector are very sensitive not only to internal factors like customers or suppliers but also to external factors that have a huge impact on their success like wars, government's policies or natural disasters. Hence, for a tourism unit



to succeed, Sharpley (2014) defended the idea that there should be a harmonious relationship between tourists, places and the organizations or businesses that provide those kind of services.

## **2.2 Rural Tourism**

Researchers have not reached an agreement in the literature regarding the Rural Tourism definition. However, according to the Organization of Economic Co-Operation and Development (OECD, 1994), rural tourism is described as the type of tourism that takes place in the countryside and Lane (1994);Reichel, Lowengart and Milman (2000);Saxena, Clark, Oliver and Ilbery (2007) stated that it should be located in rural areas, with special characteristics, by small enterprises and by having in consideration critical aspects like sustainability and long term perspectives. Lun, Pechlaner and Volgger (2016) defined it as a type of tourism in which visitors are searching for authentic and individualistic experiences that connects them with locals, their heritage and culture. Thus, Carneiro, Lima and Silva (2015) related rural tourism with natural, cultural and traditional environments, sports and recreational activities and healthy lifestyles.

As a result of the concept's broadness, Lane and Kastenholz (2015) claimed that it includes different types of tourism and Dávid (2011) divided it into seven major categories, rural lifestyle tourism (e.g.: village lodging, village tourism, farm tourism...), rural nature tourism (e.g.: geotourism, ecotourism, forest schools...), rural cultural and heritage tourism (e.g.: rural castle tourism, craft tourism, ecclesiastical and religious tourism...), rural active tourism (e.g.: hunting tourism, fishing tourism, horse tourism, ski tourism, water tourism...), rural health tourism (e.g.: rural medical tourism, rural thermal tourism, wellness...), rural agritourism (e.g.: agro-event tourism, agro-thematic routes, agro-theme parks...) and rural culinary tourism (e.g.: gastro tourism, wine tourism...).

Rural Tourism concept has been growing and has already become a trend in the Tourism sector. Nevertheless, it is not totally new in developed countries and in some regions like Europe or North America, there are evidences of that type of tourism since the nineteenth century (Lane & Kastenholz, 2015). Despite that, the motives that lead to its appearance and success have changed throughout time and it has somehow took the same path as market demands and society's changes (Rink & Swan, 1979). Butler (1980) split rural tourism in three phases of modern times. The first phase, from the early 70's to the mid 80's. The second until the end of the twentieth century and the third one started in the twenty-first century and is still on the run. The first is described by the author as the one in which it was used as a solution to mitigate the rural space crisis and highly linked with farms, accessibility and low-cost lifestyles. The second is explained as the one of the consolidated growth and it was on this phase that the concept spread to other regions like Eastern Europe, Asia and Latin America. It is also characterized by the transition phase of traditional rural society to an entrepreneur lifestyle that included skilled, talented and ambitious people. The diversification to other types of tourism like cultural and heritage or adventure tourism also occurred in this stage. Finally, the last phase is exposed as the one that will

point out its biggest issues, which are competition with other types of tourism, political and societal problems and climate changes.

### **2.3 Sustainability**

The definition of sustainability is wide and it depends on the context in which the concept is mentioned. Elkington (1994) expressed that it could be related with three main dimensions: economic, social, and environmental. The economic is connected with the financial performance of the business, the social dimension takes into consideration the impacts in the community and the region in which the business is located and the third has to do with practices that respect the environment (Chofreh & Goni, 2017). Due to that, several definitions of sustainability have been presented in the literature. Brundtland (1987) and The World Commission on Environment and Development of the United Nations described sustainable development as the package of measures that satisfies current generations' needs without compromising the future one's. In other words, sustainability can be seen as the sum of actions that a company, an individual or a business make to reach their demands, without having a significant effect on their economic results, in the environment, the community and the region that surrounds them. In the specific context of the environment, Ben-Eli (2018) defined it as the integrity and health of the planet earth and the future wellbeing of its biosphere and humanity.

Authors in the literature agree that a sustainable vision and management can be crucial for a business success and for a smaller impact in the surrounding environment as Porter and Kramer (2006) mentioned.

Sustainability has these days become a hot topic due to society's growing concerns regarding climate changes and in the tourism sector, it is not different. Tourism is one of the industries that most contribute to the consumption of natural resources in such an extent and scale that the planet Earth cannot handle (Farrell & Twining-Ward, 2004). Those same authors referred that if attention is not paid and real measures taken to fight those issues, the future progress of humanity could be in danger. Therefore, it is evident the importance that sustainability has and continually needs to have in this sector.

### **2.4 Rural tourists' motivations and characteristics for market segmentation**

Regarding tourists' motivations, just like it happens with consumers' preferences in Marketing, literature is advanced in this topic. Researchers like Uysal and Hagan (1993) defined motivation as psychological needs and wants that directly influence an individual's behaviour and intention towards an activity. Meng, Tepanon and Uysal (2008) adapted that concept to tourism and described tourism motivation as the set of needs that affect the tourists' will to participate in a certain activity or to visit a specific destination.

Previously to them, Dann (1977) designed a framework that distinguish two major types of tourists' motivations, the pull and push factors. While the first is connected to external aspects regarding

the tourist that influences him/her to choose one destination instead of another, the second refers to personal motivations that could influence a person's decision to go on a vacation. Authors like Kim, Lee and Klenosky (2003), suggested push factors like escaping from the everyday environment, novelty, social interaction and prestige as the most important to motivate tourists to travel. In the other hand, Fakeye and Crompton (1991) identified six major pull factors such as social opportunities and attractions; natural and cultural amenities; accommodations and transportation; infrastructure, food and friendly people; physical amenities and recreation activities; and finally bars and evening entertainment. Goeldner and Ritchie (2012) on their research, classified tourists' motivations in four types: physical motivations (related with the need for relax and to calm down), cultural motivations (connected with the desire to discover new cultures or places), interpersonal motivations (linked with socializing and meeting new people) and prestige motivations (associated with self-esteem and self-actualization).

In addition, due to growing impact of new technologies, social media and the disconnection that individuals are facing regarding human and nature interaction, rural tourists are also seeking for authentic and new experiences that fit their needs and expectations (Kaptan Ayhan, Cengiz Taşlı, Özkök, & Tatlı, 2020). Authenticity and Experiences have so become important aspects for rural tourists' motivations to travel. These two concepts have been deeply studied in the literature mainly due to its relevance for Marketing actions. Still, defining the concepts in a single sentence, remains a difficult task. Despite that, authenticity was defined by MacCannell (1973) as an object-based concept or, in other words as a qualitative component of tourism that can be measured by experts according to specific standards and Cohen (1988) clarified the concept as the sum of an individual's beliefs, expectations and perspectives about an organization. Wang (1999) divided authenticity into three types: objective, constructive and existential. Objective authenticity is linked with something original. Hence, it can be seen in buildings, artefacts or objects that are for example in museums. Constructive authenticity involves tourists' projections onto toured objects such as expectations, imaginations, beliefs, preferences or dreams. Unlike objective authenticity, the constructive authenticity cannot be measured quantitatively. Finally, existential authenticity is connected to feelings related to tourist activities. People experience existential authenticity especially when they are participating in activities that are not part of their everyday life.

The concept of experience was described by Schmitt (1999:57) as "the result of encountering, undergoing, or living through triggered stimulations to the senses, the heart and the mind". Hence, two major approaches were exposed by authors to explain the tourism experience. In one hand, Pine and Gilmore (1998) distinguished four realms of the tourist experience distributed along two axes: active participation and absorption-immersion. In the first, tourists interact, intervene and are part of the experience but in the second, they have a passive participation and end up by just observing what is happening. The scale to evaluate tourists' involvement was so defined by educational experience, which occurs when the tourists can learn something about the experience and increase their knowledge. The escapist experience, when tourists participate in specific activities at the destination. The entertainment

experience, when they just observe the activities of others and finally the aesthetic experience, when tourists basically enjoy the views without altering or interacting with it. In the other hand, Schmitt (1999) presented five main dimensions of the tourism experience, sensorial, affective, cognitive, behavioural and relational.

As a result, Crompton (1979) and many other authors argued that in order to effectively segment a market, motivations are one of the most relevant aspect to consider. Park and Yoon (2009) stated that market segments, including the ones related with tourism can be more effectively segmented according to tourists' motivations than socio-demographic aspects.

However, Carneiro et al., (2015) presented the profile of those tourists based on personal characteristics and motivations. In fact, they exposed their trait as highly educated, with experience in traveling, looking for nature and culture heritage and worried about the environment and their lifestyle.

Despite the fact that research in this field remains limited, studies like the ones conducted by Kastenholz, Davis and Paul (1999) provided some interesting results as they divided the rural tourism market segment into four smaller segments: *the want-it-all ruralist* (an individual that values social events, fun and sports), *the independent ruralist* (an individual that enjoys to discover the region on their own and that prefers to spend some time alone in the nature), *the traditional ruralist* (an individual that considers important a peaceful and quiet atmosphere followed by a good hospitality and a cultural and historical atmosphere) and *the environmental ruralist* (an individual that values the cleanliness and the unpolluted environment as the most important aspect). Other authors like Frochot (2005), presented similar segments: *the actives* (that have interest in sports, fun and outdoor activities, *the relaxation dimension* (as the name suggest, only worried about relaxing), *the gazers* (that have interest in exploring the nature and in relaxing) and the *rurals* (that are motivated to experience the rural life, a calmer environment and a different culture).

## **2.5 Tourist satisfaction**

One of the first academics to study this topic was Oliver (1980:460) and he defined satisfaction as “a function of an initial standard and some perceived discrepancy from the initial reference point”, meaning that the concept itself cannot be dissociated from the expectations that an individual has towards a certain product or service. In fact, tourist satisfaction is a relatively well studied topic in the literature and it is considered by many authors as a crucial component that could give the destination, superior reputation, the possibility to be effectively promoted, to be associated with high quality, to develop long-lasting relationship with tourists and to create in those tourists the will to re-visit that restaurant, hotel or destination (Kala, 2019). It can be a useful tool to identify strengths and weaknesses and the tourists' needs and expectations regarding the service and consequently, it can help managers in their decision-making process (Kala, 2019). Thus, according to Baker and Crompton (2000), tourism

providers should invest to make efforts to evaluate and improve their quality of performance to enhance tourists' level of satisfaction because it will result in a higher number of visits and greater revenues.

Recent studies, like the ones conducted by Babolian Hendijani (2016) and Sthapit (2017) have shown that the most important aspect of the tourist satisfaction is the quality of attractions, conditions of basic tourism facilities, safety, shopping facilities, cultural attributes, local food and quality of restaurants. Some other simpler models have also been proposed and Parasuraman, Zeithaml and Berry (1994) presented one in which the tourists' overall satisfaction is based only in three main dimensions, service quality, product quality and price. Regarding this topic, academics' biggest controversy is evident when deciding the right way to assess tourists' satisfaction. However, the most common way to do it is through surveys with a scale ranging from very unsatisfied to very satisfied, just as Parasuraman et al., (1994) did on their research.

## **2.6 Business Plan**

Many definitions have been presented in the literature about business plans but due to its frequent use, auditing and consultancy companies are the ones who offer the most accurate ones. In one of its many reports, (Deloitte, n.d.) portrayed it as a document that sets the company's plans, shows how those plans can be accomplished and demonstrates that the planned outcome matches its reader's requirements and expectations. It is presented as a report that is destined to someone, in the vast majority of times a potential outside financier and it should gather the most important information of the company like, current status and needs, future perspectives based on the project, main strengths, weaknesses and how to overcome them. Hormozi, Sutton, McMinn and Lucio (2002) stated that a business plan is an effective tool used by companies to identify its goals and to put it on paper.

Researchers and entrepreneurs have recently started a debate to discuss the benefits of business plans in new established small companies. Opinions are divided but it seems like there are much more advantages of planning than disadvantages, regardless the size of the company. As Brinckmann, Grichnik and Kapsa (2010) outlined, business planning improves the performance of companies and resources are used more effectively, with higher speed and flexibility. It can also enhance internal operations, market analysis and be useful to make financial previsions (Hormozi et al., 2002). In the other hand, some of the negative aspects of using business plans are the lack of strategic flexibility, which occurs when a backup plan is not prepared and the difficulties that a company could face due to unexpected internal or external events when those events are not previously considered (Vesper, 1993). Although there is a large number of studies that suggest the effectiveness of using Business Plans in companies, researchers are still trying to find empirical data that confirms this hypothesis. In any case, according to Ferreras-Garcia, Hernández-Lara and Serradell-López (2019), what has already been proved is that Business Plans are useful tools for students, as it helps them to develop their analytical and research skills.

In what concerns to its structure, business plans do not have a specific format. However, researchers agree that there are some critical topics that have to be covered when writing such document. Suggested structures go from the simplest with only four sections, introduction, business section, financial statements and appendix (Hormozi et al., 2002), to the most complex with description of the business field, description of the management team, description of the market segment, marketing plan, business system and organization, implementation and risk assessment and funding (Blenker, Dreisler and Kjeldsen, 2006). Despite the divergences in researchers' opinions, it is evident that a business plan should explain and clarify the most critical issues related with marketing, finance and operations.

### 3. Methodology

After all, the research question implied in this project is to determine the financial viability regarding the implementation of a new, luxury and eco-friendly rural hotel in Guia, Albufeira.

To do so, the thoughts brought into this paper started in the description of tourism and rural tourism, sustainability, rural tourist's motivations and characteristics in the most generic way to draw an initial outline of the industry, its related business and region's principal characteristics. Additionally, the main components required to write a rigorous business plan are also analysed to define the work's final structure and layout. Scientific articles, books, public institutions and similar sources (secondary data) are often cited and examined to reinforce the author's conclusions.

The following chapter to be scrutinized is the External and Business Environment Analysis. The Market analysis includes the tourism overview worldwide, in the country, the expected trends for the future, including the covid-19 pandemic, the characteristics of the Portuguese territory, the context, the development and the importance of the industry in the country, the strategy of the government for the future and finally the development and a quantitative analysis of the rural tourism in Portugal and in Algarve. A PESTEL analysis finalises the external study by taking the real picture of the favourable Political, Economic, Social, Technological, Environmental and Legal framework. Therefore, the micro-environmental is scanned through the Porter's 5 Forces Model which leads the author to consider the industry's rivalry degree of competitiveness as extremely intense.

The promotor of this management project (JCA) is presented in detail directly by the McKinsey's 7-S frame work in which every company's feature namely, its defined business strategy, structure and organization, systems and processes, shared values within the company, skills, leadership style, staff's capabilities and skills are highlighted to portray the position of JCA as an able institution to initiate this new hotel from scratch.

A confrontation between the external and internal analysis to settle the project's strengths, weaknesses, opportunities and threats is also put into practice in order to achieve a final competitive conceptualization of the risks and real chances of starting such a project.

Before the initiation of the operational chapters, the objectives of the present business plan are defined to ensure that all the vital requisites are going to be covered. Analysing the business' context, designing the market and operational plan are the chosen core tasks, but identifying the gap in the hospitality's industry in the region to satisfy the consumer's needs and wants, providing solutions to fight back the high degree of Algarve's seasonality, the difficulties in finding the adequate workers and the sustainable issues are also strengthened by the author. Quantitively, the present plan aims to present appropriate numbers to its readers from the investors point of view by defining an average price per room of 350 € in the same period, surpass the amount of 2.2 million € in 4 years and attain minimum annual occupancy rates of 50 % since the first year of activity.

Subsequently, the development strategy combines the company's vision, values and mission statement or in other words, clarify what the *Orsa Rural Hotel* is going to be, what it aims to be in the future and the values in which the hotel is going to be build. More than that, it has likewise the purpose to detail the adopted business strategy. Combined, the ideas refined in this stage, are the first layer of the *Orsa Rural Hotel's* general conceptualisation process.

Knowing who to reach and how to position the *Orsa Rural Hotel's* in the guest's minds is the next step approached through Segmentation, Targeting and Positioning. A survey (see Annex C) in the Google form's platform was conducted with the purpose of collecting primary information about this issue, identifying this audience and receiving helpful insights on the people's perception towards a new rural hotel in Albufeira. Nevertheless, the survey was not treated according to statistic's strict requests and provides nothing else than general and abstract conclusions about the theme. Furthermore, it is important to mention that the survey was shared via online and respondents were reached mainly through social media, namely Facebook. From the two weeks that it was available, 450 people provided valid answers to 25 questions each regarding their travelling habits, thoughts and opinions towards tourism and rural tourism. The survey was split in three sections, namely the respondent's answers regarding the way they travel, their perception towards Rural Tourism in general and a new Rural 5-star Hotel in Albufeira and finally, personal information about the respondent.

Hereafter, the survey's first question asked the questioned sample about their reason to travel (Figure 3.1 – What is the main purpose of your stay?) and 387 (86%) of them picked leisure as the main purpose for travelling. From these respondents, almost 70 % travels on average at least 2 times per year (see Figure 3.2 – On Average, how many times do you travel per year?), nearly half of them informed that their trips last on average from 6 to 15 days (see Figure 3.3 – On Average, what is the duration of your trips?), travelling the majority of them with family or as a couple (see Figure 3.4- With whom do you usually travel with?). Regarding the destination of their travels (see Figure 3.5 – To where do you travel more often), and due to the lack of statistical rigor of the chosen sample, Portugal and Spain were the most voted countries (together accounted with almost 500 answers) but other regions like France, Germany, Italy or Switzerland registered significant results. Concerning the surveyed preferences towards the type of destination they preferred, sun and beach was the most elected category with slightly more than 52.2% of the answers (see Figure 3.6 – What type of destinations do you prefer?). The inquired people also confessed that, without surprise, Online Travel Agencies were the most popular booking channels with more than 55% of the votes (see Figure 3.7 – Where do you usually book your stays?). Moreover, hotels were on the top of the respondents' preferences as the preferred type of accommodation to stay when travelling (more than 318 responses in this category – see Figure 3.8 – When travelling, where do you usually stay with?). Moreover, respondents' considered cleanliness, location and price as the most crucial features to consider when choosing an accommodation establishment (See Figure 3.9 – From the presented components, which are the most important features when picking an accommodation establishment?) and more than two-thirds evaluated Rural Tourism at



least as an 8 on a scale from 0 to 10 (see Figure 3.10 – On a scale from 0 to 10, being 0-extremely low and 10-extremely high, how interested are you in Rural Tourism establishments?), being 0 extremely negative and 10 extremely positive (this scale was used several times throughout the survey). Hence, when asked about the number of times they have already stayed in a Rural Hotel, 68% (see Figure - 3.11 – How many times have you stayed in a Rural Hotel?) confirmed that they have stayed at least two-times in an hotel of this kind and almost 9 % of them stayed at least 6 times in an hotel in the countryside. Furthermore, the respondents gave again a positive feedback about the possibility to stay in an accommodation establishment of this kind in their next holidays (see Figure 3.12 – On a scale from 0 to 10, being 0-extremely low and 10-extremely high, what are the chances that you pick a Rural Hotel for your stay in your next holidays?) with more than 50% scoring at least an 8 on a scale from 0 to 10, being 0 extremely low and 10 extremely high. In the verified answers, Alentejo with 328 votes (72.9% answers), followed by North with 214 (47.6% answers) and in third place Algarve with 145 (32.2% answers) were the Portuguese regions in which the respondents considered that a Rural Hotel can be more attractive (see Figure 3.13 – If you consider only Portugal, in which region or regions do you think that a Rural Hotel can be more attractive?). Subsequently, the components pointed by the questioned sample as the most important when picking a Rural Hotel were the same as the ones observed for any other accommodation establishment (cleanliness, location and price with more than 215 votes each) (See Figure 3.14 – From the presented components, which do you consider more important when picking a Rural Tourism accommodation?). However, in this particular case other features like the Hotel's design and layout, facilities and available experiences appear to be relevant from the consumers' perspective.

In the second section, respondents valued positively, on a scale from 0 to 10 (being 0 extremely negative and 10 extremely positive) the construction of a new Rural Hotel in Albufeira. In fact, 274 of the respondents reviewed more than 7 in the survey (see Figure 3.15 – On a scale from 0 to 10, being 0-extremely negative and 10-extremely positive, how much do you value the construction of a new Rural Hotel in Albufeira?) and the distribution of the answers regarding the impact of building this new Rural 5-star Hotel (using the same previously cited scale) in the region was identical with 273 answers in the three highest categories (see Figure 3.16 – On a scale from 0 to 10, being 0-extremely low and 10-extremely high, how do you classify the impact of new Rural 5-star Hotel in Albufeira?). Nevertheless, the opinion of the inquired individuals towards the chance of staying in this particular hotel on their next stay in Albufeira (considering the probability scale mentioned above) was divided and not consensual (see Figure 3.17 – On a scale from 0 to 10, being 0-extremely low and 10-extremely high, what are the chances of you picking this new Rural 5-star Hotel in Albufeira for your next stay in the region?). Despite that, the most picked classes were the 9<sup>th</sup> and 10<sup>th</sup> which translated into words, can mean than 124 (27.5%) of the respondents considers as very likely the possibility of staying in an hotel of this kind in the near future. For them, wine and typical dishes tastes, alongside with hikes in the nature and special romantic weekend offers for couples (combined, these categories accounted with

almost 900 votes – see Figure 3.18 – What kind of services/experiences do you consider more important in an accommodation establishment of this kind?) were seen as the most valuable services/experiences to have in a Rural Hotel.

In order to determine the price to charge in the *Orsa Rural Hotel*, the respondents were questioned about how much would they be willing to pay for a hotel in Albufeira with such characteristics during low-season (from November to April) and high-season (from May to October). Without surprises, the category less than 200 € per room per day (with breakfast included) was the most elected in the first and second period of time. Yet, in the high-season, other price intervals were considered, namely from 201 € to 250 € and 251€ to 300 € (again prices per day, per room with breakfast included) with 23.1% and 15.1%, respectively (see Figures 3.19 – How much would you be willing to pay for a room in a Rural 5-star Hotel in Albufeira during low-season (From November to April?) and Figure 3.20 – How much would you be willing to pay for a room in a Rural 5-star Hotel in Albufeira during high-season (From May to October?).

The last part of the survey had the objective of collecting personal information about the respondents. As a result, the individuals were asked about their gender (60 % were female and 40% male- see Figure 3.21 – Respondents' gender), the most significant part of them with ages situated between the 41 and the 60 years old (roughly two-thirds of the respondents – see Figure 3.22 – Respondents' age), obviously from Portugal (87.3%) of the inquired were Portuguese, though many other nationalities like Brazilian or British were reached in a much smaller scale (see Figure 3.23- Respondents' Education Level), with nearly 50% (211 respondents) having at least an higher level of education (Bachelor, Master, Post-Graduation or Ph.D. - see Figure 3.24 – Respondents' education level) and earning 40.2% (the most selected category) of them from 12 001 € to 24 000 € per year (see Figure 3.25 – Respondents' annual remuneration)

Thereafter, the brands *Orsa Rural Hotel* and its restaurant *Orsa* are described and their logos created to match the project's value proposal and image to transmit. A complete Marketing-Mix approached is used as a tool to describe the *Orsa Rural Hotel's* product and service, including accommodation, restaurant's service and all available experiences and services, the pricing strategy to be adopted, including discounts and promotions and the place in which the hotel will be edified and the distribution channels that will turn the hotel available to its guests. Additionally, it also converges the promoting actions that will communicate the hotel and its offer, with the people needed to start the operation, including the 34 employees to be hired, with the key processes of the hotel's daily activity, the physical evidence (facilities and buildings) and its respective costs and financial resources recommended to initiate the project.

Previously to the business' final evaluation and assessment based on provisional documents, forecasts and the most relevant financial reports, the summary of the legal requirements need for the project's implementation is handled with special attention given the request and presentation of the

project in the city hall, all mandatory documents and the company's CAE's changes in accordance with the accommodation activity.

Finally, a precise conclusion is presented with all the research questions that were on the origin of the business plan's, in particular the hotel's financial viability and tools to overpass its biggest opportunities, risks and threats.

## **4. External and Business Environment Analysis**

The external analysis aims to analyse every aspect that surrounds the company that might influence in some way the business' viability or success. It has also the purpose to describe the industry in which the company pretends to operate and to predict the near future.

### **4.1 Market Analysis**

#### **4.1.1 Tourism worldwide**

This market analysis intends to firstly describe the characteristics of the travel and tourism industry worldwide and secondly, to specify and expose with detail the position of the sector in Portugal and in the region in which the business will work. The most relevant and updated data will be presented and used to study the conditions of the region and compare it with the biggest competitors or similar destinations. Due to the covid-19 pandemic, the statistical data that refers to 2020 will not be considered since it could partially skew the real situation of tourism, but will be used to analyse the vulnerability of the industry and to anticipate the moment in which the full recover from the global crisis caused by the recent outbreak will occur.

The crescent preponderance of the industry on the global economy registered in 2019 a total contribution for the global GDP of 10.3%, resulting in a grant total of 8.9 trillion US dollars and being responsible for 10% of the new jobs that were created around the world (World Travel & Tourism Council, n.d). This particular industry, was responsible for one out of ten monetary units of richness produced in the world and adding to that, the number of international tourist arrivals worldwide reached an impressive number of 1.5 billion in 2019, an increase of 4.0% when compared with the previous year (World Tourism Organization, 2020). The impact of tourism in the economy is evident and the Organization for Economic Cooperation and Development (2020) report stated it has an enormous economic, social and cultural importance as it enhances perspectives for long-term, sustainable and inclusive economic growth by creating jobs, increasing exports and by boosting industries that direct or indirectly support the touristic operation.

#### **4.1.2 Tourism trends**

Social, economic, technological, political or environmental are some of the areas that can in some way impact society's life. In the particular industry of tourism, changes at those levels can also markedly modify and readjust the sector whether in the consumers' behaviour or the characteristics of the tourist product's provider.

On a macro-environmental analysis, Organization for Economic Cooperation and Development (2018) identified four megatrends that will dictate the future of tourism: evolving visitor demand,

sustainable tourism growth, enabling technologies and travel mobility. In the first, the organization pointed out ageing population, the increase of the global middle class and the appearance of emerging generations (Generations Z<sup>1</sup> and Millennials<sup>2</sup> will be relevant markets by 2040) as major factors. Regarding the planet and sustainable tourism growth, climate change will be a hot topic. Reduce the environmental footprint of travellers and make the transition to a low-carbon and resource efficient economy will be ancillary concerns of the industry's players. Enabling technologies and travel mobility are the last two, the technological aspect refers to the development of technologies that will change the way people travel through sharing economies platforms, to relevant discoveries in automation software (real-time translation, virtual reality or blockchain technology for instance) which will make travel more affordable and enjoyable to an important slice of the population at the same time that the search for experiences in the nature will certainly become one of the tourists' most popular choice. The second is related to public decisions and state of governance that will seriously affect the mobility of international tourists due to external forces such as pandemics, natural disasters or war conflicts.

It is also imperative to mention the covid-19 pandemic and the impact that this crisis is having and will have in the future of tourism. Due to the current situation, literature has been deeply oriented to this topic and authors like Ianioglo & Rissanen (2020) described the primary global trends for the post-covid era such as the growth of domestic tourism, the thrive for wellness and recreation activities (walking, beauty treatments, cycling, water sports activities or full body detox holiday for example), increase in the search for safer, less crowded destinations and outdoor activities or changes in the business travel.

## **4.2 Tourism in Portugal**

### **4.2.1 Importance, context and development of tourism in the country**

In Portugal, the tourism is the perfect example of what was previously said and according to Manuel Caldeira Cabral, the former Portuguese minister of economy in the *Estratégia Turismo 2027* (2017), this industry is the engine of the country's economy. As reported in the CST, Portugal registered in 2019 an internal touristic demand equivalent to 15.4% of the country's total GDP which reflected an increment of 7.6% when compared with the previous equal period (INE, 2020a).

Furthermore, when compared with other countries regarding aspects related with the travel and tourism industry, it exhibits a solid performance in agreement with the Travel and Tourism Competitiveness Index 2019 produced by the *WEF* (2019) which ranks Europe's western country as the 12<sup>th</sup> most competitive in the world and the 7<sup>th</sup> in Europe, with a final score of 4.9 out of 7. Despite

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<sup>1</sup> Generation Z is the group of people born in the late 1990's and early 2010's (Organization for Economic Cooperation and Development, 2018).

<sup>2</sup> Millennials is the group of people born in the early 1980's to mid 1990's (Organization for Economic Cooperation and Development, 2018).

the encouraging classification, Portugal is however placed after its neighbours Italy, Spain and France. The referred indicator is composed by 4 major pillars, *Enabling Environment*, *Travel & Tourism Policy Enabling Conditions*, *Infrastructure* and *Natural &* and the performance in these categories was overall good (see Table 4.1- Portugal and southern Europe’s average score of T&T Competitiveness Index in 2019).

Table 4.1 - Portugal and southern Europe’s average score of T&T Competitiveness Index in 2019

Global Ranking		Portugal	Southern Europe Average	Global Average
Ranking		12	-	-
Enabling Environment	Business Environment	4.7	4.4	4.5
	Safety & Security	6.3	5.7	4.3
	Health & Hygiene	6.0	6.1	5.1
	Human Resources & Labour Market	5.1	4.7	4.5
	ICT Readiness	5.5	5.4	4.6
T&T Policy Enabling Conditions	Prioritization of T&T	5.7	5.5	4.6
	International Openness	4.2	4.0	3.3
	Price Competitiveness	5.1	5.0	5.3
	Environmental Sustainability	4.2	4.4	4.3
Infrastructure	Air Transport Infra-structure	4.7	4.4	3.1
	Ground & Port Infrastructure	4.2	4.3	3.5
	Tourist Service Infrastructure	6.7	6.0	4.0
Natural & Cultural Resources	Natural Resources	4.0	3.7	3.1
	Cultural Reserves & Business Travel	4.1	3.8	2.2

Source: (WEF, 2019)

The country under analysis registered higher values when compared with the global average in the vast majority of the issues, excepting *Price Competitiveness* and *Environmental Sustainability*. The first class considered subjects like *ticket taxes and airport charges*, *hotel price index*, *purchasing power parity* and *fuel price levels* and the second topics such as *sustainability of travel and tourism industry development*, *threatened species*, *forest cover change*, *wastewater treatment*, *stringency of environmental regulations* or *number of environmental treaty ratifications*. *Safety & Security*, *Health & Hygiene* and *Tourist Service Infrastructure* had the best outcomes with 6.3, 6.0 and 6.7. The attributes used to assess the last components were *homicide rate*, *index of terrorism incidence*, *reliability of police services*, *use of basic sanitation*, *use of basic drinking water*, *hospital beds*, *hotel rooms*, *quality of tourism infrastructure*, *presence of major car rental companies* and *automated teller machines per adult population*.

As a result, the country is considered as one of the world’s top touristic destinations with an enormous number of distinct characteristics that puts Portugal amongst the best. However, there is space for improvement, especially in the pricing strategy and the management of sustainable issues and both should be carefully treated. The first reflects the competition present in every industry and in the hospitality and tourism it is no different. Online Travel Agencies, metasearch and the internet gave

customers the chance to compare prices in a detail and scale that was not seen before and this process started a “war” between the industry’s players as they are always seeking to not lose its guests or customers to its competitors. Secondly, environment and sustainability became hot topics in the political discussion and the importance of assuring that every business respects the nature and does not compromise the future of the human kind and other species is present in the majority of the most-developed countries. Nevertheless, the last strategic report designed by Turismo de Portugal took these aspects in consideration and defined a pack of measures and incentives towards 2027.

#### **4.2.2 Characteristics of the territory**

Portugal has in impressive presentation card that distinguishes it from others as it is lightened in the (Turismo de Portugal, 2020b). With a population of almost 11 million people, its richness goes from the climate to its geography. Well-known by its gastronomy, the quality of wine produced, the hospitality and traditional kindness of Portuguese and the diversified touristic offer, it has also more than 3000 sun hours per year and 850 km of wonderful beaches bathed by the Atlantic Ocean. The country is located in Europe’s southwest extreme and it is composed by two groups of islands, Madeira and Azores. More than that, it also gathers an enormous cultural and religious heritage, a qualified web of accesses with airports, ports and roads, turning it into an unmissable and easy place to visit.

#### **4.2.3 Tourism in numbers**

According to INE (2020b), Portugal received, in 2019, 29.5 million guests in tourist accommodation establishments, an increase of 7.4% when compared with 2018 and a total of 77.8 million overnight stays which corresponded to a raise of 4.3% from the previous period. In this context, the Portuguese market was responsible for 33.6% of the overnight stays, with 26.1 million and an annual growth rate of 5.9% from 2018. In the other hand, the external market for 66.4% of the total share, with more than 51.7 million and a 3.5% rate gain in the same period (see Figure 4.1 - Percentage of overnight stays in tourist accommodation establishments according to the tourists’ country of residence, Portugal and Others, 2019). From all the countries, there are a few that provide the majority of international overnight stays in Portugal such as United Kingdom, Germany, Spain, and France that stand out as the most significant with 18.1%, 12.3%, 11.0% and 10.1% respectively, but other countries like USA, Brazil or Ireland are increasing its preponderance in the Portuguese accommodation activities with double digits growth rates in 2018 (see Figure 4.2 – Percentage of overnight stays in tourist accommodation establishments according to tourists’ country of residence 2019). In what concerns to international tourists’ preferences, Algarve was the predilect destination of citizens from Ireland (more than 80% of the country’s total overnight stays stayed in Algarve), United Kingdom (65.4%) and Netherlands (56%). Germany, Poland and Sweden residents split his options equally between Algarve and RA Madeira

(almost two-thirds of the countries' total overnight stays from its residents happened in the two regions) and Denmark citizens choose RA Madeira in 42.7% of the cases. French, Belgian, Canadian and Swiss decided for AM Lisboa (30.2%, 27.9%, 35.1%, 32.3% and 28.9%) and Algarve (29.0%, 33.0%, 32.3% and 29.4%). The Chinese, Brazilian and American markets picked AM Lisboa as top destination in 68.0%, 53.8% and 52.9% of his trips respectively.

Regarding the accommodation types in which these guests stayed, hotels accounted with 65.0% (17.6 million), followed in second place by local accommodations with 16.4% (4.6 million) and in third by apart-hotels with 7.0% (1.9 million). Local accommodation and rural and lodging tourism showed the biggest boost from 2018, with 16.4% and 11.8%, respectively (Figure 4.3 – Distribution in percentage of guests per tourist accommodation type in Portugal, 2019) (PORDATA, 2020). The distribution of overnight stays between tourist accommodation establishments followed the same pattern and the vast majority corresponded to hotels, apart-hotels and local accommodation types (Figure 4.4 - Percentage of overnight stays per accommodation type in Portugal, 2019).

Additionally, the number of tourist accommodation establishments<sup>3</sup> reached in 2019, a maximum of 7155 (19.2% more than in 2018), representing a total capacity of 643 308 guests (27 000 greater than in the precedent period), an average stay of each guest of 2.64 nights (decreased 2.9%, -1.5% corresponded to residents and -3.5% to foreigners), an occupancy rate<sup>4</sup> per bed of 47.3% (suggesting no significant difference from the past year), a total revenue of 4.3 billion € and a RevPAR<sup>5</sup> of 49.4 €, 1.9% higher than 2018 (INE, 2020b). Also in the INE (2020b) report, it is presented general conclusions of the Travel Survey of Residents that provides extra information concerning the residents behaviour and impact in the country's tourism sector. In fact, it is stated that 53% (an increase of 5 p.p. from 2018) of the resident population in Portugal spent at least 1 night outside their place of residence and on average, residents spent in domestic trips an average of 134.8€ per tourist/trip (more 10.94% than in the previous year). Furthermore, residents also revealed that “Leisure, recreation or holidays” was the principal reason for travelling, with 49.4% of the generated trips, yet this percentage includes inbound and outbound destinations.

Moreover, Portugal is a country in which tourism seasonality and volume inequality within regions is evident. In monthly terms, June, July, August and September are often responsible for a considerable percentage of the total annual revenue in tourist accommodation establishments (see Figure 4.5–Monthly revenue in tourist accommodation establishments in Portugal, 2019), but also

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<sup>3</sup> Tourist accommodation establishments gathers hotels, apart-hotels, tourist apartments, tourist villages, inns, quintas da Madeira, rural and local tourism, local accommodation (with more than 10 beds), camping sites, holiday camps and youth hostels (INE, 2020b).

<sup>4</sup> “Occupancy rate is the ratio of rented or used space to the total amount of available space” (Investopedia, 2020-a).

<sup>5</sup> “RevPAR is a metric used in the hospitality industry to measure hotel performance (...) is also calculated by dividing a hotel's total room revenue by the total number of available rooms in the period being measured”(Investopedia, 2020).



within regions, the discrepancy among certain parts of the country and others respecting the tourist activity is a fact and 75.4% of the total revenue obtained in tourist accommodation establishments in 2019 came from the regions Norte, AM Lisboa and Algarve, (see Table 4.2 –Total revenue in tourist accommodation establishments per NUTS<sup>6</sup> II in Portugal, 2019). The evolution of the total revenue from 2018 in these regions was positive in the vast majority of them and for instance Alentejo, RA Açores, Norte, AM Lisboa and Algarve registered a growth of 14.3%, 10.6%, 11.9%, 6.7% and 6.7% respectively. However, RA Madeira observed a decrease of 4.9% (INE, 2020b).

On each region of Portugal, other crucial indicators of the hotel activity (excluding local accommodation and rural and local tourism) activity were analysed by INE (2020b) such as RevPAR and ADR<sup>7</sup>. The first experienced in 2019 its maximums in AM Lisboa, Algarve and Norte (82.0€, 56.9€ and 51.2€ respectively) and the regions that increased the most were Alentejo (+12.6%), RA Açores (+7.6%) and Norte (+7.1%). ADR showed a similar path and the biggest values belonged to AM Lisboa with 113.5€, Algarve with 96.5€ and Norte with 86.3€. Alentejo and Norte presented substantial gains with 7.8% and 6% each.

#### **4.2.3.1 Rural and lodging tourism**

Rural and lodging tourism is alongside hotel activity which includes hotels, apart-hotels, tourist villages, tourist apartments, inns, quintas da Madeira, local accommodation, camping sites and holiday camps and youth hostels, the types of accommodation that characterize the tourism spectrum in Portugal. However, due to the nature of this project, this topic will focus mainly in the rural and lodging tourism category.

Hence, in agreement with Ministério da Economia, (2015), TER establishments can be defined as the ones who have the purpose to provide, in rural spaces, lodging services to tourists by preserving, restoring and valuing the architectonic, historical and natural heritage on the place or region where they are located and by assuring its integration in the surrounding environment. In that evidence, it is also clarified that TER establishments can be classified in three types, country houses, agritourism and rural hotels. The first are described as buildings placed in rural village or space that by its materials of construction, architecture or other characteristics respect the culture of the local. The second are buildings based in agricultural holdings that allow its guests to closely follow or participate in the farming works, in accordance with the stipulated rules and the third are presented as buildings, that can be based in new grounds and built from scratch, that fulfil the requests of hotels or similar establishments and the TER establishments assumptions exposed above. Also, the lodging tourism

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<sup>6</sup> NUTS is an acronym that stands for “Nomenclatura das Unidades Territoriais para Fins Estatísticos” and it divides the Portuguese territory into sub-regions. Hence, NUTS II splits Portugal in 7 regions, namely Norte, Centro, AM Lisboa, Alentejo, Algarve, RA dos Açores, RA da Madeira (PORDATA, 2013).

<sup>7</sup> “The average daily rate (ADR) is a metric widely used in the hospitality industry to indicate the average revenue earned for an occupied room on a given day” (Investopedia,2020-a).

which is gathered with the rural types of accommodation for statistical analysis is defined as the establishments of lodging tourism that belong to private owners and that wheatear for its architectonic, historical or artistical value are able to represent a certain era, namely palaces or similar that can be located in rural or urban areas.

Additionally, in the INE (2020b) report, it is stated that in 2019 this segment totalized 1687<sup>8</sup> active establishments, 26 600 beds and 11 992 rooms. Country houses accounted with 976 establishments (57.9%), agritourism with 277 (16.4%), lodging tourism with 247 (14.6%), rural hotels with 93 (5.5%) and others with 94 (5.6%). In terms of the availability of beds, the numbers are identical, country houses registered 12 981 (48.8%), agritourism 4 522 (17.0%), lodging tourism 3 724 (14.0%), rural hotels (14.8%) and others 1330 (5.0%). Globally, this particular accommodation type verified roughly a quarter of the tourist accommodation establishments which corresponded to just 6.0% of the beds offered in the country. Norte, Centro and Alentejo were the regions with the highest offer of TER establishments and beds with 38.0%, 23.7% and 21.0 % each in the first and 35.3%, 23.0% and 24.3% each in the second. Furthermore, rural and lodging tourism establishments received in 2019 approximately 950 000 guests and 2 million overnight stays, an increase of 11.8% and 9.7% from the previous year, respectively. From these overnight stays, the majority occurred in country houses, rural hotels, agritourism and lodging tourism (44.5%, 23.3%, 16.1% and 12.1%) (Figure 4.6 – Percentage of overnight stays in TER per type in Portugal, 2019) and resulted in an average stay in this segment of 2.07 nights (decrease of 1.8% from 2018). In addition, the average net occupancy rate reached 24.1%, with the greatest values belonging to RA Madeira, AM Lisboa and Algarve (39.8%, 35.2% and 35.0% respectively) and to rural hotels (33.5%) and consequently led to an average RevPAR of 25.8€ (more 4.0% than in 2018) and to its maximums in AM Lisboa and Algarve (48.6€ and 46.2€ respectively) (Figure 4.7 - RevPAR per NUTS II in Portugal, 2019). Thus, the ADR in this segment hit 94.5 €, which corresponded to a decrease of 2.5% and in a total revenue in TER establishments stayed in 118.7 million € (14.5% higher than the previous year).

In Algarve, Turismo de Portugal (n.d.a) identifies 50 TER establishments, 36 country houses, 8 agritourism and only 6 rural hotels which corroborates the hypothesis that this is still an underdeveloped segment and there is space to invest and expand these type of tourism in the region. The difficulty in registering new rural accommodation establishments could hamper this numbers and a simple search in Booking.com reveals different numbers regarding TER establishments in the region. Therefore, it is possible to identify several establishments that could compete with the *Orsa Rural Hotel*, namely A.TI.TUDO Nature, Álamos Retreat – Wellness & Yoga Boutique Hotel, Casa do Vale da Lama EcoHotel & Retreat Centre in a farm, Conversas de Alpendre, Eleven Boutique House and Garden, Mercedes Country House, Monte do Álamo, Quinta Aida Cottages and B&B suites, Quinta de Santa Margarida-Charm Country House, Quinta do Mel, Quinta do Mocho Turismo Rural, Quinta dos

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<sup>8</sup> Only rural and lodging tourism establishments with more than 10 beds.

Tesouros, Quinta dos Vales Wine Estate, Quinta do Tempo Turismo Rural, São Rafael Villas Apartments & Guest House, Vila Monte Farm House and Vila Valverde Design & Country Hotel. Detailed information about the referred accommodation establishments is presented in Tables 4.3 and 4.4 – *Orsa Rural Hotel's* Competitive Set I and II.

#### **4.2.4 National strategy for the future**

As previously referred, the document presented in 2017 by (Turismo de Portugal, 2017) identified the strategic vision of the organisation for the next 10 following years. The context, the assets and the challenges that the industry faces and will face in the near future were deeply analysed.

Hence, the organisation acknowledged the favourable characteristics of the industry such as the conditions of the territory, well-developed web of infrastructures, consistent growth in crucial tourist indicators, increase of entrepreneurs and innovation in hospitality, international recognition of Portugal due to the large number of awards assigned throughout several departments of the tourism activity or the increment in air links. In the other hand, aspects to improve were also pointed out with special focus to the bureaucracy of workers, quality of the labour force, incomes of the sector's workers, seasonality, sustainability and respect for the environment or inequality between regions.

Consequently, Turismo de Portugal aims to increase the touristic demand in the country in more than 31 million overnight stays which corresponds to an annual average growth of 4.2%, reach a total revenue of 26 billion € (7% annual growth), substantially invest in the education of the tourism industry workers (double the number of people that concluded the secondary level of education in the sector), reduce the seasonality index to historical minimums in 2027 (4 p.p. reduction from 2016), ensure that over 90% of the resident population considers that tourism has a positive impact in the region and to enhance and work in the energetic transition (extend the efficient use of energy, water and residuals to at least 90% of the companies).

Following the importance that international tourists have in the Portuguese economy, Turismo de Portugal marked the most relevant markets in which the country should invest its resources. Spain, Germany, United Kingdom, France, Brazil, Netherlands, Ireland, Scandinavia were designated as the most meaningful markets that have a tremendous preponderance in the tourist activity. USA, China and India were seen as the markets with biggest potential due to its dimension. Italy, Belgium, Switzerland, Austria, Poland, Russia and Canada appeared together in the group with the highest growth possibility and finally, distant markets such as Japan, Australia, South Korea, Israel or the countries of the Arabic Peninsula were presented as the ones in which the investment should be adapted to specific segments.

Although the discussed issues were only globally approached in this topic and despite not having in consideration the crisis triggered by the covid-19 outbreak, it is evident that work is being done and the tourism industry will continue to attract both investors and tourists and will maintain its success and contribute for the progress and prosperity of Portugal.

## **5. PESTEL Analysis**

The PESTEL analysis provides valuable insights regarding the external context in which the *Orsa Rural Hotel* will operate and identifies the changes that are likely to occur in the areas suggested by the acronym:

### **5.1 Political**

In terms of the political situation, the recent pandemic is putting the Portuguese Government under a stressful and very difficult position. Due to that, instability is predictable to be seen in the future of the country. More than that, the appearance and expansion of far-right movements in some countries of the European Union, including Portugal (Público, 2019) are other concerning signs that the future may not be as bright as desired and could result in catastrophic outcomes for democracy, economy, tourism industry and for the European project. The impact of Brexit in Portugal is also expected to arise and to have consequences in the number of tourists coming from the United Kingdom, especially in the region of Algarve.

Concerning the Portuguese taxation system, it is not predicted to change in the following years and VAT, personal or company's taxes will possibly not be reduced soon.

Additionally, the reinforcement of green legislation for environmental protection for the Portuguese citizens and companies' will inevitably happen in order to fight climate changes and to achieve the goals of the Paris agreement. Another critical political aspect that has to be highlighted is the country's significant degree of bureaucracy that could hamper the implementation and legalisation processes of the hotel.

### **5.2 Economic**

According to the IMF (2020) provisions, the economic effects originated by the Covid-19 pandemic will certainly be worse than the previous 2009 financial crisis and it is not expected that global economy reaches the pre-covid levels before 2025. Interest rates and inflation levels have recently reached historical minimums and according to OECD, (2021a);(2021b), while inflation is forecasted to recover to annual growth rates of nearly 1.0%, long-term interest rates are very likely to maintain the negative tendency in the upcoming years. Portugal's debt percentage in terms of GDP has increased again after the one-year recover and is expected that this unfavourable trend will last at least until 2022 (European Commission, n.d.). Employment rates will decrease, but will start to recover and show positive gains in the next year (Banco de Portugal, 2020). Moreover, the IMF (2020) points out terrible indicators for the tourism industry as nearly 40% of the accommodation and food services companies in the euro area are expected to declare insolvency as a rebound effect of the current crisis.

Furthermore, Portugal presents two other indicators that reflect the poor position and performance of the country when compared to others. According to OECD (2021-a), the average annual salary in

Portugal only surpasses Slovak Republic and Hungary, being one of the lowest in Europe. Adding to that, the labour productivity level of Portugal in 2018, was below the average of the European Union and OECD countries, surpassing only countries such as Greece, Hungary, Latvia or Poland (OECD, 2020.-c). As a result, these issues are not awaited to experience substantial improvements forthcoming since they require substantial and costly structural reforms.

### **5.3 Social**

Regarding the social context, some episodes are likely to take place and some are currently happening such as the ageing of the population that can directly impact the age of the tourism labour force supply at the same time that these elder citizens may have much more time to travel, less concerns, more money to spend, the possibility to travel more often and for longer periods and choose to go to quieter places like rural hotels. Other events like the migration of the most talented youngsters, the growing preponderance of teleworking and reduced work week (some developed countries are planning to implement a 4-day work week) will be responsible for workers to have much more available time in leisure and lastly, an increase in the number of citizens with higher education that will possibly look for innovative and new experiences. It is also important to mention, the decrease in travelling barriers between countries, the rise in the middle-class and upper-class purchase power, the rebound effect of the covid-19 in which tourists will travel to compensate the time spent in lockdown and the growing number of couples that decide not to have children. These facts could increment the number of tourists, the number of trips and the money spent in the sector. Also, Online Travel Agencies are strengthening its position as consumers' preferred platform for booking their travels and trips as well as the search for unique and differentiated products, services and experiences.

Finally, the pandemic forced the Portuguese to travel within the country and that trend might be accentuated in the following years.

### **5.4 Technological**

In the technological category, smartphones are now a crucial part of the human life, the crescent impact of social media in fields like marketing, advertisement, human resources management or loyalty programs, 5-G, IoT, AI, VR and the general transition for a digital world will certainly be responsible for a revolution in the future of tourism. Adding to that, progresses in renewable energies and agriculture sources will reshape the prospection of rural tourism establishments.

### **5..5 Environmental**

Concerns towards environmental issues will tend to increase as extreme climate events like droughts, floods or the rise of the sea level are projected to occur in the near future on a global scale, but also in

the region in which the hotel will be placed, Algarve. More than that, these incidents will format the way tourism and hospitality industries operate and work.

## **5.6 Legal**

Legally, community funds provided by the European Union to combat the covid-19 crisis, invest in sustainable practices, in the digital transition, innovation and in the fixation of people and business on the countryside have strict rules to be applied, but are going to be used as tools to leverage economy and the tourism activity. Thus, benefits for companies that explore rural and sustainable segments and generate jobs will be enhanced and enlarged.

## **6. Porter's five forces model**

Michael Porter's five forces model facilitates the micro-environmental analysis that any company should proceed to identify the structure of the market in which it will penetrate. Diagnose and determine the customers, suppliers, potential substitutes and barriers to entry are crucial aspects that should be classified to understand the level of competitiveness of the market and the consequent degree of profitability that the business will be able to reach.

### **6.1 The threat of substitutes**

The threat of substitutes basically reflects the number of establishments that from the customers' perspective can be picked instead of the *Orsa Rural Hotel* due to factors like the price, service quality or location. Therefore, a greater threat of substitutes is a result of smaller switching costs and the enormous number of products with identical characteristics.

In this particular case, there are different plausible ways to interpret and consider this scenario. Firstly, the region of Algarve is abundant in what concerns to tourist accommodation establishments and for that reason, it could be reasonable to affirm that the industry in discussion is very populated due to the existing and the new accommodation establishments that are being built. However, other way to view the situation is that there are not many rural tourist accommodation establishments that may be designated as substitutes. In fact, in 2019, only 50 TER were registered in the Turismo de Portugal that corresponded to less than 3.0% of the total establishments existent in the country (Turismo de Portugal, n.d.-a). Adding to that, guests have also the possibility to choose to stay in other type of accommodation like hotels or beach resorts, to pick other destinations outside Portugal or within the country, especially the ones in which Rural Tourism has another recognition such as the regions of Alentejo or Douro, without any specific switching costs.

Nevertheless, the threat of substitutes in the hospitality industry is recognized to be **high** considering the inexistent switching costs that customers have when deciding their accommodation destination.

### **6.2 The threat of new entrants**

The threat of new entrants can be measured by the difficulty to enter in the industry. Thus, barriers to stop competitors from entering the industry may be related to legal issues, patents, access to distribution or capital costs. Cut downs in constraints at this or similar levels might push up the number of new entrants and lower the power and control of price and market share of the company (Paul Burns, 2011).

In the hospitality industry, the threat of new entrants can be deemed as moderate on count of the significant investment and legal aspects required to set up a hotel from scratch. Nonetheless, the large number of multinational companies or consistent hotel chains with will and capabilities to invade this industry, the easiness of access to capital that other companies can get and the fact that tourism is the most important activity in Algarve are aspects that go in the opposite way and increase the odds of new entrants. As a result, it is reasonable to announce that the threat of new entrants is **medium to high**.

### **6.3 Bargaining power of customers**

The bargaining power of customers is demonstrated by the information they may or may not have about competitors and substitutes, the volume they purchase, the sum of the switching costs of changing to similar products and the capacity they have to influence the product, the quantity and the price they buy. If customers ally those features in their favour, their bargaining power increases and the position of the company weakens.

Hence, in this sector the bargaining power of customers can be assumed to be as **moderate to low**. Despite the advantages that metasearch has brought to consumers through the possibility of instantly comparing prices and characteristics on a global scale might reinforce their negotiation power, other aspects like the volume of purchase or the inexistence of switching costs contribute for their loss. Customers and guests do not acquire large amounts of stays in tourist accommodation establishments, at once at the same time that they can in any circumstance decide to go for a specific destination, hotel or restaurant rather than others. One exception to last argument are the Travel Agencies that, in some specific hotels, do negotiate and buy tourist products on a considerable scale which may increase their bargaining power.

### **6.4 Bargaining power of suppliers**

Identically to the previous topic, the bargaining power of suppliers depends on the same features and considerations. Consequently, the bigger dimension of suppliers, the more differentiated product they sell or provide, the larger the possibility to acquire its clients and the smaller number of competitors

that provide comparable products, the greater negotiation power a supplier will reveal next to a company.

In the hospitality industry, suppliers may be tourist companies that sell tourist or cultural experiences, food and beverage or other distribution companies that sell those kinds of products or other examples such as furniture, gas, electricity or water. In another extent, companies that can be responsible for the maintenance and renovation of the space, electronics or other appliances and outsourcing companies that can help in the recruitment and selection processes can ultimately be gathered in this same category.

It is so valid to ratify that the bargaining power of such supplier may be interpreted as **low to moderate** in the majority of the scenarios. Yet, in some situations, that negotiation power could be increased under specific circumstances namely, unique electronic devices like an oven for the restaurant's kitchen that has the need to repaired by a high-paid specialist or in the case of outsourcing companies if a certain employee that is sporadically hired plays an important role in the good functioning of the hotel and the supplier uses that information on its favour.

### **6.5 Industry rivalry**

As a result of the discussion of the previous topics and despite the fact that some of the indicators used to assess the industry's rivalry level were ranked as low or moderate, it is going to be considered as **extremely intense**. That claim is based on the tremendous volume and size of companies that own tourist accommodation establishments, in the industry's growth rate and preponderance in the economy (especially the numbers that were verified before the covid-19 outbreak and that are expected to get back on track when the situation is completely fixed), in the extent of differentiation that tourist products are now facing and the capacity that the industry's players are being forced to acquire, to reinvent and to create innovative and distinctive products. Adding to those facts, exit barriers are pronounced and can be extremely expensive due to the investment that a business like these demands, principally if starting a hotel from zero, for instance and also the industry's attractiveness in terms of profitability and revenue levels.



## 7. Internal Analysis

José António Catuna & Filhos Lda (JAC) is a 21-year-old solid family enterprise that owns and manages a well-known beach restaurant in Albufeira, *Os Salgados* Restaurant and a construction company responsible for building, selling and renting houses in the region. The *Orsa Rural Hotel* project resulted from the firm's will to diversify its portfolio, to fill a gap that exists in the market of high-quality rural hotels in the region, grow in size and expand its revenue levels.

To determine the internal situation of the company and the business, Mckinsey's 7-s framework and financial ratios will be adopted to make a portrayal of the firm's biggest strengths and weaknesses.

The 7-S framework designates the internal attributes of the company that characterize the business itself, its strategy and organizational structure, the systems used within the operation, the applied management style, the people who work there and the skills they have.

Regarding the first "S", Strategy and in opposition with a relevant number of small to medium size-enterprises that wait to see what the market has to give, JAC and its partners are perfectly aware of where they are, where they want to go, how they want to get there and the challenges that the future will bring. Continuing with the restaurant's path of success, refresh its facilities and increase its quality in terms of production capacity and service excellence is a major concern of JAC, alongside with keeping up the industry's most recent trends and the ecological and sustainable aspects of the business. In the construction side, the goal is to maintain the investment in purchasing and recover properties to trade or rent. *Orsa Rural Hotel* is projected to gather both perceptions, in terms of moving to a slightly different sector which is hospitality and edifying a major hotel which will represent a great operation. JCA seems to follow a marketing strategy of *Differentiation* according to the conceptualization of Michael Porter (1985) about Marketing Generic Competitive Strategies since it pursues and offers a unique and distinct kind of service and it is directed to a broad scope. The service is indeed customized and targeted customers perceive it as high-quality and differentiated.

Concerning the organization's structure, JAC is composed by two teams, one with 25 employees that operates in the restaurant and that is supervised by 3 main partners, who are crucial for the activity and the other that is oriented to the construction sub-division with 5 employees, 1 civil engineer and the other principal partner. Partners equitably own the same percentage of the company's shared capital and they all have the same preponderance when deciding the firm's future. Between them and the operational workers, there are no intermediaries.

The third "S" refers to the systems used by JCA's members on their daily activities and procedures. Not many are relevant enough to be mentioned and are in fact still very traditional. Nonetheless, in the restaurant arises the *Wintouch* software used as the invoicing system that also assists the managers on their tasks like analysing the company's revenues, expenses inventory breaks or identical duties. Microsoft excel is a complement for them to assure that the firm maintains what it needs to stay in line with its strategy.

In terms of the leadership style and based on the Blake and Mouton (1964) managerial grid, it may be considered as an integration style that derive from the leaders' higher concerns towards people and results. According to them, this type of leadership is the most effective and its leaders are passionate about what they do and show a high degree of commitment with the business. More than that, team managers of this kind work hard to teach their employees the organization's purpose and goal, to pass that message at the same time that they are focused in the firm's results and profitability and their workers' well-being and satisfaction.

JCA's staff is constituted by 31 employees. From these, 25 are affected to the restaurant activity and 5 to the construction. The restaurant's team gathers 5 cooks, 4 scullery maids, 6 bartenders, 10 waiters and 1 accountant that is responsible for orders and inventories, having the vast majority of them a lack of qualified specializations which turns the operational process of the company a massive challenge that requires a long period of training courses. In the construction department, the scenario is nearly the same with 5 masons, however the firm's civil engineer is the only exception of a highly qualified worker. Due to the restaurant's seasonality, the company is every year forced to recruit at least 5 employees during high-season, namely June, July and August. In this topic, it is also important to mention the difficulty that JCA's partners have to hire the adequate number of qualified employees.

Nevertheless, despite the low degree of qualifications, the company's staff are considered by JCA's managers as skilful and capable. The strongest skills represented within the company's members are the customer orientation type of service and the operational effectiveness of their work. Organization, communication and methodical thoughts are other crucial skills that contribute for the firm's overall prosperity, yet these aspects are not seen in part of the work force and should be improved soon. The assessment of this skills is carefully and detailed made and result from the partners constant observation of their employees' tasks. There is also space for workers' empowerment and autonomy given by JCA's managers to its employees to always perform and provide their customers with the best product and service.

Despite the size and the familiar nature of the firm, it exhibits a strong identity and brand personality that result from the company's shared values. JAC seems to be guided by the ideas of providing a service quality to anyone who requests its services and turning that leisure moment in a unique experience at the same time that it has the intention to value the local culture and respect the environment with sustainable practices. Value above mentioned are commonly shared between JCA's every employee and managers. They are the firm's central spine and principal reason for success and recognition.

Financially, JCA have been strengthening its economic performance in the recent years. Since 2016, the company has shown a solid growth and has improved its results. In fact, the company's revenue from services rendered in 2019 1.6 million € which corresponded to an increase of 26% when compared to the previous year and 58% more than what was verified in 2015. More than that, the company is consistently recording positive net profit results and reached its maximum in 2018 with almost 280 000

€ and gross profit margin<sup>9</sup> percentages that overpassed 70% in 2018 and 2019. Furthermore, JCA's also denotes an excess of liquidity according to the firm's current ratio<sup>10</sup> that was equal to 3.45 in 2019 and a strong ability to meet its long-term debt obligations with a debt ratio<sup>11</sup> of 0.17 in the same period.

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<sup>9</sup> "Gross profit margin is the difference between sales or turnover and the costs of produce the goods sold. The ratio should be as high as possible" (Paul Burns, 2011:305).

<sup>10</sup> Current ratio measure the liquidity of a business. It measure the company's ability to repay interest to bankers that offer credit and it is expected to be greater than 1, meaning that the firm's current assets exceed its current liabilities (Paul Burns, 2011).

<sup>11</sup> "Debt ratio is a financial ratio that measures the extent of a company's leverage (...) it is defined as the ratio of total debt to total assets (...) a ratio below 1 translates to the fact that a greater portion of a company's assets is funded by equity" (Investopedia, 2020.-b)

## 8. Competitive Analysis: SWOT External Analysis vs Internal Analysis

The combination of external and internal analysis results in interesting indicators of the company's strengths and weaknesses and the industry's opportunities and threats. Hence, the SWOT analysis results are the following:

Regarding this project and company's strengths, the most critical aspects to be referred are the firm's solid financial position and its overall recognition and success. Adding to that, it also gathers a 20-year experience in the tourism industry, a work force that is familiarised with the hospitality activity, a high-quality and well-known brand in the region which is the restaurant, a strategy oriented to maximise its customers and guests' satisfaction provide unique and superior experiences, the respect for local culture and nature, a good location for the hotel and proximity with the most important accesses and tourist attractions of Algarve. The presence of JCA's managers in every task, in the everyday operations, the possibility of providing a very customized service to its guests and the leadership model adapted by them are other reasons that may reinforce and sustain the *Orsa Rural Hotel* progress.

However, there are also weaknesses worth to be mentioned such as the lack of experience in managing, communicating and advertising a hotel, the substantial investment and risk that a project like this involves and the difficulty in hiring qualified people could weaken the possibility of the *Orsa Rural Hotel's* success.

The external environment elements that go in favour of the project's implementation are the easiness and attractiveness to access credit from financial institutions, due to the negative interest long-term rates, or from the government incentive programs to fund projects such as the *Orsa Rural Hotel*, social changes like the ageing of the population, teleworking, the reduced work week, the raise in the number of citizens with higher education levels, the increase in the middle and upper-class purchase power and the number of couples that decide not have children may positively impact the rural tourism segment and contribute for its viable growth. Other trends that could be considered as opportunities are the technological innovations that may initiate a revolution in the tourism industry (e.g.: IoT, AI or VR), the rebound compensation effect in which tourists will travel as much as they can in order to offset the time spent in lockdown and the Portuguese preference to travel within the country instead of going abroad.

The major threats to the *Orsa Rural Hotel* proposal are the economic and political instability caused by the covid-19 pandemic, by the appearance of nationalist movements in the EU that will probably trigger an increase in taxes, force part of the hospitality and tourism industry's companies to declare bankruptcy and lead to EU's possible disintegration (e.g.: Brexit). Plus, the significant degree of bureaucracy in Portugal may complicate the hotel's legalisation and implementation processes and the country's lower productivity level could imply that the operation may not be as efficient as desired. Other risks are the climate changes and the probability of droughts, floods or rise of the sea level in the region, the growing preponderance of OTA's in the consumer's choice that is crushing hotel's profit

margin and the industry's size and extremely intense rivalry. Hence, the price is a challenge and despite some improvements in the most recent years, rural tourism is still connected with low budget trips but *Orsa Rural Hotel* aims to be a game changer. However, getting into a market in which well-known brands and hotel chains are present in every corner and not being part of one could be another negative external factor since these kinds of major companies can generate demand just for its brands and have a much stronger capacity of communicating and selling their products and even getting in the same market if it turns out to be financially attractive. Finally, the consumer's behaviour, needs and wants are constantly varying and in the hospitality industry, it is not an exception. Innovating and keeping up with the newest trends is nowadays mandatory for every business.

## **9. Business plan's objectives**

This report has the purposes of presenting the *Orsa Rural Hotel* project, analysing the context in which it is inserted, designing a marketing and an operational strategy and scrutinising the legal requirements of the hotel's implementation process to JCA's shareholders. It also has the objective of financially assessing its viability and predict the first five years of activity according to specific scenarios. Every section is treated with the rigorousness required and proximity of reality in order to provide trustful and authentic insights to its readers.

Furthermore, the extent of the plan's objectives is divided into two categories, the qualitative and the quantitative. Qualitatively, the proposal aims to critically identify a gap in this particular segment of the hospitality industry and fulfil it with the adequate value proposition and experiences to its potential guests as well as point out the best way to reach those guests and to create and maintain a profitable relationship with them. The plan's intentions are also directed to expose solutions and tools to overcome the *Orsa Rural Hotel's* biggest difficulties namely, the Algarve's high degree of seasonality, restrict supply of qualified workers and the aspects that concern the environment and the business' sustainable practices.

Regarding the quantitative goals, the plan's targets are the following: achieve an investment payback period inferior to 8 years, increase the average price per room to 350 € in less than 8 years, reach an annual revenue 2.2 million € in services rendered in 5 years, experience minimum annual occupancy rates of 50% in the first year and raise that percentage at least to 70% in a maximum period of 8 years.

## **10. Development Strategy**

### **10.1 Company's Vision, Values and Mission Statement**

The company's vision, mission and values are crucial for the business strategy and long-term success. These aspects represent the spine of the firm and provides the major guidelines for its employees and managers behaviour and its customers satisfaction and identification with the *Orsa Rural Hotel*.

#### **10.1.1 Values**

*Orsa Rural Hotel* believes that it should provide a serious and high-quality service to its guests and customers, be responsible for their well-being and satisfaction, promoting the local economy and implementing strategies that protect the environment and value their people's roots.

#### **10.1.2 Mission**

*Orsa Rural Hotel's* mission is to provide its guests and customers with unforgettable, unique and relaxing experiences. To respect nature, to value the local products and to fairly contribute for the development of the local community.

#### **10.1.3 Vision**

Regarding its vision, *Orsa Rural Hotel* aims to become a reference in the rural tourism, an example of quality, excellence and ecologically sustainable hotel. To be the seen as an idyllic place in the Algarve's countryside to relax and to enjoy everything that the region best has to offer.

### **10.2 Business Strategy**

In agreement with Paul Burns (2011), companies should always work to offer distinguishing features to its customers in order to obtain a significant competitive advantage, increasing its business level and success. To do so, the referred author claims that firm's must be aware and capable of identifying four key aspects of its strategy: knowing who its customers are, what benefits are they looking for when picking its services, the reason to choose its services rather than its competitors and acknowledging its principal strengths and understanding how to use them to build competitive advantage.

Therefore, the *Orsa Rural Hotel* will follow the same *Differentiation Strategy* that is the pillar of JCA's strategic vision. The business will be focused in providing a unique and distinct type of accommodation and restaurant service to its targeted and well-defined segment. A rural hotel with a magnificent restaurant, placed in the countryside of Guia, Albufeira, that allies its enormous concerns towards providing a relaxing, personalised and high-quality service with eco-friendly sustainable

practices that highlight what the southern Portuguese region better has, is conceptualized and expected to start operating in 2024.

The competitive advantage of this business will rely on several aspects in which the *Orsa Rural Hotel* will surely beat its competitors. Firstly, the hotel's prime location in the heart of the Algarvian field, the closeness to the sea and some of the most visited beaches, attractions, restaurants and landscapes of the region. Afterward, its design's quality, pleasant, relaxing and comfortable facilities and experiences that will be an extension of the natural environment. Thirdly, the service's high standard and serious customization degree to match its guests and customers' needs and wants. Moreover, the plus that a fine restaurant in a rural hotel adds to the business and the experience that JCA already has in maximizing a restaurant's operational capacity and finally, the balance between the provided service and the constant search for greener practices that will continuously reduce the impact of the business in the surrounding environment.

Subsequently, all stages of the *Orsa Rural Hotel's* strategy implementation process will be presented in the next chapter including the business Marketing-Mix, Segmentation, Targeting and Positioning as well as the evaluation of the financial resources and costs' accounting.



## **11. Definition of implementation policies (marketing, technology, organizational and financial resources)**

### **11.1 Segmentation, Targeting and Positioning – Survey**

The carried survey (see Annex C) fulfilled a gap regarding the customers' preferences and opinion about this particular project and despite not being statistically treated, the available information permitted a general portrait of the *Orsa Rural Hotel's* potential guests and subsequently proceeding with the market's segmentation, targeting and positioning of the Hotel in the tourism industry.

The set of variables selected to segment this sample were age, education level, annual remuneration, purpose of travelling, company when travelling and the trips' duration (see Figures 3.21, 3.22, 3.23, 3.24 and 3.25– Annex C). The result of this analysis enhanced the audience targeted as middle-age (from 41 to 60 years-old people), at least graduated from high-school, middle to upper-economic status (annual salary that goes from 12 001 € to 40 000 €) that travel in leisure, in family or as a couple and spend from on average 3 to 10 days away from their residence. More than that, the survey's respondents considered very likely to choose a rural hotel on their next trip, gave a relatively good feedback regarding a project of these characteristics in the region and ranked the most important experiences to have in that kind of hotels romantic packages for couples, hikes in the nature and wine and typical dishes tastes. The combination of these aspects reinforced the future positioning of the *Orsa Rural Hotel* as a high-standard, sophisticated, satisfying and relaxed hotel that is located in the Algarve's country side that highlights the region's best attributes, praises nature and the environment through the use of the most effective sustainable practices.

### **11.2 Brand – *Orsa Rural Hotel***

The *Orsa Rural Hotel's* value proposal and image will be reflected in its logo. Service quality, simplicity, comfort, design, quietness, respect for nature and for local culture are the pillars of the hotel identity and will be an important tool for marketing purposes. However, the hotel will not stand alone and the restaurant and the bar will be a supplement tool to provide its customers and guests an extraordinary, enjoying and complete stay or time. The result of this process can be seen below in Figures 11.1 – *Orsa Rural Hotel's* potential logo and 11.2 *Orsa Rural Hotel's* Restaurant and Bar's potential logo.

Figure 11.1 - *Orsa Rural Hotel's* potential logo.



Source: Author's elaboration.

Figure 11.2 - *Orsa Rural Hotel's* Restaurant and Bar potential logo.



Source: Author's elaboration.

### **11.3 Marketing-Mix**

#### **11.3.1 Product/Service**

The *Orsa Rural Hotel* is projected to provide an extraordinary accommodation and enjoyable stay in the Algarve's countryside to its guests, but it is not just that, it was thought and designed to honour nature, to value local culture and to present them with a unique, authentic and relaxing experience. This retreat will exclusively offer local-themed rooms that highlight the countryside simplicity in a BB regime. A rich and tasty breakfast composed by a buffet and hot meals, which will include fresh fruit, homemade jams and bread, croissants, pancakes, cereals, oats, natural juices, natural yoghurts, boiled, scrambled and fried eggs, coffee, tea and typical light desserts. Furthermore, rooms and the hotel's physical areas will be designed in agreement with the local heritage and will be completely inserted in the landscape in which the hotel will be placed. From the 12 conceived rooms, 10 will be standard double-rooms and 2 master suites, which will lead to a hotel's total capacity of 24 guests.

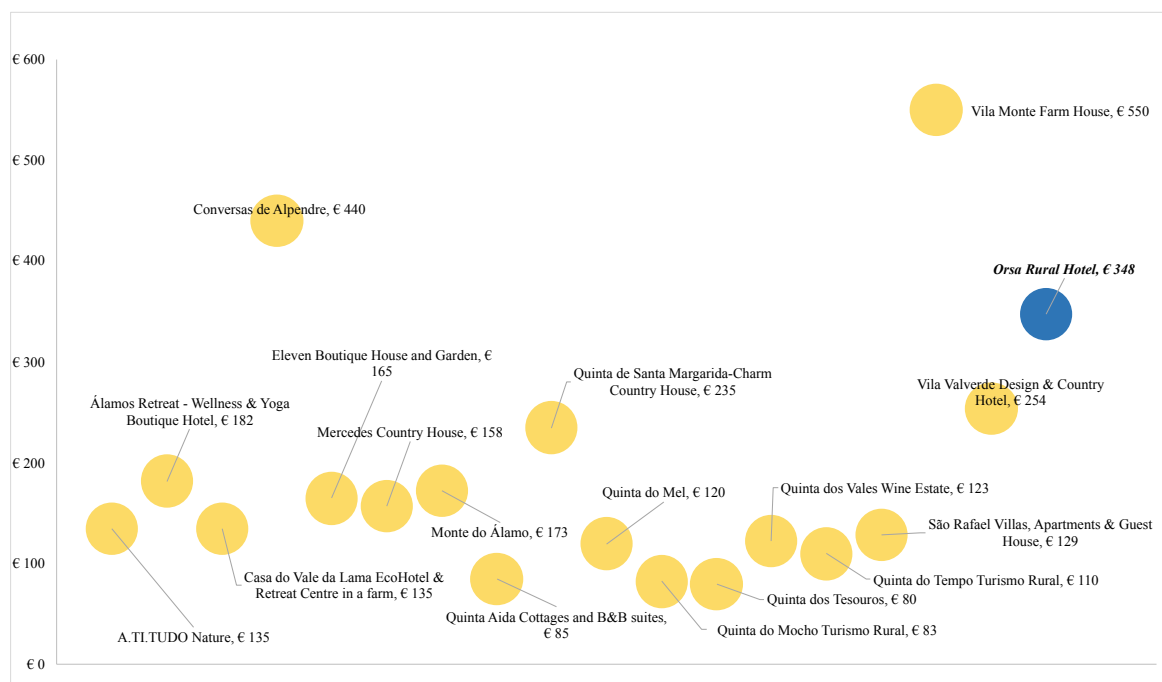
As a complement to the accommodation facilities and service, it will also gather an elegant and trendy restaurant with capacity for 60 guests that will be open every day from 12:30h to 16:00h and from 19:00h to 23:00h, a cocktail and snack bar that will serve local typical light meals for the ones who are in the mood for a smaller but not less tasty bite and refreshing beverages that will also be open every day from 12:00h to 00:00h with capacity for 40 guests, a cosy and welcoming living room, a small distillery, a biological garden a spa with 2 massage rooms and an exclusive heated swimming pool. Both restaurant's and bar's menus will be carefully designed to praise the region's most traditional dishes and typical foods. Free-wi-fi, 24-hour room service, daily cleaning and laundry services will also be part of the hotel's offer.

In terms of the offered experiences, the *Orsa Rural Hotel* will provide the following activities to its guests and customers: *Jardim D'Orsa*, *Picnic D'Orsa*, *Orsa & Wine*, *Passion D'Orsa*, *Pão D'Orso* and *Orsa & Chill* (see Tables 11.1 and 11.2 – *Orsa Rural Hotel's* experiences I and II). It is also important to inform that this list of experiences will be constantly adapted according to the year's season, weather or expected demand.

### 11.3.2 Price

The hotel's pricing strategy will value its proposal services in a not so well-defined region between medium and exclusive and premium-prices the rural accommodation establishments (see below Figure 11.3 – Competitive Set: *Orsa Rural Hotel's* pricing positioning based on average prices charged by its major competitors).

Figure 11.3 - Competitive Set: *Orsa Rural Hotel* Pricing positioning based on average prices charged by its major competitors.



Source: Author's elaboration.

Prices will constantly be adjusted in comparison with its major competitors and by having in consideration external factors such as seasonality or other events that could impact the demand for accommodation establishments in the region. Regarding its accommodation, the *Orsa Rural Hotel's* rooms will be priced in values between 250 € in the low-season (January, February, March, April, May, November and December) and 400 € in the high-season (June, July, August, September and October). Values will also differ from week and weekend days, costing a room 30 € more in the weekend than in the rest of the week days (see Figure 11.4 – Price strategy (price per day per room) of the *Orsa Rural Hotel*).

It is also significant to mention that the outlined prices are indicative and they do not take into consideration holidays like Christmas or New Year's Eve that might be sold in special packages and prices.

Additionally, experiences will be sold separately and will not be included in the accommodation price. The price per person will be 45 € for *Jardim D'Orso*, 40 € for *Picnic D'Orso*, 130 € for *Orsa & Wine*, 1200 € for the *Passion D'Orso* (for two people) and 15 € for *Pão D'Orso*. The *Orsa & Chill* will include meditation and yoga classes at 40 €, home-made tea tastes at 10 €, massages at 40 € for per hour, hikes at 10 € and bicycle rides at 40 €.

Regarding the restaurant and the bar, expected average prices to be charged to customers and guests are 30 € and 10 €, respectively.

Naturally, the *Orsa Rural Hotel* will have a website and will sell directly to its guests. In these scenarios, and depending on the hotel's availability, packages with experiences (massages, yoga and meditation classes, bicycle rides, *Pão D'Orso* and tea tastes) and a discount for future stays of 10% will be offered.

### **11.3.3 Place**

The *Orsa Rural Hotel* will be edified in Vale da Ursa, Guia in a rural area with 4,2 hectares (see Figure 11.5 Satellite view of the land), perfectly inserted in the country side but, just a few minutes away from the region's biggest tourist attractions and best restaurants. The construction area corresponds to 1360 square meters and an extension of 30% is expected to be authorized according to rural tourism's legal framework, resulting in a total of nearly 1800 square meters. The hotel will be placed 35 km away from Faro airport, 8 km from the closest train station, nearby the highway that links the Algarve with Lisbon and crosses Algarve from Vila Real de Santo António and Sagres, 4 km from the nearest beach, Galé and 10 km from the city of Albufeira and its major services.

In terms of the distribution channels, the accommodation services will be sold through Online Travel Agencies, namely Booking.com, Expedia, Hotelbeds and TripAdvisor, directly in the hotel's website and to other Travel Agencies.

#### **11.3.4 Promotion**

Promoting and communicating the hotel will be another aspect to be meticulously planned and executed. At this point, The *Orsa Rural Hotel* branding process will play a massive role and will be crucial for the business success and capacity to attract guests and customers.

The hotel's website will be a key and will have photos of the hotel and general facilities, description of the service, location, package of available experiences, the team, the company's mission statement, vision, values and guest's reviews. Social media, namely, Facebook and Instagram will also be strongly adopted to communicate, promote and sell the hotel as the perfect place for a unique and relaxing stay in Algarve.

Adding to that, it is also projected advertising the hotel in the travel and tourism most recognized magazines, OTA's and GDS's and in metasearch platforms. Therefore, Visit Algarve, *Fugas* by Público, *Boa Cama Boa Mesa* by Expresso, Booking.com, Expedia, Hotelbeds, TripAdvisor, Amadeus, Saber, Galileo and banner advertisements in Google, Facebook and Instagram. Opinion makers will likewise be explored to reach the aimed market segment, couples and small groups who are seeking for a pleasant and relaxing holiday in the Algarvian country side.

Once registered through any reservation or wi-fi access, customers and guests will automatically receive newsletters with special offers and summaries of what is being made in the *Orsa Rural Hotel*.

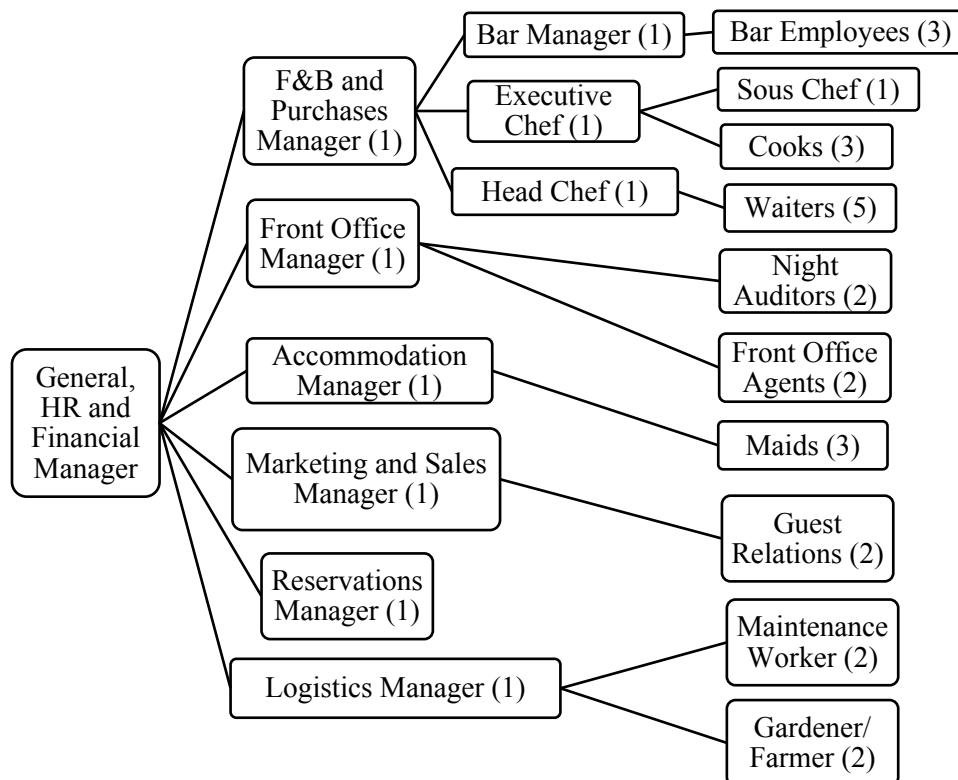
#### **11.3.5 People**

The operation of this business will require a solid workforce of employees, including JCA's managers. Being a familiar company and pretending to open a relatively small hotel will allow some of its members to be in charge of the management positions. Overall it is expected that the *Orsa Rural Hotel* hires 34 employees permanently.

In what concerns to job's descriptions, the General Manager will also be responsible for the HR and Finance department, being in control with the most relevant tasks related with these sections like recruiting and managing the labour force, controlling expenses and directing the hotel's finances. F&B Manager will be in charge for orienting the bar, kitchen and restaurant, to control the production costs and to ensure the quality and safety of what is offered to the hotel's guests and customers. Bar manager will lead the team of 3 bar employee and will be on his shoulders the responsibility of creating the cocktails and drinks' menus. Executive chef will prepare the food's menu, choose the best suppliers with the stipulated budget, work together with the gardeners to understand the products to be used from the hotel's garden and command his/her team with the help of the sous chef and the cooks. Additionally, the Head chef will prepare the services and coordinate his/her team of waiters to provide a service of quality. Regarding the Front Office Manager, he/she will in charge of managing the Night Auditors and Front Office. The Accommodation Manager will alongside with the maids, be responsible for the rooms and common areas cleaning as well as to take care of the laundry and to verify single request is fulfilled

to not compromise the well-being and satisfaction of customers and guests. Plus, the Marketing and Sales Manager will administrate marketing actions, communicate and promote the hotel and its brand, control sales, adjust the pricing strategy and sell the hotel’s products and services and develop new experiences at the same time that coordinates Guest Relations on their tasks with the customers and guests. The Reservations Manager will develop his/her work mainly through the SiteMinder platform and the *New Hotel* software and will control and register the reservations in the system. Finally, the Manager will direct the Maintenance workers and Gardeners/Farmers in repairing, maintaining and preserving the complex facilities and the garden. All managers will be responsible for designing their teams shifts and for preparing their holidays and day-off schedule. The company will resort to external sources for the Accounting department and for security. The hotel’s organizational structure is shown in the below in the Figure 11.6 - *Orsa Rural Hotel's* organizational structure.

Figure 11.6 - *Orsa Rural Hotel's* organizational structure.



### 11.3.6 Processes

The key processes of the *Orsa Rural Hotel* will start in the moment of the reservation. If made in the hotel’s website, guests will receive a letter in the reservation’s email with detailed information about the hotel, its location, best way to get there, nearby attractions and events that are likely to occur during their stays. This will pass to guests the idea of a highly customised and attention to detail kind of service. Everyone likes to feel that they are just not another one and in the *Orsa*, this will certainly make the difference.

The second step will happen in the check-in day and again, guests will be contacted by email with a message saying it is the day when they will finally arrive in the *Orsa*, the weather for the upcoming days and other relevant information about the hotel and the region. In the check-in (possible after 16:00h), guests will personally be received by the hotel's guest relations with a homemade tea and a cake that will be followed by a guided visit towards the hotel's facilities. Guests' luggage will then be carried to their rooms by one employee. Their room will be at the arrival time properly acclimatised according to the local temperature and a bottle of sparkling wine will be available.

Breakfast will be served in one of the restaurant's room with the garden view from 8:00h to 10:30h. Lunch and dinner will be served in the same place in the timetable previously referred and the bar will work in the stipulated schedule. Professionalism, elegance, good-tasting, quality and the customers and guests' well-being and maximum satisfaction will be in the basis of the operation's processes.

Guest relations will be responsible for the vast majority of the available experiences, namely *Picnic D'Orsa*, *Passion D'Orsa* and the homemade tea a sweets tastes, hikes and bicycle rides that are part of the *Orsa & Chill* package. Depending on the activity, other activities will be carried in agreement with the gardeners in case of the *Jardim D'Orsa* and with the chef or sous chef in case of the *Orsa & Wine*. Yoga, meditation and swimming classes as well as the spa massages and the horse riding will all be outsourced.

The check-out procedure will occur until 13:00h and guests will be provided with little souvenirs, particularly jams and a bottle of João Clara's Late Harvest printed with the *Orsa Rural Hotel* and a small card thanking them for their stay and wishing for a fast return. In the case of the guests need to early leave the hotel, even before the breakfast opening time, they will still receive a breakfast to go that will be formed by a bowl of fresh fruit and croissants natural juices and water. These products will be packaged in recycled and reusable packs.

### **11.3.7 Physical Evidence**

The *Orsa Rural Hotel* will be implanted in 1768 square meters area (see Figures 11.7 – Topographic Survey and 11.8 – Interior's Topographic Survey), depending on the previously stated authorisation of the responsible public entities. Its physical evidences will gather the 12 previously stated rooms, a restaurant with terrace, a cocktail and snack-bar, a fully-equipped kitchen with a storage room, a bakery, a heated private swimming pool, a small distillery combined with a private room, a main living room for the reception, a spa with two massage rooms, a biological garden with a composing unit for the hotel's residuals and a storage room, a room for the employees' meals and a shower room, a laundry, an engine room, an office for the hotel's employees and a parking area. Technology, sustainability, design and comfort will be guide lines to the hotel's layout and chosen materials.

In what concerns to the adopted softwares, *Cloudbeds* will support the hotel's operation, *Wintouch* will be the used tool in the restaurant and bar as well and the hotel's website and mobile app will be developed and maintained by *GuestCentric* in agreement with *Nonius Hospitality Technology*.

Detailed information of the referred facilities and its respective FF&E and constructing costs is presented next in Table 11.3 – *Orsa Rural Hotel's* Investment Schedule and decoration examples of the *Orsa Rural Hotel's* final appearance are shown in Figures 11.9, 11.10, 11.11, 11.12, 11.13, 11.14, 11.15 – *Sublime Comporta's* layout I, II, III, IV, V, VI and VII.

Table 11.3 - *Orsa Rural Hotel's* Investment Schedule

	Area (Square Meters)	Total Cost
<b>Rooms</b>	600	€807 100,0
<b>Restaurant</b>	318	
<b>Kitchen and storage room</b>	68	
<b>Bar</b>	60	
<b>Distillery</b>	22	€850 900,0
<b>Terrace</b>	100	
<b>Bakery</b>	20	
<b>Storage room</b>	12	
<b>Reception</b>	88	€135 450,0
<b>Toilets</b>	20	
<b>Swimming Pool</b>	150	€50 500,0
<b>Toilets</b>	20	
<b>Spa</b>	40	€68 250,0
<b>Toilets</b>	20	
<b>Laundry</b>	25	€29 750,0
<b>Locker rooms</b>	60	
<b>Canteen</b>	35	€170 100,0
<b>Offices</b>	50	
<b>Biological Garden</b>	1000	
<b>Storage room</b>	50	€59 550,0
<b>Composing Unit</b>	30	
<b>Park</b>	200	€15 600,0
<b>Land</b>	42 500	€540 000,00
<b>Other Costs</b>		
<b>Legal Expenses</b>	Lawyers' cost	€25 793,76
<b>Architecture Project</b>	Total estimated cost from the Architecture Atelier - <i>Fragmentos</i>	€40 000,00
<b>Total</b>		<b>€2 792 993,8</b>

Source: Author's elaboration.

More than that, the hotel's atmosphere will resort to a calming, comforting and enjoyable environment with natural light, quiet music and a perfumed scenario and will be inspired by a Resort placed in Comporta, named *Sublime Comporta* and the architecture project will potentially be led by the *Fragmentos Atelier*.

#### 11.4 Cost Accounting and Financial Resources

Regarding the project's total cost accounting, it is forecasted a maximum total Capital Expenditure of 2 792 993.8 € ( again see Table 11.3 – *Orsa Rural Hotel's* Investment Schedule) to build the hotel and



all the facilities needed, the rooms' building is expected to cost 807 100€ (see Table 11.4- Rooms' expected detailed forecasted costs), the restaurant and the kitchen roughly 850 900 € (see Table 11.5 – Restaurant & Kitchen's expected detailed forecasted costs), the reception module slightly more than 135 000 € (see Table 11.6 – Reception's expected detailed forecasted costs), the swimming pool 50 500 € (see Table 11.7 – Swimming pool area's expected detailed forecasted costs), the Spa with the two massage rooms 68 250 € (see Table 11.8 – Spa's expected detailed forecasted costs), the laundry nearly 30 000 € (see Table 11.9 – Laundry's expected detailed forecasted costs), the parking lot 15 600 € (see Table 11.10 Parking lot's expected detailed forecasted costs), the biological garden almost 60 000 € (see Table 11.11 – Garden's expected detailed forecasted costs) and the locker rooms, the canteen and the offices for the hotel's staff 170 100 € (see Table 11.12 – Locker rooms, canteen & offices' expected detailed forecasted costs) . Additionally, this amount includes as well legal expenses with lawyers 25 793.76 € (see Table 11.13 – Legal expenses), expenses with architecture 40 000 € and the investment that JCA made to acquire the land, 540 000 €.

Nevertheless, the working capital to be taken in consideration gathers all the vital products, external services or other kind of contracts that are mandatory for the hotel to start operating. This amount ascends to less than 110 000 € (see Table 11.14 – *Orsa Rural Hotel's* Working Capital) and combines the staff's salaries for the first operating month (see Table 11.15 – *Orsa Rural Hotel's* Salaries sheet), the utilities such as electricity, water and gas 2 500 €, housekeeping materials, staff's uniforms and other current assets 21 500 €, accounting fee of 850 €, 8 630 € for security, 225 € for *GuestCentric*, 200 € for *Cloudbeds*, 300 € for *Wintouch* and 435 € for *Nonius Hospitality Technology*.

To fund this investment, JCA will take advantage from the Linha de Apoio à Valorização no Algarve which is part of the Linha de Apoio da Qualificação da Oferta, ruled by Turismo de Portugal jointly with some the Portuguese most important banks. According to the referred institution in the website of Mercal Consulting Group (2020) (a consulting company in the industry of tourism that operates in many countries, including Portugal), the funding structure will be split in 75 % from Turismo de Portugal and 25 % from the credit institution to be negotiated by JCA. The remnant amount will be obtained directly from the financial institution. For this project's financial evaluation, an average interest annual effective rate, including all costs, namely interests, taxes, commissions and the maintenance commission, required insurance fees and other related expenses related with the credit's contract of 8.38% for private companies will be considered, based on Caixa Crédito Agrícola Proposal and will result in a total monthly expense of 200 997.45 € to be paid during 10 years. (see Table 11.16 – *Orsa Rural Hotel's* Financial forecasted costs).

## 12. Legal requirements for implementation

In order to fulfil all legal requirements for the *Orsa Rural Hotel's* implementation, JCA will be obliged to follow the Portuguese juridical regime for touristic establishments (RJET).

The project's legal documentation including all the projects prepared by the architectures and others, should be submitted in electronic format in Balcão do Empreendedor through the ePortugal or the Turismo de Portugal websites. The components to be uploaded derive in part from the architecture project to go in accordance with the article 25.º-A do Decreto-Lei n.º 80/2017 from June 30<sup>th</sup> 2017 (Ministério da Economia, 2017) that defines as mandatory the following steps: i) previous information request about the edification of a touristic establishment to the city hall works' department together with the legal documents certidão permanente, certidão da descrição or caderneta predial emitted by the conservatória do registo predial, the location plan on a scale of 1:1000 with the identification of the geographic coordinates as well as the limits of the potential operation, topographic survey on a scale of 1:2000, the implementation plant (designed over the topographic survey), the descriptive memory (including the total area of the project, description of the urbanistic work, the correspondent framework of the planed territorial changes, justification of the technical options and urban integration in the landscape), the definition of all the conditions for an adequate union with the external formal and functional environment including public areas, infrastructures and existent equipment, the utilisation program of the edification, the plan with the detailed information about green areas and other zones, the synoptic board with the classification of all the works in the land's area with the information the project's total area of implementation, construction of the buildings, the number of floors, its respective height and other relevant info regarding the compliance of the respective legal norms and regulatory directives, identification of the generic characteristics of the green and common use areas, specification of the classification and category of the pretended touristic establishment with the correspondent number and typology of the accommodation units and the establishment's number of parking lots and finally and all the extra drawn elements, on a scale of 1:1000 that are relevant to explain the pretended intervention with particular focus to the buildings' volumetric, alignment, height and foundation of the construction. An example of the Licensing Sheet with all the required documents and detailed information is shown in the Figures 11.16, 11.17 and 11.18 - Elementary instruments for the project's licensing process I, II and III.

JCA will also have to add the CAE codes that correspond to the company's new activity (CAE 55202 for Tourism in a Rural Area or CAE 55119 for Other Touristic Establishments with Restaurant) in the SICAE platform.

After the conclusion of the works, JCA will have to submit in the city hall a request in order to receive the approval and favourable opinion from the public entity about the establishment's conditions that must be proceeded by an inspection within the stipulated period of 10 workdays (Turismo de Portugal, n.d.-a). Subsequently to communicating the decision to start operating and paying the

correspondent tax, the *Orsa Rural Hotel* will then obtain a valid license and permission to receive the first guests.

Regarding the project's financial resources, The Turismo de Portugal funding line mentioned above covers until 80 % of the eligible investment until a maximum of 1.5 million €, accepts a maximum grace period of 4 years and requires 20 % investment on the company's equity and demands the approval of the architecture project in the city hall. Adding to these facts, it is also relevant to note that for PME, which is the case of JCA, the funding structure will be split in 75 % from Turismo de Portugal and 25 % from the credit institution. In opposition of the amount borrowed by the mentioned in last place, interest will not be a component of the proportion financed by Turismo de Portugal. Nevertheless, the credit line includes the possibility of the funding amount assigned by the government's agency as non-refundable if some objectives are attained, namely a certain Revenue Level, Gross Added Value and ratio that correlates the two indicators according to the activity's correspondent CAE should be equal or greater than the ones in the year immediately before the start of the operation. More than that, it also contemplates the creation of new jobs that should be, in the case of existing enterprises, at least the same as the one in the pre-project year. The criteriums to consider the *Orsa Rural Hotel* an eligible project for these terms are requalifying, expanding or repositioning touristic establishments that are placed in low-density territories and add value to the region, with special attention given to technological and sustainable practices. The application for these funding can be made through some consulting companies, including the one previously quoted, *Mercal* that could be responsible to analyse the project's strategy, define a set of important objectives, identify the most adequate financial instruments, develop an alternative business and investment plan as well as an evaluation of the project's economic viability, the submission of the application and technical assistance to the hotel's implementation.

### 13. Financial Evaluation

The project's financial evaluation is based on the predictions of the Balance Sheet, Income and Cash Flow statements towards 2033. The information to support these demonstrations, calculations and assumption taken into consideration are promptly exposed. Therefore, this chapter is composed firstly by the sales forecast and sum of all direct costs, followed by the undistributed expenditures, suppliers and external services presentation and detailed information. Finally, the remaining fixed costs and the financial expenses are identified.

The *Orsa Rural Hotel's* Sales and Costs Forecast for the first year of operation are presented in Tables 13.1 – *Orsa Rural Hotel's* Sales and Costs forecast and 13.2 – *Orsa Rural Hotel's* direct costs of the revenues.

Table 13.1 – *Orsa Rural Hotel's* Sales and Costs Forecast

	<u>Assumptions</u>	<u>Price</u>	<u>Total revenue</u>	<u>Unitary cost</u>	<u>Total Cost</u>	<u>Gross Margin</u>
<b>Average Price</b> per day per room (2 guests) in BB regime		<b>€300</b>				
<b>Average Price in Low season</b> (February, March, April, November and December)		€255				
Proportion of the low season in the total revenue		40%				
<b>Average price in High season</b> (May, June, July, August, September and October)		€330				
Proportion of the high season in the total revenue		60%				
Number of rooms		<b>12</b>				
Number of days per year		<b>365</b>				
Maximum of guests per year		8760				
Average occupancy rate		<b>50%</b>				
<b>Accommodation</b>			<b>€657 000</b>	€23	<b>49 275 €</b>	<b>607 725 €</b>
Average price per customer		€30				
Number of customers per day		<b>80</b>				
<b>Restaurant</b>			<b>€876 000</b>	20% of revenue	<b>175 200 €</b>	<b>700 800 €</b>
Average price per customer		€10				
Number of customers per day		<b>40</b>				
<b>Bar</b>			<b>€146 000</b>	20% of revenue	<b>€29 200</b>	<b>€116 800</b>
<b>F&amp;B</b>			<b>€1 022 000</b>		<b>204 400 €</b>	<b>€817 600</b>
<b>Experiences</b>	<b>Percentage of guests that resort to the experience</b>					
<i>Jardim D'Orsa</i>	3%	€45	€11 826	€10	€2 628	€9 198
<i>Picnic D'Orsa</i>	3%	€40	€10 512	€30	€7 884	€2 628
<i>Orsa &amp; Wine</i>	3%	€130	€34 164	€30	€7 884	€26 280
<i>Passion D'Orsa</i>	0,5%	€1 200	€52 560	€600	€26 280	€26 280
<i>Pão D'Orso</i>	3%	€15	€3 942	€4	€1 051	€2 891
<i>Orsa &amp; Chill</i>						
Meditation and Yoga classes	3%	€40	€10 512	€23	€6 044	€4 468
Home made Tea Tastes	3%	€10	€2 628	€2	€526	€2 102
Massages in Spa	3%	€40	€10 512	€30	€7 884	€2 628
Hikes	3%	€10	€2 628	€5	€1 314	€1 314
Bicycle Rides	3%	€40	€10 512	€25	€6 570	€3 942
<b>Experiences</b>			<b>€149 796</b>		<b>€68 065</b>	<b>€81 731</b>
<b>Total</b>			<b>€1 828 796</b>		<b>321 740 €</b>	<b>1 507 056 €</b>

Source: Author's elaboration.

Hence, assuming an average price per day per room for two guests in the B&B regime of 300 €, a number of 12 rooms, a maximum capacity of 8760 guests a year, an average occupancy rate of 50% in Accommodation, an average price spent per customer of 30 € and 10 € per meal or visit, an average number of customers per day equal to 80 and 40 regarding the restaurant and the bar, respectively. In what concerns the experiences packages, an estimative of a percentage of 3% guests that will resort to each available experience, excluding *Passion D'Orsa* which accounted with 0.5%. These calculations predict a total revenue 1 828 796 €, 657 000 € corresponding to Accommodation, 876 000 € to the Restaurant, 146 000 € to the Bar and 149 796 € to the available experiences in the Hotel. Regarding costs, Accommodation's estimated cost per room per day for two guests reported a total of 23 €, including breakfast 15 € (7.5 € per person), room's amenities of 5 € and laundry's expenses (for instance water and electricity) of 2.5 €. Food & Beverage, the Restaurant and Bar's total estimated cost was based on a benchmark of 20% of the total revenue, leading in a total of 175 200 € and the experiences valued in 10€ for the *Jardim D'Orsa*, 30 € for the *Picnic D'Orsa*, 30 € for the *Orsa & Wine*, 600 € for the *Passion D'Orsa*, 4 € for the *Pão D'Orso*, 23 € for the meditation and yoga classes, 2€ for the home made tea tastes, 30 € for the massages in the Spa, 5 € for the hikes in the nature and 25 € for the bicycle rides.

Furthermore, the Undistributed expenses gather administrative costs (staff's salaries), with a total of 992 217.8 € as mentioned before, housekeeping materials and cleaning products in a total of 42 000 €, utilities (electricity, water and gas) which are expected to ascend to 30 000 € and an extra amount for maintenance and other general repairs of 18 000 € resulting in a grant total 1 082 217.8 € in Undistributed expenses. Suppliers and external services will join the monthly amount destined to the accounting company (10 200 €), to the security fee (103 560 €) and to the Advertising, Marketing and OTA's commissions (80 482.5€). Other Fixed costs to be presented arise from the licenses to be paid with a predicted cost of 42 025.5 € (including *GuestCentric Cloudbeds*, *Wintouch*, *Nonius Hospitality Technology* and *PassMúsica*'s annual costs), insurance fees that will go around 4 500 € and an additional reserve for replacement and renewals in the hotel to be considered as an expense. The assumptions referent to all these costs are exhaustively characterised and described in the Table 13.3- *Orsa Rural Hotel's* other forecasted licenses and fixed costs.

As previously reinforced, JCA will fund from one of Turismo de Portugal credit lines to support the small and medium size companies. Hence, from the total predicted capital expenditure mentioned above of 2 792 993.76 € will be deducted the land's amount of 540 000 € since it was already acquired by JCA. From the remaining 2 252 993.76 €, 1 500 000 € will be attributed by Turismo de Portugal in accordance with a supposed credit institution in the following way, 75 % (paying zero interest which results in 1 125 000 €, and from these, an extra assumption that JCA will fulfil the requirements needed to receive a relevant part as non-refundable (30%) will be considered, reducing that amount to 787 500 € to be returned) and 25 % of 375 000 € plus the remnant amount of 752 993.76 € (both amounts paying an assumed monthly based interest average rate of 1.75%). These calculations outcome is shown

in table and JCA will have to repay the loan with a total of monthly fee of 16 749.79€, which results in 200 997.45 € per year and in a total of 2 009 974.52 € to be completely reimbursed during 10 years (again see Table 11.16 - *Orsa Rural Hotel's* Financial forecasted costs). Depreciation is another issue of this section to be taken into consideration. Hence, according to the Ministério das Finanças (2009), first article, fixed assets may depreciate themselves during time and that same depreciation should be deemed as a cost for accounting purposes. Therefore, just simplification of the calculations, other assets than the building itself will not be depreciated and an initial fiscal value for the whole establishment will be assumed of 2 500 000€ and will be depreciated in accordance with the stipulated depreciation rate of 5 % a year correspondent to hotels and similar (the hotel is considered as one big asset), resulting in an annual depreciation of 125 000 € for the first year, and 5 % less in the following years.

The JCA's earnings will afterwards have to be taxed, according to the country's taxation system that charges a company's income through a corporate tax (IRC) that taxes the first 25 000 € at a rate of 17 % and the remnant amount at a rate of 21%. More than that, a municipal state surtax forces the companies with EBT with values comprehended between 1 500 000 € to and 7 500 000 € (the case of the *Orsa Rural Hotel*) to deliver an additional 3% of their income with the state. The final result of this computations is an expected negative net income of this project in the first year (129 682.59 €) and a positive expected net income is believed to occur in the 3<sup>th</sup> year of operation (2026) and in the upcoming years as it is shown in Table 13.5 – *Orsa Rural Hotel's* Income Profit & Loss Statement (2021 values).

Regarding the provisional balance sheet, it is detailed in Table 13.6 – *Orsa Rural Hotel's* Balance Sheet (2021 values) and displays in 2024 a total of 2 251 134.7 € in Assets, including Non-Current and Current Assets, 136 575.92 € in Shareholder's Equity (Retained Earnings, Equity's Capital and Reserves) and 3 251 134.7€ in Liabilities which is composed by Current, Long-Term and Other Liabilities and Taxes Payable. The next years' values are estimated by having in consideration the inflation rate and the reduction in Long-Term Liabilities due to the Debt's deduction.

In the other hand, The Free Cash Flow Statement (see Table 13.7 – *Orsa Rural Hotel's* Cash Flow Statement (2021 values)) assumes as starting point the last line of the Profit & Loss Statement (Net income), adds depreciation and working capital (again see table - plus a 20 000 € security margin to ensure that all current liabilities can be covered) and cuts the predicted capital expenditure amount. The outcome of such estimations is a negative Free Cash Flow in the first four years of the project (starting with the hotel's construction in 2022 and assuming that it will open to guests and customers in January 1<sup>st</sup> 2024). After that same year (2025), the Hotel is forecasted to register only positive cash flows.

Moreover, the projects' attractiveness is based on the NPV and IRR evaluation. While the first stands for the difference between the present value of cash inflows and outflows that have be discounted at a certain rate of return during a determined period of time, the second works has basically the opposite or in other words, it calculates the rate at which the NPV is equal to zero or provides 0 € cash inflows.

In an economically interesting investment project, both indicators should be greater than 0 (Investopedia, n.d.-c)(Investopedia, n.d.-d).

Hence, the NPV (based on all assumptions presented throughout the report and according to a benchmark discount rate provided by Ricardo Amantes, *Coporgest's* Sales Manager of 6.50% to assess investments in hotels) obtained was 470 438.28 € and the correspondent IRR of 17.1%. According to that same source, The *Orsa Rural Hotel* project reflects better financial indicators than other investment projects developed by *Coporgest* that presents for instance IRRs below 10 %, however, it is evident that the present business plan considers some optimistic assumptions.

## 14. Conclusion

The main goal of this plan was to analyse the financial viability and to detail the implementation and construction of a new, luxury, sustainable and rural 5-star hotel. More than that, it has also the purpose of being presented to JCA's shareholders as an investment proposal to consider.

Furthermore, a particular gap in the hospitality offer of hotels in this kind in the region of Albufeira was identified and the potential and attractiveness of an establishment of this type was acknowledged in the market-research and external analysis. Tourism is experiencing the rebound effect of the Covid-19 outbreak and it is appearing to show the first signals of recover. The rural and countryside trend is here to stay and alongside with luxury, sustainability and an innovative value proposal, it may revolutionise the upcoming years for hospitality and tourism players. The *Orsa Rural Hotel* is projected to be an idyllic, high-standard accommodation establishment for everyone who wants to relax, appreciate and visit Algarve and aims provide their guests and customers unique experiences and visits. Thus, seasonality's consequences are expected to be severely reduced and hampered by the project's characteristics.

Nevertheless, it also relevant to mention the report's limitations that derive from the lack of statistical treatment of the conducted survey as well as the difficulties found by the author to provide the most accurate information concerning the hotel's cost accounting and implementation's requirements. Despite that, according to all assumptions described throughout the document, it is plausible to consider the project as financially viable based on the positive NPV of 470 438.28 €, an IRR of 17.1% and a Payback Period inferior to 8 years that is expected to be verified. Therefore, and besides the inherent risk in every business and some of the bold assumptions made throughout the plan, JCA should advance with the project.



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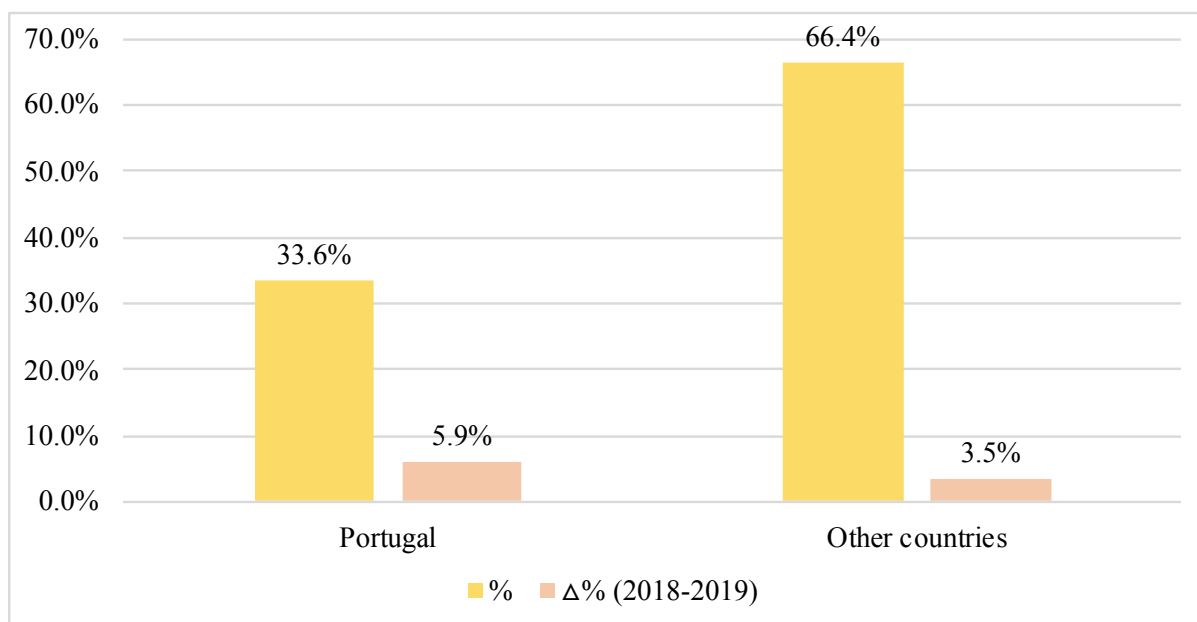
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## 16. Annexes

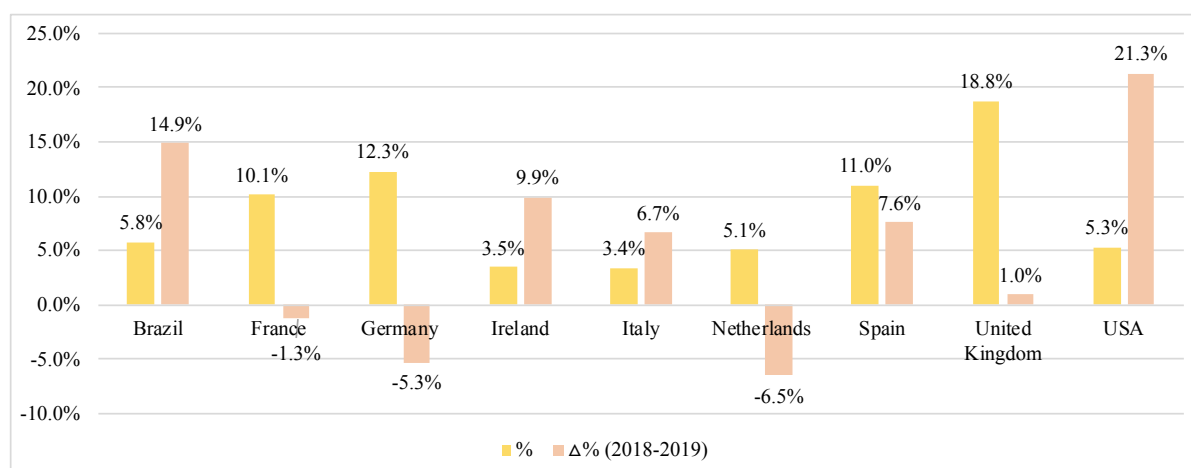
### Annex A – Figures

Figure 4.1 - Percentage of overnight stays in tourist accommodation establishments according to international tourist's country of residence, Portugal and Others 2019.



Source: Based on (INE, 2020b).

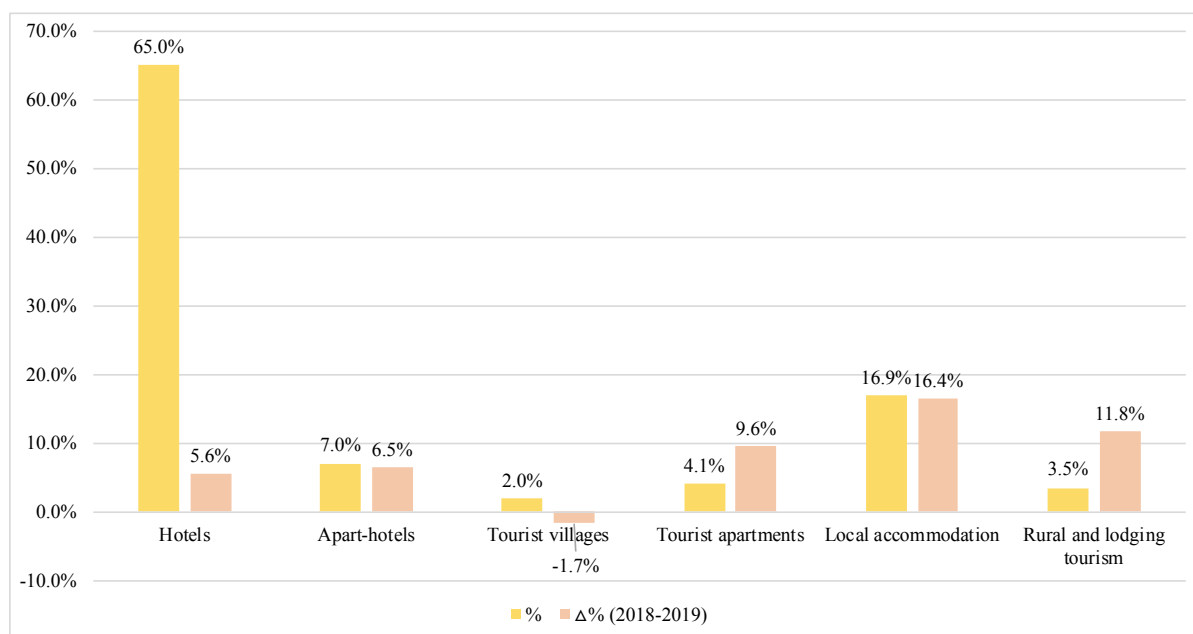
Figure 4.2 - Percentage of overnight stays in tourist accommodation establishments according to international tourist's country of residence, 2019.



Source: Based on (INE, 2020b).

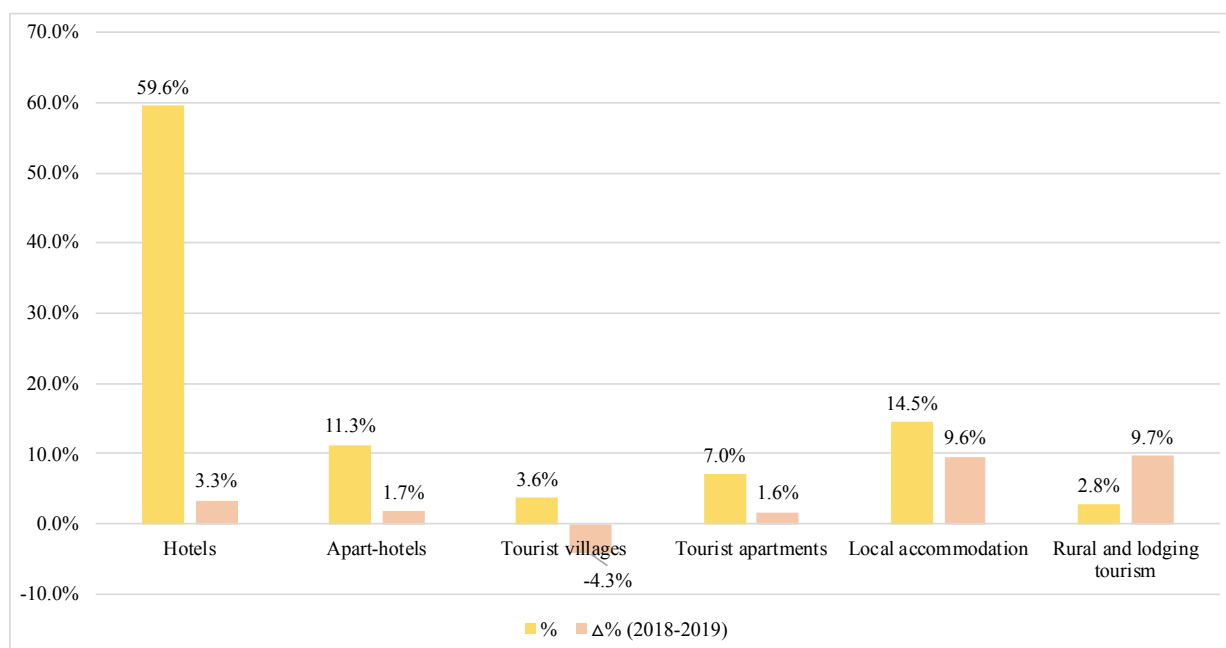


Figure 4.3 - Distribution in percentage of guests per tourist accommodation type in Portugal, 2019.



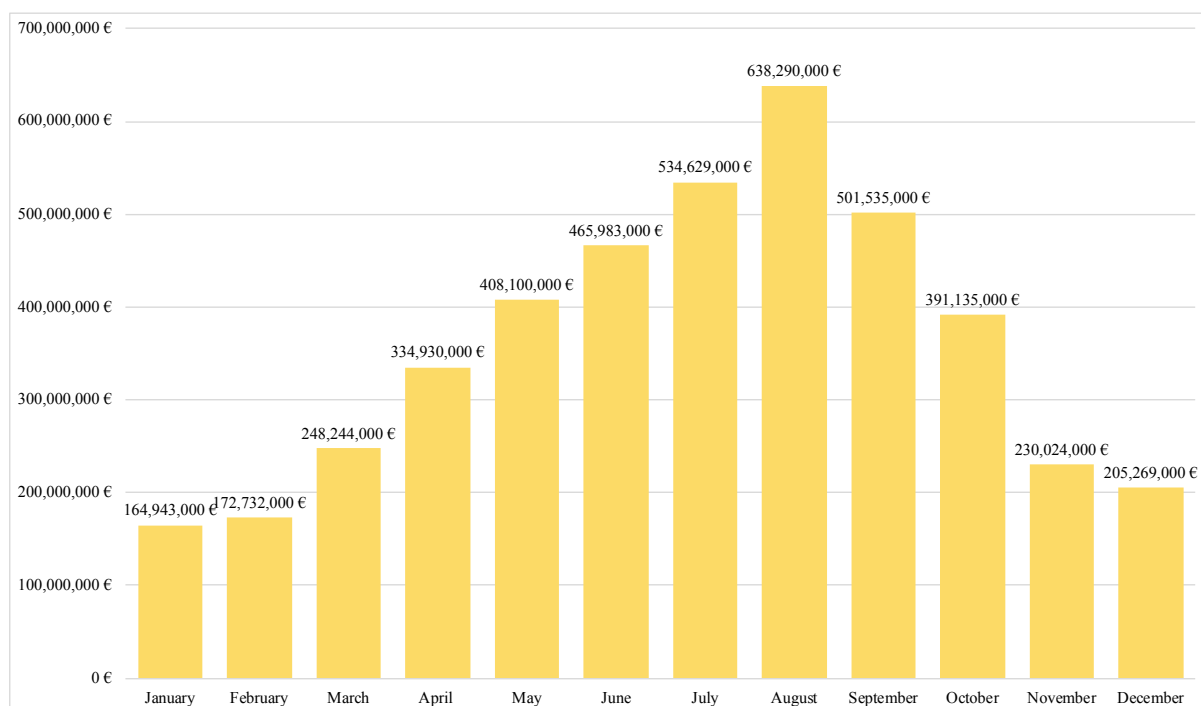
Source: Based on (PORDATA, 2020).

Figure 4.4 - Percentage of overnight stays per accommodation type in Portugal, 2019.



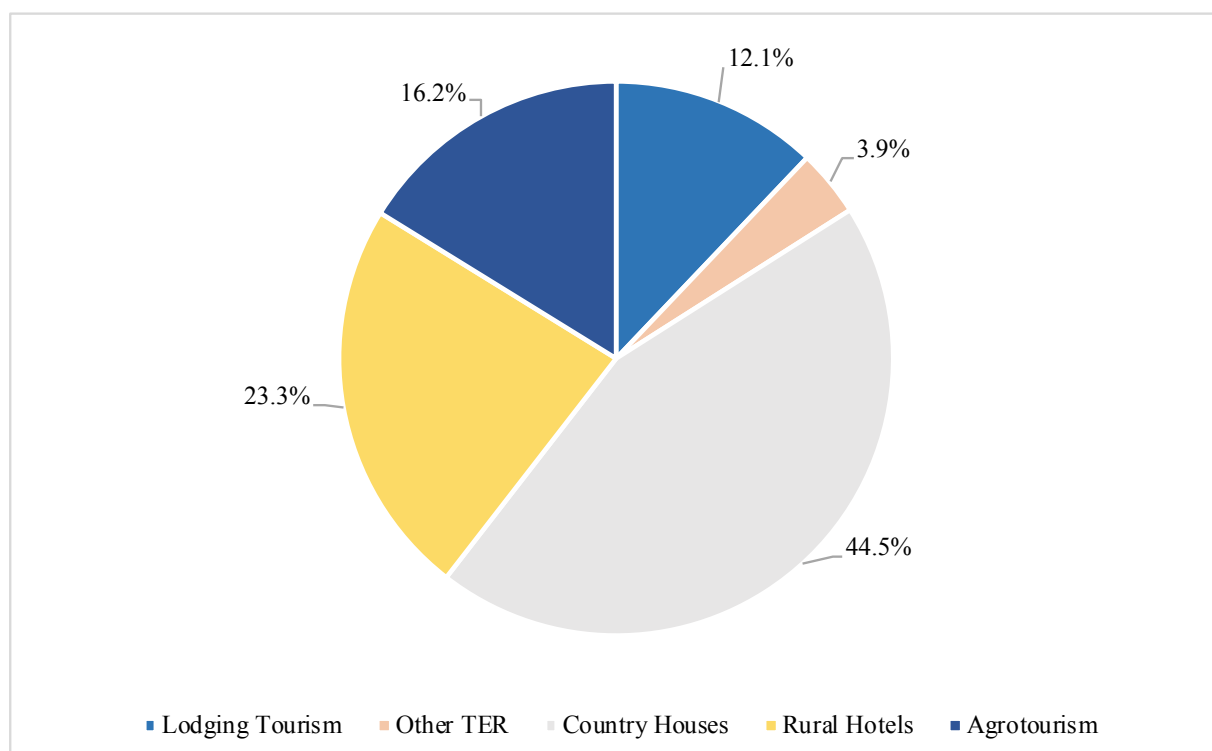
Source: Based on (PORDATA, 2020-a).

Figure 4.5 - Monthly revenue in tourist accommodation establishments in Portugal, 2019.



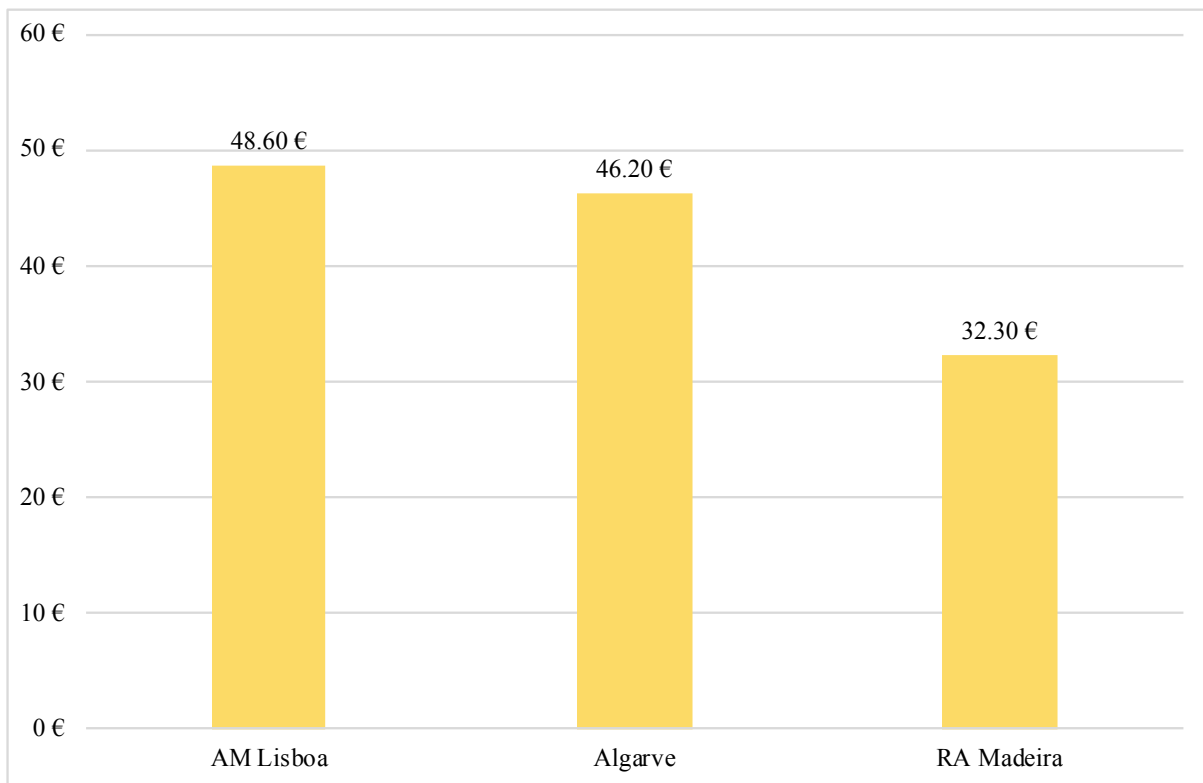
Source: Based on (INE, 2020).

Figure 4.6 - Percentage of overnight stays in TER per type in Portugal, 2019.



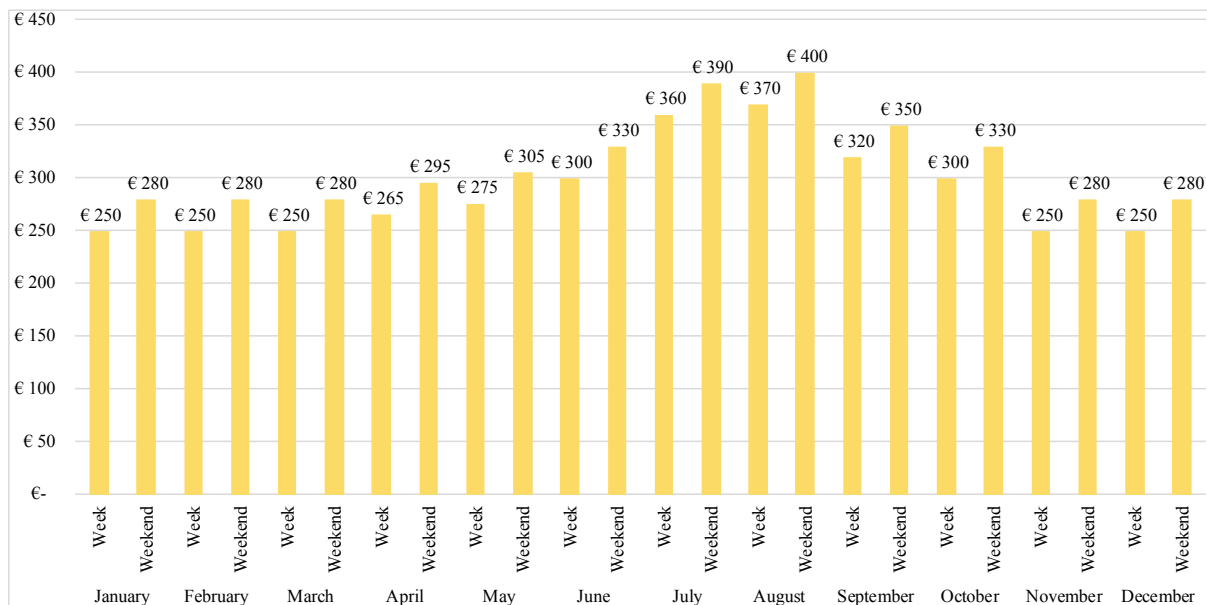
Source: Based on (Instituto Nacional de Estatística, 2020b).

Figure 4.7- RevPAR per NUTS II in Portugal, 2019.



Source: Based on (Instituto Nacional de Estatística, 2020b).

Figure 11.4 - Price strategy (prices per day per room) of the *Orsa Rural Hotel*.



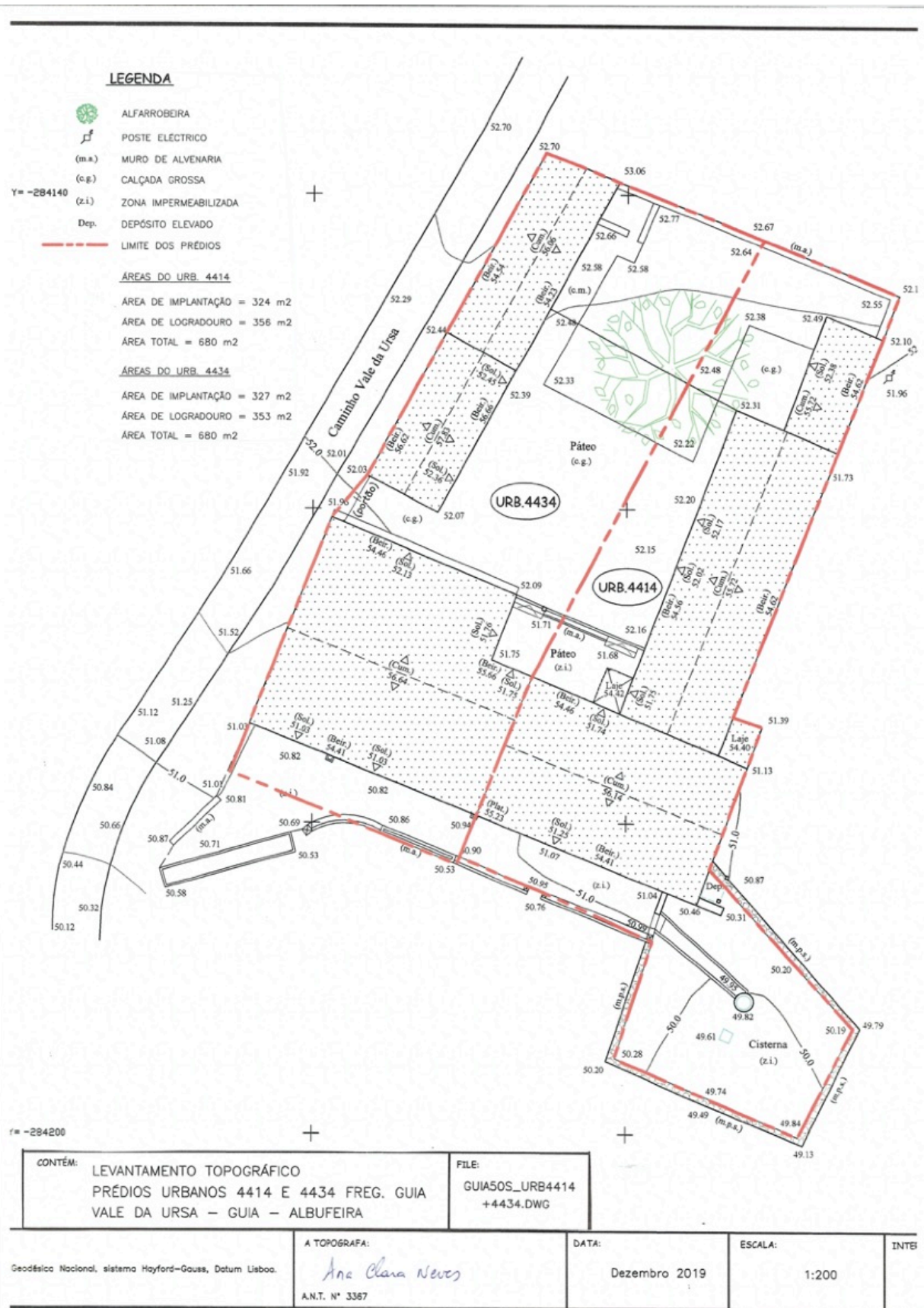
Source: Author's elaboration.

Figure 11.5 - Satellite view of the land.



Source: (Google Maps, 2021).

Figure 11.7- Topographic Survey



Source: (Ana Clara Neves, 2019a).

Figure 11.8 – Interior’s Topographic Survey.



Source: (Ana Clara Neves, 2019b).

Figure 11.9 - Sublime Comporta's Layout I.



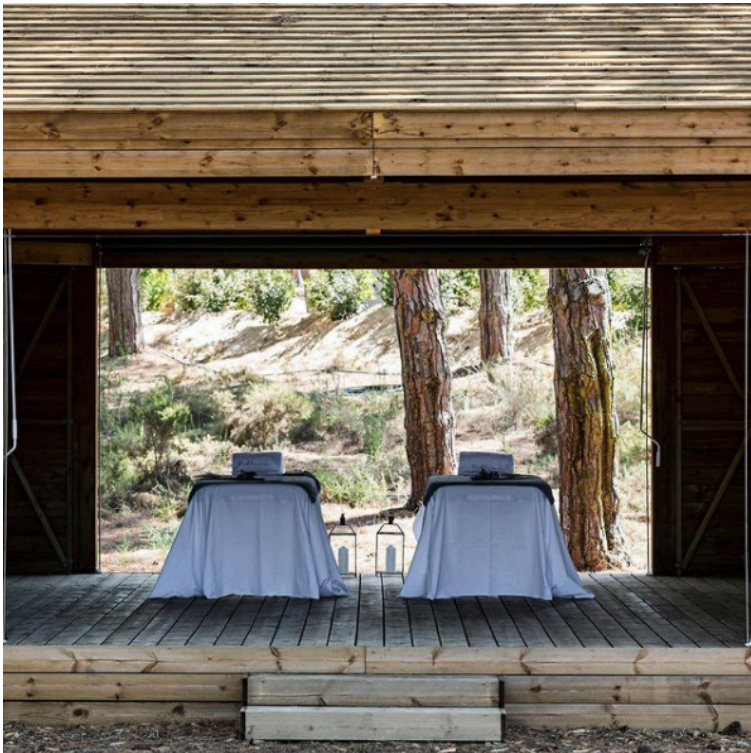
Source: (Sublime Comporta, 2021).

Figure 11.10 - Sublime Comporta's Layout II.



Source: (Sublime Comporta, 2021).

Figure 11.11 - Sublime Comporta's Layout III.



Source: (Sublime Comporta, 2021).

Figure 11.12 - Sublime Comporta's Layout IV.



Source: (Sublime Comporta, 2021).

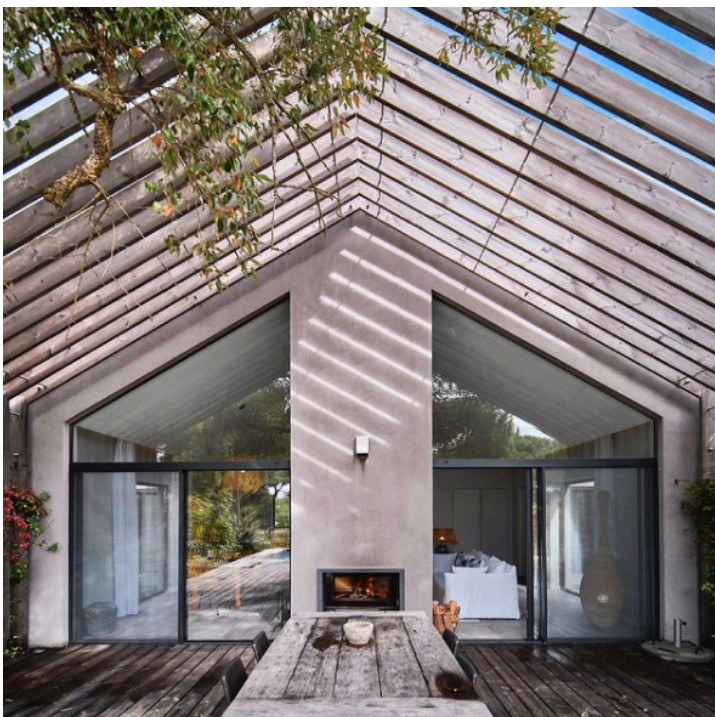


Figure 11.13 - Sublime Comporta's Layout V.



Source: (Sublime Comporta, 2021).

Figure 11.14 - Sublime Comporta's Layout VI.



Source: (Sublime Comporta, 2021).

Figure 11.15 - Sublime Comporta's Layout VII.



Source: (Sublime Comporta, 2021).

Figure 11.16 – Elementary instruments for the project’s licensing process I.

Estrutura		Página/s	Elementos	Verificação	
1	Requerimento			<input type="checkbox"/> 1	
2	Índice			<input type="checkbox"/> 2	
3	Antecedentes		Alvará de Loteamento nº /	<input type="checkbox"/> 3	
			Licença de nº /		
			Comunicação Prévia - processo nº /		
			Informação Prévia - processo nº /	<input type="checkbox"/> 3a	
			Cópia da notificação da câmara municipal a comunicar a aprovação da informação Prévia	<input type="checkbox"/> 3a.1	
		Declaração do técnico autor em como a operação urbanística respeita os limites da Informação Prévia	<input type="checkbox"/> 3a.2		
		Declaração do técnico autor em como a operação urbanística respeita os limites da Informação Prévia	<input type="checkbox"/> 3a.3		
4	Titular		Cópia do/s documento/s comprovativo/s de identidade	<input type="checkbox"/> 4a.1	
			Certidão do Registo Predial, emitida pela Conservatória, com a descrição e com todas as inscrições em vigor, referente ao/s prédio/s abrangido/s <b>Ou</b> Certidão negativa do registo predial, acompanhada da caderneta predial onde constem os correspondentes artigos matriciais <b>Ou</b> Indicação do código de acesso à CRP: [ ]	<input type="checkbox"/> 4a.2	
	Representante (se aplicável)		Documentos comprovativos da qualidade de titular de qualquer direito que lhe confira a faculdade de realização da operação ou da atribuição dos poderes necessários para agir em sua representação <sup>(1)</sup>	<input type="checkbox"/> 4b.1	
			Cópia/s do/s documento/s comprovativo/s de identidade do representante	<input type="checkbox"/> 4b.2	
5	Coordenador do Projecto		Termo de responsabilidade	<input type="checkbox"/> 5.1	
			Comprovativo da contratação de seguro de responsabilidade civil <sup>(SRC)</sup>	<input type="checkbox"/> 5.2	
			Comprovativo de habilitação - Declaração da Ordem	<input type="checkbox"/> 5.3	
6	Autor do Projecto de Arquitectura		Termo de responsabilidade	<input type="checkbox"/> 6.1	
			Comprovativo da contratação de seguro de responsabilidade civil <sup>(SRC)</sup>	<input type="checkbox"/> 6.2	
			Comprovativo de habilitação - Declaração da Ordem	<input type="checkbox"/> 6.3	
7	Índice <sup>(8)</sup>			<input type="checkbox"/> 7.0	
8	Memória descritiva		Área objecto do pedido	<input type="checkbox"/> 8	
			Caracterização da operação urbanística		
			Enquadramento da pretensão nos planos territoriais aplicáveis		
			Justificação das opções técnicas e da integração urbana e paisagística da operação		
			Indicação das condicionantes para um adequado relacionamento formal e funcional com a envolvente (via pública, infra-estruturas, equipamentos existentes, etc.)		
			Programa de utilização das edificações, incluindo as áreas a afectar aos diversos usos		
			Áreas destinadas a: infra-estruturas, equipamentos, espaços verdes e outros espaços de ut. coletiva		
			Quadro sinóptico identificando: a superfície total do terreno; as áreas de implantação e de construção total e do edifício; o n.º de pisos; a altura da fachada; as áreas a afectar aos diferentes usos; as áreas de cedência; outros (P)		
				Modelo próprio	<input type="checkbox"/> 10
				<b>Ou</b> Comprovativo da solicitação do parecer junto à/s entidade/s acima indicada/s	<input type="checkbox"/>
9	FT de Arquitectura		TP, I.P. Turismo de Portugal, I.P.	Emitido a // <input type="checkbox"/> 10a	
			CCDR Comissão de Coordenação e Desenvolvimento Regional do Algarve	Emitido a // <input type="checkbox"/>	
			ER-RAN Entidade Regional da Reserva Agrícola	Emitido a // <input type="checkbox"/>	
			APA-ARH Agência Portuguesa do Ambiente, I. P /Administração da Região Hidrográfica do Algarve	Emitido a // <input type="checkbox"/>	
			ARS Autoridade de Saúde – Delegado Concelhio de Saúde	Emitido a // <input type="checkbox"/>	
			ASVC Autoridade Sanitária Veterinária Concelhia	Emitido a // <input type="checkbox"/>	
			ANPC Autoridade Nacional de Protecção Civil	Emitido a // <input type="checkbox"/>	
			<b>Outra/s</b> [ ]	<input type="checkbox"/>	
		<b>Ou</b> Parecer <i>válido e favorável</i> face à pretensão, integra o processo nº . Emitido a // <input type="checkbox"/> 10b			
11	Custo	Estimativa do custo total da obra	<input type="checkbox"/> 11		
12	Prazo de execução	Calendarização da execução da obra	<input type="checkbox"/> 12		
13*	Ficha de Segurança Contra Incêndios em Edifícios (SCIE)	Ficha de segurança contra incêndios * (a apresentação desta ficha nos termos do nº2 do artigo 17º do DL n.º 220/2008 de 12/11, na redacção em vigor, dispensa a apresentação do projecto de segurança contra incêndios no campo nº 21)	<input type="checkbox"/> 13		

Funcionário responsável pela receção		Entrada nº
Obra	Início	__/__/__
	Término	__/__/__

Coordenador de projecto <sup>(1)</sup> \_\_\_\_\_

Funcionário responsável pela verificação

Figure 11.17 - Elementary instruments for the project's licensing process II.

ELEMENTOS INSTRUTÓRIOS   COMUNICAÇÃO PRÉVIA				Entrada nº		
Edificação						
Estrutura	Página/s	Elementos	Verificação			
14	Contexto	Fotografias do imóvel e envolvente (em caso de reconstrução, alteração, ampliação) ou representação 3D (construção nova) <sup>(M)</sup>	<input type="checkbox"/>	14		
15	Localização e enquadramento	<sup>(M)</sup> Extracto da planta de enquadramento à escala de 1:25 000	<input type="checkbox"/>	15.1		
		<sup>(M)</sup> Extracto da planta de Localização à escala de 1: 1:2 000	<input type="checkbox"/>	15.2		
		Planta de localização, à escala de 1:1 000, fornecida pela CM com delimitação da área do /s prédio/s ou » Planta de localização, indicando as coordenadas geográficas dos limites da área, no sistema de coordenadas geográficas utilizado pelo município	<input type="checkbox"/>	15.3		
		<sup>(M)</sup> Extracto da Planta de Ordenamento do PDM ou Planta de Zonamento do PP à escala de 1:25.000 ou » Planta de síntese do Alvará de Loteamento	<input type="checkbox"/>	15.4		
16	Levantamento Topográfico	Extracto da Planta de Condicionantes do PDM / PP à escala de 1:25.000	<input type="checkbox"/>	15.5		
		Levantamento topográfico, à escala de 1:200, cotado, identificando: (1) o prédio; (2) a respectiva área; (3) o espaço público envolvente <sup>(EP)</sup>	<input type="checkbox"/>	16		
17	Implantação	Declara que não há lugar a alteração da topografia ou da implantação das construções <sup>(M)</sup>				
		<sup>(M)</sup> Planta de Implantação, sobre levantamento topográfico da situação existente, ligado à RGN em pelo menos 2 pontos, pelas coordenadas de referência (Sistema Hyford-Gauss, Datum Lisboa), contendo: (3) os limites do prédio objeto da pretensão, com grafismo inequívoco definido em legenda; (2) o estado e uso atual do terreno e de uma faixa envolvente com dimensão adequada à avaliação da integração da operação na área em que se insere; (3) representação das infraestruturas locais e gerais existentes; (4) os elementos ou valores naturais e construídos, servidões administrativas e restrições de utilidade pública (RAN, RÉN, etc.), se aplicável; (5) os traçados viários, acessibilidades, a implantação da edificação e respetivos alinhamentos, cotados às extremas e eixos das vias, bem como as áreas impermeabilizadas e respetivo material; (7) quadro sinóptico que contenha a área total do prédio, de implantação, de construção e de impermeabilização.	<input type="checkbox"/>	17.1		
18	Projecto de Arquitectura	Planta de alteração da via pública ou declara que não há lugar a alteração da via pública <sup>(M)</sup>	<input type="checkbox"/>	17.2		
		<sup>(F)</sup> Plantas dos Piso -1	Escala de 1:50 ou 1:100	<input type="checkbox"/>	18.1	
		Pisos abaixo da cota de soleira	Piso -2	Escala de 1:50 ou 1:100		
		<sup>(F)</sup> Plantas do Piso de acesso e Pisos superiores	Piso 1 (nível 0)	Escala de 1:50 ou 1:100	<input type="checkbox"/>	18.2
			Piso 2 (nível 1)	Escala de 1:50 ou 1:100		
			Piso 3 (nível 2)	Escala de 1:50 ou 1:100		
			Piso 4 (nível 3)	Escala de 1:50 ou 1:100		
			Cobertura	Escala de 1:50 ou 1:100	<input type="checkbox"/>	18.3
		<sup>(C)</sup> Cortes Longitudinais	Corte	Escala de 1:50 ou 1:100	<input type="checkbox"/>	18.4
		<sup>(C)</sup> Cortes Transversais	Corte	Escala de 1:50 ou 1:100	<input type="checkbox"/>	18.5
		Alçados	Alçado	Escala de 1:50 ou 1:100	<input type="checkbox"/>	18.4
			Alçado	Escala de 1:50 ou 1:100		
			Alçado	Escala de 1:50 ou 1:100	<input type="checkbox"/>	18.5
			Alçado	Escala de 1:50 ou 1:100		
Pormenores/ construtiva adoptada	Solução	Para as paredes exteriores e sua articulação com a cobertura	<input type="checkbox"/>	18.6		
		Para as paredes exteriores e sua articulação com os vãos de iluminação				
		Para as paredes exteriores e sua articulação com vão/s de acesso				
		Para as paredes exteriores e sua articulação com o pavimento exterior				
19	Propriedade Horizontal	Plantas de Implantação com a Totalidade do Prédio e demarcação do seu limite e partes comuns <sup>(M)</sup>	<input type="checkbox"/>	19.1		
		Plantas de todos os pavimentos com demarcação das fracções e partes comuns e com quadro de áreas especificando a área bruta, área útil, área dependente <sup>(M)</sup>	<input type="checkbox"/>	19.2		
		Discriminação das partes do edifício correspondentes às várias fracções e partes comuns, valor relativo de cada fracção, expressa em percentagem ou per milagem, do valor total do prédio	<input type="checkbox"/>	19.3		
20	Plano de acessibilidades <sup>(PA)</sup>	Plano de acessibilidades que apresente a rede de espaços e equipamentos acessíveis	<input type="checkbox"/>	20.1		
		Termo de responsabilidade do seu autor que ateste que a execução da operação se conforma com o DL nº 163/2006 de 8/8, na redacção em vigor	<input type="checkbox"/>	20.2		
		Comprovativo de habilitação para elaboração do projecto – Declaração da Ordem profissional	<input type="checkbox"/>	20.3		
Outros Elementos Apresentados			<input type="checkbox"/>			
			<input type="checkbox"/>			
			<input type="checkbox"/>			
			<input type="checkbox"/>			
Elementos não apresentados	Número	Fundamentação				

[R] Nos termos do RGUMA/ Manual de procedimentos | (M) Se constar menção em Memória Descritiva, indicar nº da página (coluna à esq.) | (EP) Indicando vias, passeios, estacionamentos, árvores e infra-estruturas ou instalações al localizadas, incluindo postes, tampas, sinalização e mobiliário urbano | (F) - Plantas: explicitando em todos os compartimentos: (1) Dimensões; (2) Áreas; (3) Utilizações; (4) Mobiliário fixo; (5) Equipamento sanitário | (C) - Cortes Abrangendo: o terreno; Indicando o perfil existente; o perfil proposto; as cotas dos diversos pisos; a cota de soleira; a cota dos acessos ao estacionamento | (PA) Desde que inclua tipologias do art.2.º do DL nº 163/2006 de 8/8, na redacção em vigor

Coordenador de projecto <sup>(C)</sup> \_\_\_\_\_

Funcionário responsável pela verificação \_\_\_\_\_

Pág. 2/3

Source: (Câmara Municipal de Albufeira, n.d.)

Figure 11.18 - Elementary instruments for the project's licensing process III.

ELEMENTOS INSTRUTÓRIOS   COMUNICAÇÃO PRÉVIA			
Edificação			
Projectos de Especialidade	Página/s	Elementos	Verificação
21* Segurança Contra Incêndios em Edifícios		Termo de responsabilidade do técnico autor do projecto	<input type="checkbox"/> 21.1
		Comprovativo da contratação de seguro de responsabilidade civil do técnico autor do projecto (SRIC)	<input type="checkbox"/> 21.2
		Comprovativo de habilitação	<input type="checkbox"/> 21.3
		<b>Ou Fundamentação da não apresentação do projecto:</b>	<input type="checkbox"/> 21.b
22 Estabilidade		Projecto de Estabilidade que inclua o projecto de escavação e contenção periférica	<input type="checkbox"/> 22.1
		Termo de responsabilidade do técnico autor do projecto	<input type="checkbox"/> 22.2
		Comprovativo da contratação de seguro de responsabilidade civil do técnico autor do projecto (SRIC)	<input type="checkbox"/> 22.3
		Comprovativo de habilitação - Declaração da Ordem	<input type="checkbox"/> 22.4
		<b>Ou Fundamentação da não apresentação do projecto:</b>	<input type="checkbox"/> 22.b
23 Alimentação e distribuição de Energia Eléctrica		Projecto de alimentação e distribuição de energia eléctrica	<input type="checkbox"/> 23.1
		Termo de responsabilidade do técnico autor do projecto	<input type="checkbox"/> 23.2
		Comprovativo da contratação de seguro de responsabilidade civil do técnico autor do projecto (SRIC)	<input type="checkbox"/> 23.3
		Comprovativo de habilitação - Declaração da Ordem	<input type="checkbox"/> 23.4
		<b>Ou Fundamentação da não apresentação do projecto:</b>	<input type="checkbox"/> 23.b
24 Instalação de Gás		Projecto de instalação de gás	<input type="checkbox"/> 24.1
		Termo de responsabilidade do técnico autor do projecto	<input type="checkbox"/> 24.2
		Comprovativo da contratação de seguro de responsabilidade civil do técnico autor do projecto (SRIC)	<input type="checkbox"/> 24.3
		Comprovativo de habilitação - Declaração da Ordem	<input type="checkbox"/> 24.4
		<b>Ou Fundamentação da não apresentação do projecto:</b>	<input type="checkbox"/> 25.b
25 Redes prediais de águas e esgotos		Projecto de distribuição de Redes prediais de águas e esgotos	<input type="checkbox"/> 25.1
		Termo de responsabilidade do técnico autor do projecto	<input type="checkbox"/> 25.2
		Comprovativo da contratação de seguro de responsabilidade civil do técnico autor do projecto (SRIC)	<input type="checkbox"/> 25.3
		Comprovativo de habilitação - Declaração da Ordem	<input type="checkbox"/> 25.4
		<b>Ou Fundamentação da não apresentação do projecto:</b>	<input type="checkbox"/> 25.b
26 Águas pluviais		Projecto de distribuição de águas pluviais	<input type="checkbox"/> 26.1
		Termo de responsabilidade do técnico autor do projecto	<input type="checkbox"/> 26.2
		Comprovativo da contratação de seguro de responsabilidade civil do técnico autor do projecto (SRIC)	<input type="checkbox"/> 26.3
		Comprovativo de habilitação - Declaração da Ordem	<input type="checkbox"/> 26.4
		<b>Ou Fundamentação para não apresentação do projecto:</b>	<input type="checkbox"/> 26.b
27 Arranjos exteriores		Projecto de arranjos exteriores (quando exista logradouro não pavimentado)	<input type="checkbox"/> 27.1
		Termo de responsabilidade do técnico autor do projecto	<input type="checkbox"/> 27.2
		Comprovativo da contratação de seguro de responsabilidade civil do técnico autor do projecto (SRIC)	<input type="checkbox"/> 27.3
		Comprovativo de habilitação	<input type="checkbox"/> 27.4
		<b>Ou Fundamentação não apresentação do projecto:</b>	<input type="checkbox"/> 27.b
28 Infra-estruturas de telecomunicações		Projecto de distribuição de infra-estruturas de telecomunicações	<input type="checkbox"/> 28.1
		Termo de responsabilidade do técnico autor do projecto	<input type="checkbox"/> 28.2
		Comprovativo da contratação de seguro de responsabilidade civil do técnico autor do projecto (SRIC)	<input type="checkbox"/> 28.3
		Comprovativo de habilitação - Declaração da Ordem	<input type="checkbox"/> 28.4
		<b>Ou Fundamentação para não apresentação do projecto:</b>	<input type="checkbox"/> 28.b
29 Comportamento térmico		Estudo de comportamento térmico e elementos previstos na Port. nº349C/2013 de 2/12 (redacção em vigor), com:	<input type="checkbox"/> 29a.1
		[1] Projecto de comportamento térmico, com as soluções adoptadas; cálculos efectuados, nos termos do Reg. de Desempenho Energético dos Edifícios de Habitação	<input type="checkbox"/> 29a.2
		[2] Ficha resumo caracterizadora do edifício e da intervenção preconizada	<input type="checkbox"/> 29a.3
		[3] Pré-certificado do SCE, emitido por perito qualificado no âmbito do Sist. Certificação Energética dos Edifícios	<input type="checkbox"/> 29a.4
		Termo de responsabilidade do técnico autor do projecto	<input type="checkbox"/> 29a.5
		Comprovativo da contratação de seguro de responsabilidade civil do técnico autor do projecto (SRIC)	<input type="checkbox"/> 29a.6
		<b>Ou Fundamentação para não apresentação:</b>	<input type="checkbox"/> 29.b
30 Instalações electromecânicas		Projecto de instalações electromecânicas	<input type="checkbox"/> 30a.1
		Termo de responsabilidade do técnico autor do projecto	<input type="checkbox"/> 30a.2
		Comprovativo da contratação de seguro de responsabilidade civil do técnico autor do projecto (SRIC)	<input type="checkbox"/> 30a.3
		Comprovativo de habilitação - Declaração da Ordem	<input type="checkbox"/> 30a.4
		<b>Ou Fundamentação técnica para não apresentação do projecto:</b>	<input type="checkbox"/> 30.b
31 Condicionamento acústico		Projecto de Condicionamento Acústico	<input type="checkbox"/> 31a.1
		Termo de responsabilidade do técnico autor do projecto	<input type="checkbox"/> 31a.2
		Comprovativo da contratação de seguro de responsabilidade civil do técnico autor do projecto (SRIC)	<input type="checkbox"/> 31a.3
		Comprovativo de habilitação	<input type="checkbox"/> 31a.4
		<b>Ou Fundamentação técnica para não apresentação do projecto:</b>	<input type="checkbox"/> 31.b
32 Empresa construtora		Número: do alvará / de registo emitido pelo INCI, I. P / ou de outro título habilitante emitido pelo INCI, I. P e que confira habilitações adequadas à natureza e valor da obra	<input type="checkbox"/> 32.1
		Apólice de seguro contemplando a reparação dos danos emergentes de acidentes de trabalho (ST)	<input type="checkbox"/> 32.2
		Apólice de seguro de construção, quando for legalmente exigível *	<input type="checkbox"/> 32.3
33 Director de obra		Termo de responsabilidade do director de obra que não poderá acumular a função de director de fiscalização de obra	<input type="checkbox"/> 33
		Comprovativo da contratação de seguro de responsabilidade civil do técnico autor do projecto (SRIC)	
		Comprovativo de habilitação	
34 Director de Fiscalização de obra		Termo de responsabilidade de director de fiscalização de obra que não poderá acumular a função de director de obra	<input type="checkbox"/> 34.1
		Comprovativo da contratação de seguro de responsabilidade civil do técnico autor do projecto (SRIC)	<input type="checkbox"/> 34.2
		Comprovativo de habilitação	<input type="checkbox"/> 34.3
35 PSS		Plano de segurança e saúde	<input type="checkbox"/> 35
36 Livro de obra, com menção de termo de abertura			<input type="checkbox"/> 36

(SRIC) A exigência do seguro de resp. civil aos técnicos, está dependente da aprovação da portaria conjunta dos membros do Governo | (ST) nos termos da Lei nº 98/2009 de 04/09

Folhas entregues	Coordenador de projecto <sup>(1)</sup>	Funcionário responsável pela verificação
	Requerente <sup>(2)</sup>	Elementos em falta

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Source: (Câmara Municipal de Albufeira, n.d.)

## Annex B – Tables

Table 4.2 - Total revenue in tourist accommodation establishments per NUTS II in Portugal, 2019.

	Total	%
Norte	€ 642 935 000,00	15,0%
Centro	€ 355 415 000,00	8,3%
AM Lisboa	€ 1 372 192 000,00	31,9%
Alentejo	€ 174 954 000,00	4,1%
Algarve	€ 1 225 745 000,00	28,5%
RA Açores	€ 117 116 000,00	2,7%
RA Madeira	€ 407 457 000,00	9,5%
Total	€ 4 295 814 000,00	100%

Source: Based on (INE, 2020).

Table 4.3 – Orsa Rural Hotel’s Competitive Set I.

	A.TITULO Nature	Álamos Retreat - Wellness & Yoga Boutique Hotel	Casa do Vale da Lama EcoHotel & Retreat Centre in a farm	Conversas de Alpendre	Eleven Boutique House and Garden	Mercedes Country House	Monte do Álamo	Quinta Aida Cottages and B&B suites
Price per day in Low season (February, March, April, November and December)	from 120€ for two people to 150€ for three	from 142 € for one person to 151€ for two	from 110 € for two people to 150 € for four	from 230 € to 380 €	from 130€ to 150€	120 €	from 120€ to 145 €	85 €
Price per day in High season (May, June, July, August, September and October)	from 120€ for two people to 150€ for three	from 170 € for one person to 213 € for two	from 160 € for two people to 400 € for four	from 300 € to 500 €	from 150€ to 180 €	195 €	from 170 € to 200 €	85 €
General Characteristics	Rural Hotel placed outside Portinho, Mexilhoetra Grande mainly focused in mindfulness, relaxing and nature-themed accommodation segment	Wellness & Yoga Boutique Hotel located in Guia, Albufeira that combines a modern atmosphere with natural and wellbeing concerns	Ecohotel located in a 43 hectares property in Odeixeire, that is very oriented to sustainability, minimalism and eco-friendly practices	Guest house located in the middle of na orchard in Vila Nova de Cacela, 10 km from Tavira, it allies nature with co,fort and luxury accommodation units	Luxury retreat placed in Boticueira, Loulé with personalised rooms that allies tradition with fitness, that aims to provide a high-quality service for a more competitive price	Country house in Estói, Faro that combines simplicity to comfort in the nature	Rural farm in Tavira focused in the region's traditions, respect for the environment and calming experiences	Placed in Lagoa, it offers guests well-equipped spacious suites, perfect for the ones who are searching for a comfortable place to refill their batteries
Rooms	7 rooms divided in double-rooms with 18 square meters and triple rooms with 32 square meters with mountain view and terrace	19 to 30 square meter rooms with garden view and terrace	9 double rooms with 16 square meters with terrace	20 and 25 square meter suites, three house bungalow with terrace, sea and garden view	Double rooms with city view and 25 square meters of area and extra large double rooms with 35 square meters with garden and city view	Double rooms with 30 square meters, terrace, garden view, mountain view and sea view	Double rooms with 22 and 24 square meters with garden view, mountain view or sea view and 34 square meter double room and suite with terrace, sea, garden and city view	20 square meter double rooms with garden view and terrace
Leisure equipments and Services	Restaurant, bar, free wi-fi, breakfast, swimming pool, free parking and free cancellation	Swimming pool, free parking and wi-fi and vegetarian breakfast	Vegetarian breakfast, library, free wi-fi, organic shop that sells food, handicraft, swimming pool, free parking natural jams, vegetables and fruits from the farm	Swimming pool, bar, breakfast, free parking and free wi-fi	Breakfast, courtyard coffeshop and garden and free wi-fi	Breakfast, restaurant, room service, bar, garden swimming pool, free wi-fi, pet friendly, babysitting and free parking and accessible to electric cars.	Breakfast, free-wifi, laundry and free parking	Free parking and wi-fi
Experiences	Yoga classes, massages, wellness packages, library, hikes, mindfulness and meditation sessions and free bicycles	Culinary classes, themed dinners, bicycle rides, fitness and yoga classes, massages, fishing and horse riding	Yoga classes, agricultural experiences, wellbeing sessions, surf classes and massages	Themed dinners, private swimming lessons, bicycle rides, massages, body treatments, manicure, babysitting, pedicure, horse riding, library and fishing	Golf course, cycle rentals, horse riding, off road quad biking, track days on FI circuit, boating and sailing, fishing, cruises in Ria Formosa, dolphin watching, Jeep safaris and Alentejo vineyard tours	Bingo, culinary classes, themed-dinners, hikes, massages and pool	Babysitting, personal trainer, manicure, pedicure, beauty treatments, culinary classes, fitness, yoga, library, hikes, horse rides, scuba diving, golf, tennis court	Beach, horse riding, hikes, golf and tennis court
Booking.com review	9.4	9.5	9.2	9.5	-	9.5	9.4	9.7
Number of reviews	51	56	135	239	-	237	95	11
Distance from the Orsa	3.5 km	3 km	40 km	7.5 km	15 km	40 km	70 km	15

Source: Based on Booking.com.

Table 4.4 – Orsa Rural Hotel’s Competitive Set II.

	Quinta de Santa Margarida-Charm Country House	Quinta do Mel	Quinta do Mocho Turismo Rural	Quinta dos Tesouros	Quinta dos Vales Wine Estate	Quinta do Tempo Turismo Rural	São Rafael Villas, Apartments & Guest House	Vila Monte Farm House	Vila Valverde Design & Country Hotel
Price per day in Low season (February, March, April, November and December)	from 220€ for two people to 390€ for four	from 70 € for two people to 120 € for four	from 55€ for two people to 157€ for four	from 70 € for two people to 130 € for three	65 € for people to 100 € for four	from 110 € for two people to 300 € for three	from 60 € to 82 €	from 221 € for one person to 1350 € for seven people	from 160 € to 193 €
Price per day in High season (May, June, July, August, September and October)	from 250€ for two people to 450€ for four	from 170€ for two people to 215€ for four	from 110 € for two people to 210 € for four €	from 90 € for two people to 145 € for three	from 180 € for two people to 200 € for four	from 110 € for two people to 310 € for three	from 157 € to 176 €	from 774 € for one person to 2100 € for seven people	from 250 € to 315 €
General Characteristics	Charm country house in Tavira, comfort and service oriented	Rural hotel in Albufeira that produces local and typical products and is focused in providing relaxing stays to its guests	Rural accommodation establishment located 10 km outside Faro a welcoming and familiar decoration and service	Farm located in São Brás de Alportel that provides spacey and typical algarvian accommodation	Wine estate located in the heart of Alagave that provides autsufficient accommodation rooms in a prized and well-known winery	Farm placed in the middle of the Algarve’s most famous mountain, Monchique	High-quality and luxury villas, apartments and guest houses in São Rafael, Albufeira that combine high standards, nature and design concerns	Farm House is a member of the Design Hotels group and it is located in Moncarapacho, near Olhão. It is a good example of the Algarvian architecture and the quality of local products	Vila Valverde Design & Country Hotel is the only rural 5 star hotel in Algarve. Renewed mansion located near Praia de Luz with a fine restaurant that combines traditional dishes with international cuisine
Rooms	It gathers rooms, suites and bungalows sized between 22 square meter and 45 square meter with garden, swimming pool and terrace view	15 square meter rooms and two bedroom apartment with 60 square meters. Both with garden a swimming pool view	35 to 65 square meter rooms with terrace, garden and mountain view	15 to 25 square meter rooms with terrace and garden view	45 square meter rooms to 150 square meters two bed-room apartments with terrace, garden and mountain view	29 to 39 square meter rooms and studiosn with terrace and garden view and fireplace	100 square meter studio and 22 square meter rooms with terrace and sea view	24 to 120 square meter suites and villas with capacity up to six people	25 to 35 square meter rooms with terrace and mountain view
Leisure equipments and Services	Breakfast, snack-bar, free-wifi swimming pool, laundry, free parking and airport transfer	Breakfast, bar, restaurant, free parking and wi-fi, accessible to electric cars	Breakfast, bar, swimming pool and free parking and wi-fi	Breakfast, swimming pool and free parking and wi-fi	Swimming pool, free parking and wi-fi, kitchen in the apartments	Swimming pool, free parking and wi-fi	Free parking and wi-fi, car rental and cocktail bar	Bar, estaurant, breakfast, pet friendly, two simning pools, fire place, free parking and wi-fi	Bar, restaurant, two swimming-pools, Spa, room service, wi-fi and free parking
Experiences	Bicycle rides, hikes, whirlpool bath and table tennis	Themed dinners, yoga classes, bicycle rides and hikes	Culinary classes, hikes, local culture sessions, themed dinners and library	Bicycle rides, hikes, library and massages	Art gallery, badminton, tennis court, bicycle rides, hikes, table tennis, baby/sitting and massages	Hikes	Scuba diving, hikes, fishing and golf	Court tennis, bicycle rides, horse riding, boat rides, local market visits and hikes	Golf, Windsurf, cycling, horse riding and scuba diving
Booking.com review	9.8	9.1	9.5	8.6	8.9	9.6	8.8	9.2	8.8
Number of reviews	14	315	95	232	121	90	796	190	73
Distance from the Orsa	70 km	15 km	40 km	40 km	20 km	50 km	10 km	50 km	60 km

Source: Based on Booking.com.



Table 11.1 - *Orsa Rural Hotel's* experiences I.

<b><i>Jardim D'Orsa</i></b>	<p>This experience will put guests in contact with nature, give them the chance to be involved in the garden works, to testify the respect that everyone in the <i>Orsa Rural Hotel</i> have towards mother nature. More than that, guests will participate in the activities and will learn about the garden's produced plants and Algarve's most typical fruits and tree species.</p> <p>Morning 3 hour activity preceded by a in-home special made breakfast, that includes a walk in the garden with a guide, explanation of the sustainable practices adopted in the hotel's agriculture process and planting a tree in the guests' corner . Finish the activity with a refreshing and comforting three-meal lunch in the hotel's restaurant with the garden's products as the menu's base.</p>
<b><i>Picnic D'Orsa</i></b>	<p><i>Picnic D'Orsa</i> was conceptualized to give the <i>Orsa Rural Hotel's</i> guests the possibility to appreciate the local's delights in any place at any time. Whether at the beach, by the Algarve's beautiful sunset or in the fields, in the shade of the tree, guests will be presented with an extraordinary basket to take wherever they want.</p> <p>Filled with local treasures, the basket will include water, a bottle of wine, a home-made bread, anchovies on olive oil, horse-mackerels seasoned with vinegar and coriander, multiple cheeses and hams board, jams, the season's fruit, an algarvian almond tart and a local orange cake.</p>
<b><i>Orsa &amp; Wine</i></b>	<p>This programme was idealized to present to the hotel's guests, the wines produced in Portugal, especially in the Algarve and to pair them with the region's most-typical dishes and culture.</p> <p>The particular experience of wine will include a one-day visit to one of the Algarve's best-known wineries with which the <i>Orsa Rural Hotel</i> will maintain a partnership, namely João Clara, Barranco Longo, Adega do Cantor and Convento do Paraíso. Adding to this, it will also combine an evening wine and food taste in the hotel's distillery and private room. Guests will have the opportunity to try the harmonization of 5 wines and 5 typical dishes. Both, the dishes lists and the wines list will be regularly changed in order to keep up with the market's newest tendencies and the product's seasonality.</p>

Source: Author's elaboration.

Table 11.2 - *Orsa Rural Hotel's* experiences II.

<p><b><i>Passion D'Orsa</i></b></p> <p><i>Passion D'Orso</i> was designed and thought for love getaways. Couples who want to spend some quality and relaxing time in a peaceful place that has the best that Algarve has to offer, will find this experience a dream.</p> <p>This 2-night programme will start with a welcome drink at the sunset time, followed by a candle light special and early dinner in the hotel's restaurant. Guests will also be presented with a bottle of champagne in their room and a basket filled with local products.</p> <p>The first day will begin with a unique breakfast in bed rich in fruits, tasty and healthy foods. The couple will then experience a 1 hour couple love-themed massage and full treatment in the hotel's spa. A light lunch will be served in the hotel. The evening will present the patrons with a horse ride alongside the beach, a restful cocktail and a romantic dinner in Os Salgados restaurant. Seafood and grilled fish will be balanced by a fine wine and the meal will finish with a delicate dessert and a Port.</p> <p>During the second day, guests's will enjoy a light breakfast in the morning in hotel's dining room. A bicycle ride in the surrounding nature will complete the role of activities and the programme will end with a tasty, nutritious and well-composed brunch to encourage the home return.</p>
<p><b><i>Pão D'Orso</i></b></p> <p><i>Pão D'Orso's</i> main objective is to recover a tradition that this project owner's ancestors pursued for years and years, to prize the importance of bread in the Portuguese culture and to provide the hotel's guests with a differentiated and relaxing experience.</p> <p>In this experience, guests will be able to make bread from scratch and to closely follow and participate in the process. This is 3 hour programme that will allow guests not only to understand how to make bread but other traditional pastry products and cakes. The activity will be lead by one of the hotel's main bakers and will include a taste of one of the Algarve's most typical snack, <i>tiborna</i> which is warm fresh baked bread with hote olive oil, garlic and salt.</p>
<p><b><i>Orsa &amp; Chill</i></b></p> <p><i>Orsa&amp;Chill</i> programme itends to slow down the customer's busy and intense daily life and to offer them a pack of repairing and reestablishing experiences.</p> <p>This offer will include yoga and meditation classes by the hotel's swimming pool given by a specialized professional, natural homemade tea and algarvian sweets tastes, relaxing massages in the spa, hikes and bicycle rides (including the bicycles rent) in the nature with a supervisor. All experiences will be offered seperately to match the guests's schedule flexibility.</p>

Source: Author's elaboration.

Table 11.4 - Rooms' expected detailed costs forecasts.

<b>Furniture, Fixtures &amp; Equipment</b>	<b>Item</b>	<b>Quantity per room</b>	<b>Estimated cost</b>	<b>Value</b>
<b>Bedroom</b>	Bed and mattress	1	€2 500	€2 500
	Pillows	4	€30	€120
	Bed linen	3	€450	€1 350
	Bedside table	2	€215	€430
	Bedside lamp	2	€55	€110
	Wardrobe with mirror	1	€1 000	€1 000
	Couch	1	€1 000	€1 000
	Curtains	1	€500	€500
	Minibar	1	€270	€270
	Coffee machine	1	€150	€150
	Safe	1	€550	€550
	Desk	1	€430	€430
	Extras	-		€850
<b>Toilet</b>	Shower	1	€210	€210
	Bidet	1	€210	€210
	Toilet	1	€210	€210
	Sink	1	€550	€550
	Electric towel holder	1	€170	€170
	Luminaire	1	€120	€120
	Mirror	1	€150	€150
	Extras	-		€1 000
<b>Terrace</b>	Chair	2	€240	€480
	Table	1	€330	€330
	Luminaire	1	€110	€110
	Extras	-		€1 000
<b>Extras</b>	Floor heating system	Equipment and Instalation	€20 000	€20 000
	Air conditioning	Equipment and Instalation	€21 500	€21 500
<b>Construction</b>	Costs regarding constructing and edifying the rooms and the respective building: includes plumbing, electric instalation, thermal isolation, glasses, doors, windows and similar costs	45 square meter double rooms (10), 55 square meter suites (2) and the respective common areas for a total area of 600 square meters	1000 € per square meter	€600 000
<b>Total Cost</b>	<b>Estimated final cost for furniture, fixtures, equipment and construction of the room's building</b>			<b>€807 100</b>

Source: Author's elaboration.

Table 11.5 - Restaurant & Kitchen's expected detailed costs forecasts.

Furniture, Fixtures & Equipment	Item	Quantity	Estimated cost	Value
<b>Restaurant</b>	Equipment (e.g.: glasses, forks, dishes, refrigerators...)	-	€100 000	€100 000
	Furniture (e.g.: tables, chairs...)	-		
	Extras for decoration	-		
<b>Bar</b>	Equipment (e.g.: glasses, forks, dishes...)	-	€25 000	€25 000
	Furniture (e.g.: tables, chairs...)	-		
	Extras for decoration	-		
<b>Distillery Private Room</b>	Traditional distillery equipment	-	€3 500	€3 500
	Furniture (e.g.: tables, chairs...)	-		
	Extras for decoration	-		
<b>Terrace</b>	Furniture (e.g.: tables, chairs...)	-	€20 000	€20 000
	Extras for decoration	-		
<b>Kitchen</b>	Refrigerator	2	€5 000	€10 000
	Stove	1	€8 500	€8 500
	Oven	1	€18 000	€18 000
	Equipment (e.g.: knives, pans, blenders, containers...)	-	€12 000	€12 000
	Stainless steel bench	4	€1 200	€4 800
	Dish washer	2	€1 800	€3 600
	Extras	-	€2 300	€2 300
<b>Bakery</b>	Oven	1	€1 350	€1 350
	Equipment	-	€3 000	€3 000
	Furniture (e.g.: tables, chairs...)	-	€1 500	€1 500
	Extras for decoration	-	€2 350	€2 350
<b>Storage Room</b>	Furniture	-	€500	€500
	Equipment (e.g.: shelves, refrigerators...)	-	€7 500	€7 500
<b>Construction</b>	Costs regarding constructing and edifying the referred areas and the respective buildings: includes plumbing, electric instalation, thermal isolation, glasses, doors, windows and similar costs	Total area of 600 square meters	1000 € per square meter	€600 000
<b>Extras</b>	Air conditioning	Equipment and Instalation	€10 000	€10 000
	Fireplace	2	€3 500	€7 000
	Heating System	Equipment and Instalation	€10 000	€10 000
<b>Total Cost</b>	<b>Estimated final cost for furniture, fixtures, equipment and construction of the referred areas and the respective buildings</b>			<b>€850 900</b>

Source: Author's elaboration.

Table 11.6 – Reception’s expected detailed forecasted costs.

<b>Furniture, Fixtures &amp; Equipment</b>	<b>Item</b>	<b>Quantity</b>	<b>Estimated cost</b>	<b>Value</b>
<b>Reception</b>	Equipment (e.g.: printer, computers...)	-	€8 900	€8 900
	Furniture (e.g.: desks, chairs...)	-	€3 350	€3 350
	Extras for decoration	-	€1 500	€1 500
<b>Toilet</b>	Furniture	-	€2 500	€2 500
	Extras for decoration	-	€700	€700
<b>Construction</b>	Costs regarding constructing and edifying the referred areas and the respective buildings: includes plumbing, electric instalation, thermal isolation, glasses, doors, windows and similar costs	Total area of 108 square meters	1000 € per square meter	€108 000
<b>Extra</b>	Air conditioning	Equipment and Instalation	€2 500	€2 500
	Fireplace	1	€3 000	€3 000
	Heating System	Equipment and Instalation	€5 000	€5 000
<b>Total Cost</b>	<b>Estimated final cost for furniture, fixtures, equipment and construction of the referred areas and the respective building</b>			<b>€135 450</b>

Source: Author’s elaboration.

Table 11.7 - Swimming Pool Area’s expected detailed forecasted costs.

<b>Furniture, Fixtures &amp; Equipment</b>	<b>Item</b>	<b>Quantity</b>	<b>Estimated cost</b>	<b>Value</b>
<b>Swimming Pool</b>	Fixtures & Equipment	-	€26 500	€26 500
	Extras for decoration	-	€850	€850
<b>Toilet</b>	Furniture	-	€1 250	€1 250
	Extras for decoration	-	€1 500	€1 500
<b>Construction</b>	Costs regarding constructing and edifying the referred areas and the respective buildings: includes plumbing, electric instalation, thermal isolation, glasses, doors, windows and similar costs	Total area of 170 square meters	120 € per square meter	€20 400
<b>Total Cost</b>	<b>Estimated final cost for furniture, fixtures, equipment and construction of the referred areas</b>			<b>€50 500</b>

Source: Author’s elaboration.

Table 11.8 – Spa’s expected detailed forecasted costs.

<b>Furniture, Fixtures &amp; Equipment</b>	<b>Item</b>	<b>Quantity</b>	<b>Estimated cost</b>	<b>Value</b>
<b>Massage Rooms</b>	Fixtures & Equipment (e.g.: marquees)	-	€1 500	€1 500
	Extras for decoration	-	€1 150	€1 150
<b>Toilet</b>	Furniture	-	€2 000	€2 000
	Extras for decoration	-	€1 000	€1 000
<b>Construction</b>	Costs regarding constructing and edifying the referred areas and the respective buildings: includes plumbing, electric instalation, thermal isolation, glasses, doors, windows and similar costs	Total area of 60 square meters	1100 € per square meter	€60 000
<b>Extra</b>	Heating system	Equipment and Instalation	€2 000	€2 000
	Air conditioning	Equipment and Instalation	€600	€600
<b>Total Cost</b>	<b>Estimated final cost for furniture, fixtures, equipment and construction of the referred areas</b>			<b>€68 250</b>

Source: Author’s elaboration.

Table 11.9 - Laundry’s expected detailed forecasted costs.

<b>Furniture, Fixtures &amp; Equipment</b>	<b>Item</b>	<b>Quantity</b>	<b>Estimated cost</b>	<b>Value</b>
<b>Laundry</b>	Fixtures & Equipment (e.g.: washing machines, shelves...)	-	€4 000	€4 000
	Extras for decoration	-	€750	€750
<b>Construction</b>	Costs regarding constructing and edifying the referred areas and the respective buildings: includes plumbing, electric instalation, thermal isolation, glasses, doors, windows and similar costs	Total area of 25 square meters	1000 € per square meter	€25 000
<b>Total Cost</b>	<b>Estimated final cost for furniture, fixtures, equipment and construction of the referred area</b>			<b>€29 750</b>

Source: Author.

Table 11.10 - Parking lot's expected detailed forecasted costs.

Furniture, Fixtures & Equipment	Item	Quantity	Estimated cost	Value
Parking	Fixtures & Equipment (e.g.: marks, trees...)	-	€800	€800
	Extras for decoration	-	€800	€800
Construction	Costs regarding constructing and edifying the referred areas and the respective buildings : includes plumbing, electric instalation, thermal isolation, glasses, doors, windows and similar costs	Total area of 200 square meters	70 € per square meter	€14 000
<b>Total Cost</b>	<b>Estimated final cost for furniture, fixtures, equipment and construction of the referred area</b>			<b>€15 600</b>

Source: Author's elaboration.

Table 11.11 – Garden's expected detailed forecasted costs.

Furniture, Fixtures & Equipment	Item	Quantity	Estimated cost	Value
Biological Garden	Equipment and Fixtures	-	€10 000	€10 000
	Plants and trees (e.g.: orange trees, fig trees, olive trees, tomatoes, potatoes...)	-	€500	€500
	Extras for decoration	-	€350	€350
Storage Room	Equipment, Fixtures and Funiture (e.g.: shelves, tools...)	-	€2 000	€2 000
	Extras for decoration	-	€1 000	€1 000
Composing unit	Equipment and Instalation	-	€1 300	€1 300
Solar panel	Photovoltaic to produce energy - equipment and instalation	-	€19 500	€19 500
	Thermal to heat water - equipment and instalation	-	€19 500	€19 500
Construction	Costs regarding constructing and edifying the referred areas and planting trees and fruits	Total area of 1080 square meters	5 € per square meter	€5 400
<b>Total Cost</b>	<b>Estimated final cost for furniture, fixtures, equipment, construction and planting in the garden and the adjacent areas</b>			<b>€59 550</b>

Source: Author's elaboration.

Table 11.12 - Locker rooms, canteen & offices' expected detailed forecasted costs.

Furniture, Fixtures & Equipment	Item	Quantity	Estimated cost	Value
<b>Locker Rooms</b>	Furniture (e.g.: chairs, mirrors...)	-	€1 850	€1 850
	Toilet fixtures (e.g.: toilets, showers...)	-	€2 350	€2 350
	Extras for decoration	-	€750	€750
<b>Canteen</b>	Furniture (e.g.: tables, chairs...)	-	€1 700	€1 700
	Extras for decoration	-	€750	€750
<b>Offices</b>	Furniture (e.g.: desks, tables, chairs...)	-	€2 300	€2 300
	Equipment (e.g.: computers, printers...)	-	€8 900	€8 900
<b>Construction</b>	Costs regarding constructing and edifying the referred areas and the respective buildings: includes plumbing, electric instalation, thermal isolation, glasses, doors, windows and similar costs	Total area of 145 square meters	1000 € per square meter	€145 000
<b>Extra</b>	Air conditioning	Equipment and Instalation	€2 000	€2 000
	Heating System	Equipment and Instalation	€4 500	€4 500
<b>Total Cost</b>	<b>Estimated final cost for furniture, fixtures, equipment and construction of the referred areas and the respective buildings</b>			<b>€170 100</b>

Source: Author's elaboration.

Table 11.13 – Orsa Rural Hotel's forecasted legal expenses

	Asset Value	Rate (%)	Deductions	Cost
Conservatória do Registo Predial de Albufeira				
IMT	€240 000,00	7%	€8 163,12	€8 636,88
Stamp duty	€240 000,00	0,80%		€1 920,00
Conservatória do Registo Predial de Albufeira				
IMT	€20 000,00	5%		€1 000,00
Stamp duty	€20 000,00	0,80%		€160,00
Conservatória do Registo Predial de Albufeira				
IMT	€30 000,00	5%		€1 500,00
Stamp duty	€30 000,00	1%		€240,00
Conservatória do Registo Predial de Albufeira				
IMT	€200 000,00	7%	€8 163,12	€5 836,88
Stamp duty	€200 000,00	0,80%		€1 600,00
Conservatória do Registo Predial de Albufeira				
IMT	€50 000,00	5%		€2 500,00
Stamp duty	€50 000,00	0,80%		€400,00
Deed	€2 000,00			€2 000,00
<b>Total</b>				<b>€25 793,76</b>

Source: Based on the lawyers' invoice sent to JCA.



Table 11.14 - Orsa Rural Hotel's Working Capital.

Operating Expenses	Assumptions	Cost per month	Cost per year
Staff salaries	All employee's salaries and respective social costs (TSU, accident insurance and meal allowance)	€82 685	€992 218
Utilities (Electricity, water and gas)	Estimative for expenses with electricity, water and gas to the secure the hotel's operation, taking in consideration the reduction in electricity that result from the use of solar panels	€2 500	€30 000
Housekeeping Materials	Including all materials needed for the proper cleaning of the rooms and the other hotel's areas (restaurant, bar, reception, spa, offices, locker rooms, employees' canteen, swimming pool and parking lot)	€3 500,00	€42 000,00
Other Current Assets	Including the food and beverage and the products for the restaurant and the bar	€10 000,00	
Uniforms	Total cost for the staff's uniforms according to Rag Tailor's	-	€8 000,00
Accounting	Nova Santomero Contabilidade & Fiscalidade Lda services to manage the accountability of the business	€850	€10 200
Security	Cost for Securitas' services for ensuring the presence of one security guard in the hotel's entrance 24h per day and 7 days a week plus CCTV and fire alarm in the hotel's common and principal areas	€8 630	€103 560
GuestCentric	Guestcentric's monthly fee (200€ plus 2.50€ per room) that includes the Orsa Rural Hotel's website design, booking engine, central reservations dashboard, videocanners, conversion boosters (e.g.: rate calendar, availability/price plugin for website, shopping recovery widget, pop-ups, app and social marketing tools plus the integration with the Property Management System, Cloudbeds.	€225,00	€2 700,00
Cloudbeds	Cloudbeds' monthly fee to use the PMS, revenue and channel manager platform.	€200,00	€2 400,00
Wintouch	Including the monthly fee to install the software and to pay for the platform's maintenance according to JCA's benchmark values from the Os Salgados Restaurant and its manager's feedback.	€300,00	€3 600,00
Nonius Hospitality Technology	Including the total initiation and implementation costs of 27 490,25 € and the monthly fee to Nonius of 435 €. Overall, this proposal includes Guest Wi-Fi, a TV system, cast, Google Chromecast and Samsung smart TV's of 55" each for 13 locations (12 rooms plus the reception), voice IP, telephones for the hotel (38 to split between rooms and staff). Additionally, it also will integrate the information with the chosen PMS, Cloudbeds and will allow guests to Pre-Check-In and Check-out and in personalized app for their mobile phones.	€435,00	€32 809,25
Total		€109 324,82	

Source: Author's elaboration.

Table 11.15 - Orsa Rural Hotel's Salaries Sheet

Position	Number of employees	Gross Salary per month	Average Base Salary per month	TSU (23,75%)	Accident Insurance (1%)	Meal Allowance (6,83€ per employee)	Average Monthly Cost to JCA	Annual Total Cost
General, HR and Financial Manager	1	€4 800,0	€5 600,0	€1 330,0	€56,0	€131,5	€7 117,5	€85 409,7
F&B and Purchases Manager	1	€3 000,0	€3 500,0	€831,3	€35,0	€131,5	€4 497,7	€53 972,7
Front Office Manager	1	€1 800,0	€2 100,0	€498,8	€21,0	€131,5	€2 751,2	€33 014,7
Accommodation Manager	1	€1 800,0	€2 100,0	€498,8	€21,0	€131,5	€2 751,2	€33 014,7
Marketing and Sales	1	€3 000,0	€3 500,0	€831,3	€35,0	€131,5	€4 497,7	€53 972,7
Reservations Manager	1	€2 000,0	€2 333,3	€554,2	€23,3	€131,5	€3 042,3	€36 507,7
Logistics Manager	1	€2 000,0	€2 333,3	€554,2	€23,3	€131,5	€3 042,3	€36 507,7
Bar Manager	1	€1 300,0	€1 516,7	€360,2	€15,2	€131,5	€2 023,5	€24 282,2
Executive Chef	1	€4 800,0	€5 600,0	€1 330,0	€56,0	€131,5	€7 117,5	€85 409,7
Head Chef	1	€2 000,0	€2 333,3	€554,2	€23,3	€131,5	€3 042,3	€36 507,7
Bar Employee	3	€880,0	€1 026,7	€243,8	€10,3	€131,5	€4 236,7	€50 840,8
Sous Chef	1	€2 150,0	€2 508,3	€595,7	€25,1	€131,5	€3 260,6	€39 127,5
Cook	3	€1 300,0	€1 516,7	€360,2	€15,2	€131,5	€6 070,6	€72 846,7
Waiter	5	€1 300,0	€1 516,7	€360,2	€15,2	€131,5	€10 117,6	€121 411,2
Night Auditor	2	€1 000,0	€1 166,7	€277,1	€11,7	€131,5	€3 173,8	€38 085,5
Front Office Agent	2	€900,0	€1 050,0	€249,4	€10,5	€131,5	€2 882,7	€34 592,5
Maid	3	€880,0	€1 026,7	€243,8	€10,3	€131,5	€4 236,7	€50 840,8
Guest Relation	2	€1 000,0	€1 166,7	€277,1	€11,7	€131,5	€3 173,8	€38 085,5
Maintenance Worker	2	€880,0	€1 026,7	€243,8	€10,3	€131,5	€2 824,5	€33 893,9
Gardener/Farmer	2	€880,0	€1 026,7	€243,8	€10,3	€131,5	€2 824,5	€33 893,9
Total		€37 670,0	€43 948,3	€10 437,7	€439,5	€2 629,6	€82 684,8	€992 217,8

Source: Author's elaboration.

Table 11.16 – Orsa Rural Hotel's Financial forecasted costs.

	Total
Total Capex	€2 792 993,76
Land	€540 000,00
<b>Total Amount to be funded by this credit line</b>	<b>€2 252 993,76</b>
Average Interest Annual Effective Rate (TAEG), including all costs, namely interests, taxes, commissions and the maintenance commission, required insurance fees and other related expenses related with the credit's contract	8,38%
Turismo de Portugal	Linha de Apoio à Requalificação da Oferta
Preponderance attributed by the Turismo de Portugal	75%
Preponderance attributed by a Credit Institution	25%
Preponderance of the amount to be refunded, assuming that JCA fulfils all requirements of the credit funding line	70%
Remnant amount required	€752 993,76
Total amount that will pay interest	€1 127 993,76
Total amount with Interest to be reimbursed	€1 222 474,52
Number of months to reimburse the loan	€120,00
Total Interest to be paid	€94 480,76
Monthly reimbursement to be repaid, including interest	€16 749,79
<b>Total amount to be repaid per year</b>	<b>€200 997,45</b>

Source: Author's elaboration.

Table 13.2 – *Orsa Rural Hotel's* direct costs' Forecast and respective assumptions.

<u>Departments</u>	<u>Assumptions</u>	<u>Estimated cost per room per day for two guests</u>
<b>Accommodation</b>		
Breakfast	Average diluted cost per room that will match 7,5€ per person	15 €
Amenities	Including soap, shampoo, body milk, conditioner...	5 €
Laundry	Including estimatives regarding water and electricity	2,5 €
Total		23 €
<b>F&amp;B (Restaurant and Bar)</b>	20% of the sales value	€204 400
<b>Experiences</b>		
		Estimated cost per experience
<i>Jardim D'orsa</i>	To pay the lunch and the correspondent activities	10 €
<i>Picnic D'orsa</i>	Including all products in the basket	30 €
<i>Orsa &amp; Wine</i>	Total 80 € cost, including 50 € to the winery	30 €
<i>Passion D'Orsa</i>	Including accommodation, meals, massage, bicycle ride, horse ride and all inherent costs	600 €
<i>Pão D'Orso</i>	To pay the goods and the meal	4 €
<i>Orsa &amp; Chill</i>		
Meditation and Yoga classes	To pay the professors	23 €
Home made Tea Tastes	To pay the tea production	2 €
Massages in Spa	To pay the masseur and the products used	30 €
Hikes	To pay the monitor	5 €
Bicycle Rides	To pay the bike rental and the monitor	25 €

Source: Author's elaboration.

Table 13.3 - *Orsa Rural Hotel's* Other licenses and fixed costs.

<u>Operating Expenses</u>	<u>Assumptions</u>	<u>Cost per month</u>	<u>Cost per year</u>
<i>PassMúsica</i>	Annual contribution for musical artists and to permit playing music in the hotel's areas, including the restaurant and bar based on a cost per room of 19,84 € x 12 rooms = 238,08 plus 278,2 € for 800 square meters of common areas.	-	€516,28
Insurance	Annual insurance for all constructed areas and FF&E obtained in Allianz from a certified mediator.	-	€4 500,00
Property Taxes	IMI (Assuming a tax equity value of 1 500 000 € according to Autoridade Tributária e Aduaneira and a tax rate of 0,3%)		€4 500,00

Source: Author's elaboration.

Table 13.4 - Assumptions for the *Orsa Rural Hotel's* Profit & Loss Statement.

Assumptions	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Average Occupancy Rate	50%	55%	60%	63%	65%	68%	68%	70%	70%	70%
Average Price per room	€300	€300	€320	€320	€330	€330	€350	€350	€350	€350
RevPar	€150	€165	€192	€202	€215	€224	€238	€245	€245	€245
Average money spent in the restaurant per customer per visit	€30	€30	€32	€32	€33	€33	€34,0	€34,0	€35	€35
Average number of customers in the restaurant per day	80	80	80	80	80	80	80	80	80	80
Average money spent in the bar per customer per visit	€10	€10	€12	€12	€14	€14	€16	€16	€18	€18
Average number of customers in the bar per day	40	40	40	40	40	40	40	40	40	40
Percentage of guests that resort to the experiences packs	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Percentage of guests that resort to Passion D'Orsa	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%
Average cost per room per day, including breakfast, amenities and laundry	€23	€23	€23	€23	€23	€23	€23	€23	€23	€23
Number of days per year	365	365	365	365	365	365	365	365	365	365
Number of rooms	12	12	12	12	12	12	12	12	12	12
F&B cost of sales equals to 20% the sales	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Average expected inflation rate	1,30%	1,500%	1,515%	1,530%	1,545%	1,561%	1,577%	1,592%	1,608%	1,624%

Source: Author's elaboration.

Table 13.5 - Orsa Rural Hotel's Profit & Loss Statement (2021 values).

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>REVENUES</b>										
Accommodation	€657 000	€722 700	€840 960	€883 008	€939 510	€982 872	€1 042 440	€1 073 100	€1 073 100	€1 073 100
F&B	€1 022 000	€1 022 000	€1 109 600	€1 168 000	€1 168 000	€1 168 000	€1 226 400	€1 284 800	€1 284 800	€1 284 800
Experiences	€149 796	€149 796	€149 796	€149 796	€149 796	€149 796	€149 796	€149 796	€149 796	€149 796
Total Revenues	€1 828 796	€1 894 496	€2 100 356	€2 142 404	€2 257 306	€2 300 668	€2 418 636	€2 449 296	€2 507 696	€2 507 696
<b>DIRECT COST OF SALES</b>										
Accommodation	€49 275	€54 203	€59 130	€62 087	€64 058	€67 014	€67 014	€68 985	€68 985	€68 985
F&B	€204 400	€204 400	€221 920	€221 920	€233 600	€233 600	€245 280	€245 280	€256 960	€256 960
Experiences	€68 065	€69 086	€70 133	€71 206	€72 306	€73 435	€74 593	€75 781	€76 999	€78 250
TOTAL DIRECT COST OF SALES	€321 740	€327 689	€351 183	€355 212	€369 964	€374 049	€386 887	€390 046	€402 944	€404 195
<b>GROSS PROFIT</b>	€1 507 056	€1 566 807	€1 749 173	€1 787 192	€1 887 342	€1 926 619	€2 031 749	€2 059 250	€2 104 752	€2 103 501
GROSS MARGIN	82,41%	82,70%	83,28%	83,42%	83,61%	83,74%	84,00%	84,08%	83,93%	83,88%
<b>UNDISTRIBUTED EXPENSES</b>										
Administrative expenses	€992 217,8	€1 007 101,1	€1 022 358,6	€1 038 002,3	€1 054 044,1	€1 070 496,7	€1 087 373,3	€1 104 687,3	€1 122 452,9	€1 140 684,7
Housekeeping materials and cleaning products	€42 000,0	€42 630,0	€43 275,8	€43 938,0	€44 617,1	€45 313,5	€46 027,9	€46 760,8	€47 512,8	€48 284,5
Utilities (electricity, water and gas)	€30 000,0	€30 450,0	€30 911,3	€31 384,3	€31 869,3	€32 366,8	€32 877,1	€33 400,5	€33 937,7	€34 488,9
Maintenance and general repairs	€18 000,0	€18 270,0	€18 546,8	€18 830,6	€19 121,6	€19 420,1	€19 726,2	€20 040,3	€20 362,6	€20 693,4
TOTAL UNDISTRIBUTED EXPENSES	€1 082 217,8	€1 098 451,1	€1 115 092,6	€1 132 155,2	€1 149 652,1	€1 167 597,1	€1 186 004,4	€1 204 888,9	€1 224 266,0	€1 244 151,6
<b>OPERATING DEPARTMENT INCOME</b>	€424 838,0	€468 356,3	€634 080,6	€655 036,3	€737 690,0	€759 021,9	€845 744,8	€854 361,6	€880 485,8	€859 340,5
<b>SUPPLIERS AND EXTERNAL SERVICES</b>										
Accounting	€10 200,0	€10 353,0	€10 509,8	€10 670,7	€10 835,6	€11 004,7	€11 178,2	€11 356,2	€11 538,8	€11 726,2
Security	€103 560,0	€105 113,4	€106 705,9	€108 338,6	€110 012,9	€111 730,1	€113 491,6	€115 298,7	€117 152,9	€119 055,8
Advertising & Marketing and OTA's commissions	€80 482,5	€88 530,8	€103 017,6	€108 168,5	€115 090,0	€120 401,8	€127 698,9	€131 454,8	€131 454,8	€131 454,8
TOTAL SUPPLIERS AND EXTERNAL SERVICES	€194 242,5	€208 997,2	€220 233,3	€227 177,8	€235 938,5	€243 136,7	€252 368,7	€258 109,6	€260 146,5	€262 236,8
<b>GROSS OPERATING MARGIN</b>	€230 595,5	€264 359,1	€413 847,2	€427 858,6	€501 751,5	€515 885,2	€593 376,4	€596 251,9	€620 339,3	€597 112,7
<b>FIXED COSTS</b>										
Licenses	€42 025,5	€14 753,3	€14 976,8	€15 206,0	€15 441,0	€15 682,0	€15 929,2	€16 182,9	€16 443,1	€16 710,2
Insurance	€4 500,0	€4 567,5	€4 636,7	€4 707,6	€4 780,4	€4 855,0	€4 931,6	€5 010,1	€5 090,7	€5 173,3
Property Taxes	€4 500,0	€4 567,5	€4 636,7	€4 707,6	€4 780,4	€4 855,0	€4 931,6	€5 010,1	€5 090,7	€5 173,3
Reserve for Replacement and Renewals	€37 575,9	€37 889,9	€42 007,1	€42 848,1	€45 146,1	€46 013,4	€48 372,7	€48 985,9	€50 153,9	€50 153,9
TOTAL FIXED COSTS	€87 601,5	€61 778,2	€66 257,3	€67 469,4	€70 147,4	€71 405,4	€74 165,1	€75 189,0	€76 778,4	€77 210,8
<b>TOTAL COSTS</b>	€1 685 802,0	€1 691 915,1	€1 752 766,1	€1 782 014,8	€1 825 702,4	€1 856 188,2	€1 899 425,0	€1 928 235,0	€1 964 135,1	€1 987 794,1
<b>EBITDA</b>	€142 994,1	€202 580,9	€347 589,9	€360 389,2	€431 603,6	€444 479,8	€519 211,0	€521 063,0	€543 560,9	€519 901,9
Financial costs	€200 997,45	€200 997,45	€200 997,45	€200 997,45	€200 997,45	€200 997,45	€200 997,45	€200 997,45	€200 997,45	€200 997,45
Depreciation	€125 000,00	€118 750,00	€112 812,50	€107 171,88	€101 813,28	€96 722,62	€91 886,49	€87 292,16	€82 927,55	€78 781,18
<b>EBT</b>	-€183 003,40	-€117 166,58	€33 779,96	€52 219,88	€128 792,83	€126 759,70	€226 327,09	€232 773,35	€259 655,92	€240 123,27
Corporate tax (IRC)	-€47 930,71	-€34 104,98	€6 093,79	€9 966,17	€26 046,49	€29 819,54	€46 528,69	€47 883,40	€53 523,54	€49 425,89
State surtax	-€5 490,10	-€3 515,00	€1 013,40	€1 566,60	€3 863,78	€4 402,79	€6 789,81	€6 983,20	€7 789,08	€7 203,70
<b>Net Income</b>	-€129 582,59	-€79 546,60	€26 672,77	€40 687,11	€98 882,55	€112 537,37	€173 008,59	€177 907,74	€198 333,30	€183 493,68

Source: Author's elaboration.

Table 13.6 – Orsa Rural Hotel's Balance Sheet (2021 values).

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>Balance Sheet</b>										
<b>Assets</b>										
<b>Non-Current Assets</b>										
Investment, Property and Equipment	€2 375 000,0	€2 256 250,0	€2 143 437,5	€2 036 265,6	€1 934 452,3	€1 837 729,7	€1 745 843,2	€1 658 551,1	€1 575 623,5	€1 496 842,3
<b>Current Assets</b>										
Cash and Equivalents	€130 000,0	€131 690,0	€133 665,4	€135 690,4	€137 766,6	€139 895,8	€142 079,4	€144 319,3	€146 617,3	€148 975,2
Other Current Assets	€300 000,0	€303 900,0	€308 458,5	€313 131,6	€317 923,0	€322 836,4	€327 875,5	€333 044,6	€338 347,6	€343 788,9
Inventories	€50 000,0	€50 650,0	€51 409,8	€52 188,6	€52 987,2	€53 806,1	€54 645,9	€55 507,4	€56 391,3	€57 298,1
Other Assets	€396 134,7	€252 035,4	€187 448,8	€313 975,5	€415 797,7	€451 746,1	€500 095,3	€529 657,5	€552 649,7	€721 805,2
<b>Total Assets</b>	<b>€3 251 134,7</b>	<b>€2 994 525,4</b>	<b>€2 824 419,9</b>	<b>€2 851 251,8</b>	<b>€2 858 926,9</b>	<b>€2 806 014,0</b>	<b>€2 770 539,4</b>	<b>€2 721 079,9</b>	<b>€2 669 629,3</b>	<b>€2 768 709,8</b>
<b>Shareholder's Equity</b>										
Retained Earnings	€0,0	-€129 582,6	-€209 129,2	-€52 873,8	€67 359,9	€139 569,7	€211 419,9	€285 546,0	€350 916,3	€376 231,0
Equity's Capital	€100 000,0	€100 000,0	€100 000,0	€100 000,0	€100 000,0	€100 000,0	€100 000,0	€100 000,0	€100 000,0	€100 000,0
Reserves	€36 575,9	€74 465,8	€116 473,0	€159 321,0	€204 467,2	€250 480,5	€298 853,2	€347 839,2	€397 993,1	€448 147,0
<b>Total Equity</b>	<b>€136 575,9</b>	<b>€44 883,3</b>	<b>€7 343,8</b>	<b>€206 447,2</b>	<b>€371 827,0</b>	<b>€490 050,2</b>	<b>€610 273,2</b>	<b>€733 385,1</b>	<b>€848 909,4</b>	<b>€924 578,0</b>
<b>Liabilities</b>										
Current Liabilities	€1 560 000,0	€1 580 280,0	€1 603 984,2	€1 628 284,6	€1 653 199,8	€1 678 749,2	€1 704 952,9	€1 731 831,7	€1 759 407,3	€1 787 702,1
Taxes Payable	-€53 420,8	-€37 620,0	€7 107,2	€11 532,8	€29 910,3	€34 222,3	€53 318,5	€54 865,6	€61 312,6	€56 629,6
Long-term Liabilities	€1 607 979,6	€1 406 982,2	€1 205 984,7	€1 004 987,3	€803 989,8	€602 992,4	€401 994,9	€200 997,5	€0,0	€0,0
Other Liabilities	€0,0	€0,0	€0,0	€0,0	€0,0	€0,0	€0,0	€0,0	€0,0	€0,0
<b>Total Liabilities</b>	<b>€3 114 558,8</b>	<b>€2 949 642,2</b>	<b>€2 817 076,1</b>	<b>€2 644 804,6</b>	<b>€2 487 099,8</b>	<b>€2 315 963,8</b>	<b>€2 160 266,3</b>	<b>€1 987 694,7</b>	<b>€1 820 719,9</b>	<b>€1 844 331,7</b>
<b>Total Shareholder's Equity + Total Liabilities</b>	<b>€3 251 134,7</b>	<b>€2 994 525,4</b>	<b>€2 824 419,9</b>	<b>€2 851 251,8</b>	<b>€2 858 926,9</b>	<b>€2 806 014,0</b>	<b>€2 770 539,4</b>	<b>€2 721 079,9</b>	<b>€2 669 629,3</b>	<b>€2 768 709,8</b>

Source: Author's elaboration.

Table 13.7 - Orsa Rural Hotel's Cash Flow Statement (2021 values).

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<b>Cash Flow</b>												
Net Income	0	0	-€129 582,59	-€79 546,60	€26 672,77	€40 687,11	€98 882,55	€112 537,37	€173 008,59	€177 907,74	€198 323,30	€183 493,68
Depreciation (+)	0	0	€125 000,00	€118 750,00	€112 812,50	€107 171,88	€101 813,28	€96 722,62	€91 886,49	€87 292,16	€82 927,55	€78 781,18
Working Capital (+)	0	0	€130 000,00	€131 690,00	€133 665,35	€135 690,38	€137 766,65	€139 895,76	€142 079,40	€144 319,31	€146 617,28	€148 975,18
Capital Expenditure (-)	€200 997,45	€200 997,45	€200 997,45	€200 997,45	€200 997,45	€200 997,45	€200 997,45	€200 997,45	€200 997,45	€200 997,45	€200 997,45	€0,00
Free Cash Flow	-€200 997,45	-€200 997,45	-€75 580,04	-€30 104,05	€72 153,17	€82 551,91	€137 465,03	€148 158,30	€205 977,03	€208 521,76	€427 868,13	€411 250,04
Accumulated Free Cash Flow	-€200 997,45	-€401 994,90	-€477 574,94	-€507 678,99	-€435 525,82	-€352 973,91	-€215 508,88	-€67 350,58	€138 626,45	€347 148,21	€775 016,34	€1 186 266,38

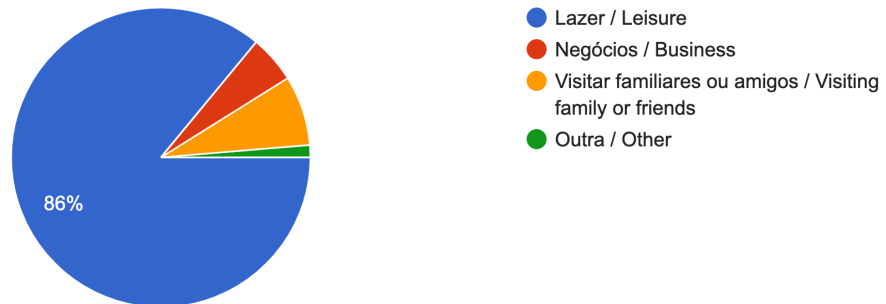
Source: Author's elaboration.

## Annex C – Survey: Google Form

Figure 3.1 - What is the main purpose of your trips?

Qual o motivo principal das suas viagens? / What is the main of purpose of your trips?

450 respostas

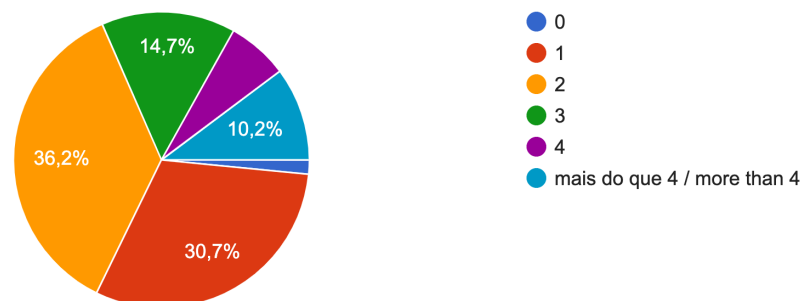


Source: Author's elaboration.

Figure 3.2 - On Average, how many times do you travel per year?

Em média, quantas vezes viaja por ano? / On average, how many times do you travel per year?

450 respostas

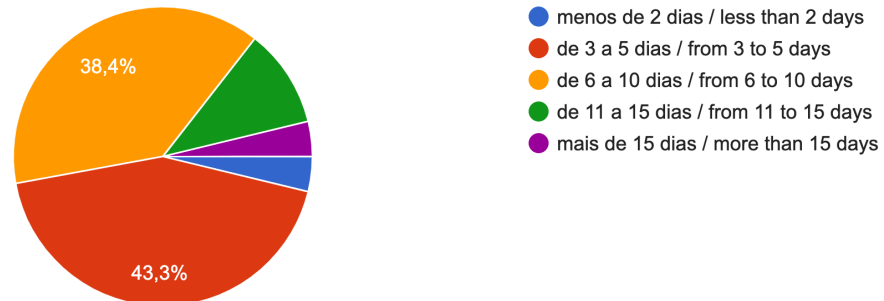


Source: Author's elaboration.



Figure 3.3 - On Average, what is the duration of your trips?

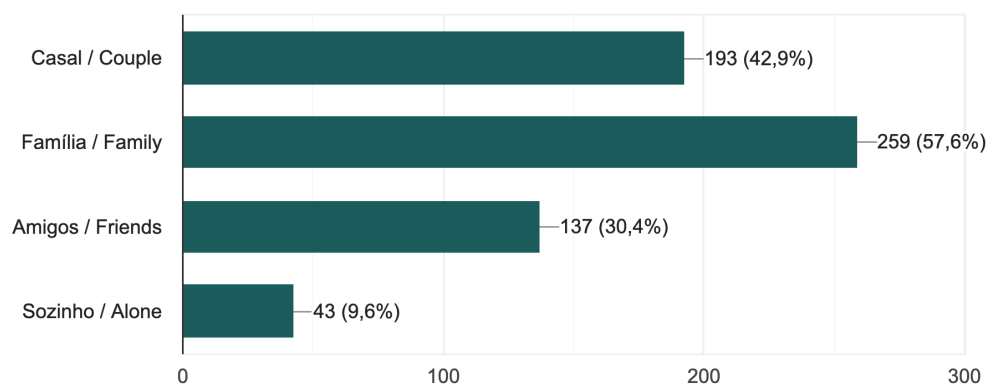
Em média, qual a duração das suas viagens? / On average, what is the duration of your trips?  
450 respostas



Source: Author's elaboration.

Figure 3.4 - With whom do you usually travel with?

Com quem costuma viajar? / With whom do you usually travel with?  
450 respostas

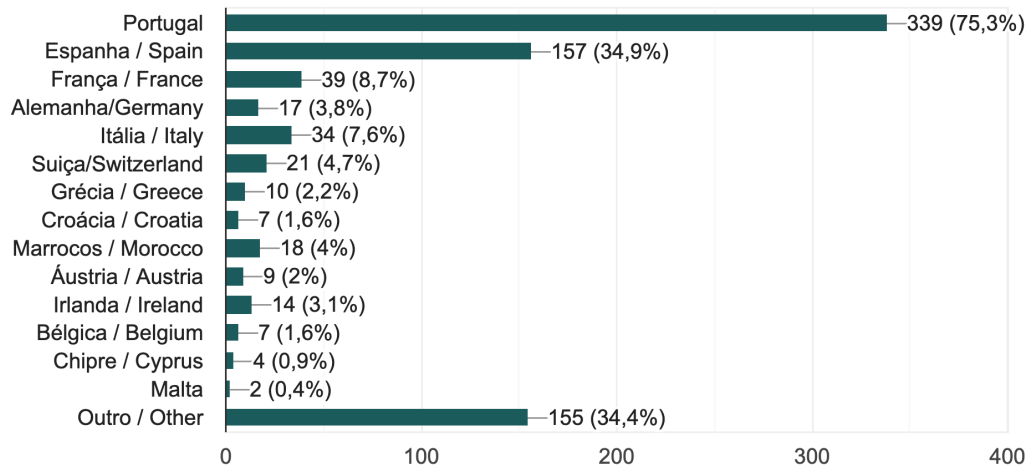


Source: Author's elaboration.

Figure 3.5 - To where do you travel more often?

Para onde viaja com maior frequência ? / To where do you travel more often?

450 respostas

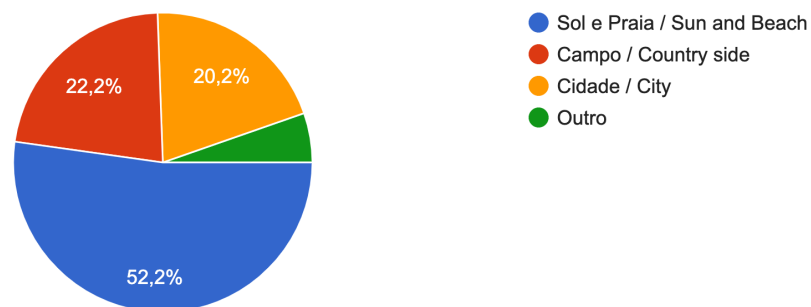


Source: Author's elaboration.

Figure 3.6 - What type of destinations do you prefer?

Que tipo de destino prefere? What type of destinations do you prefer?

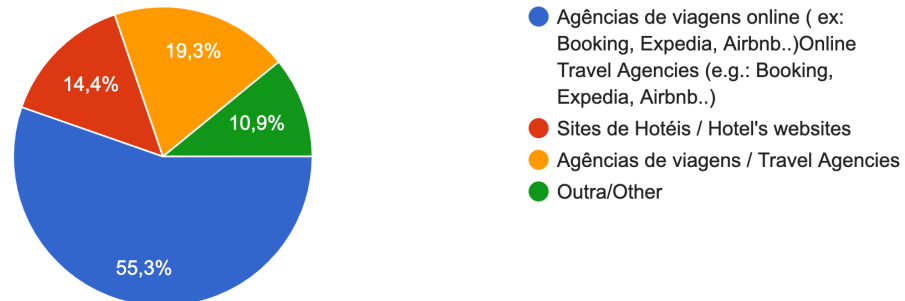
450 respostas



Source: Author's elaboration.

Figure 3.7 - Where do you usually book your stays?

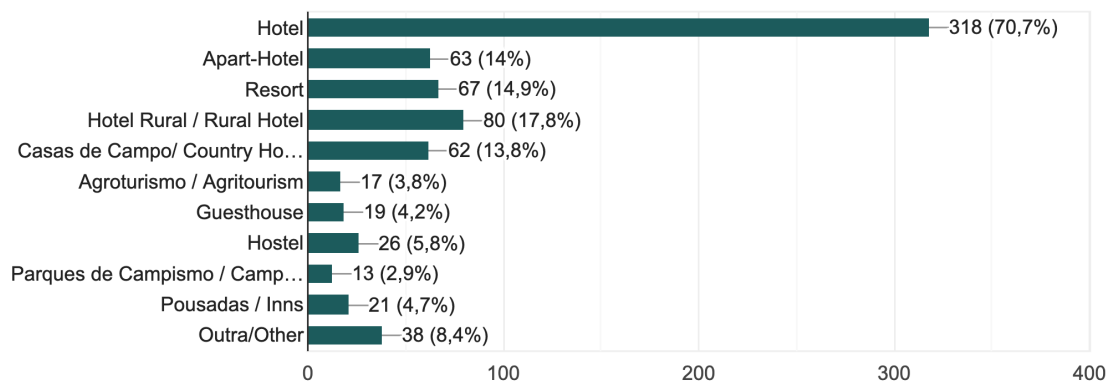
Onde costuma reservar as suas estadias? Where do you usually book your stays?  
450 respostas



Source: Author's elaboration.

Figure 3.8 - When travelling, where do you usually stay?

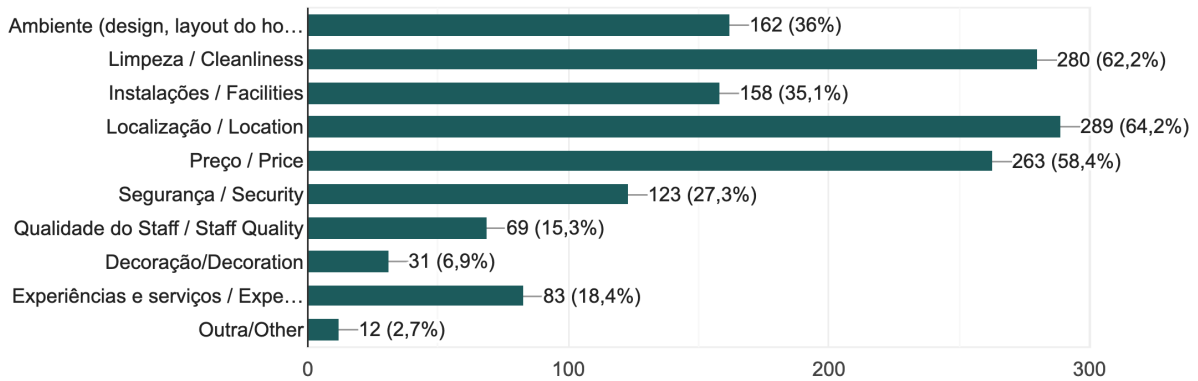
Quando viaja, onde é mais frequente ficar alojado(a)? / When traveling, where do you usually stay?  
450 respostas



Source: Author's elaboration.

Figure 3.9 - From the presented components, which are the most important features when picking an accommodation establishment?

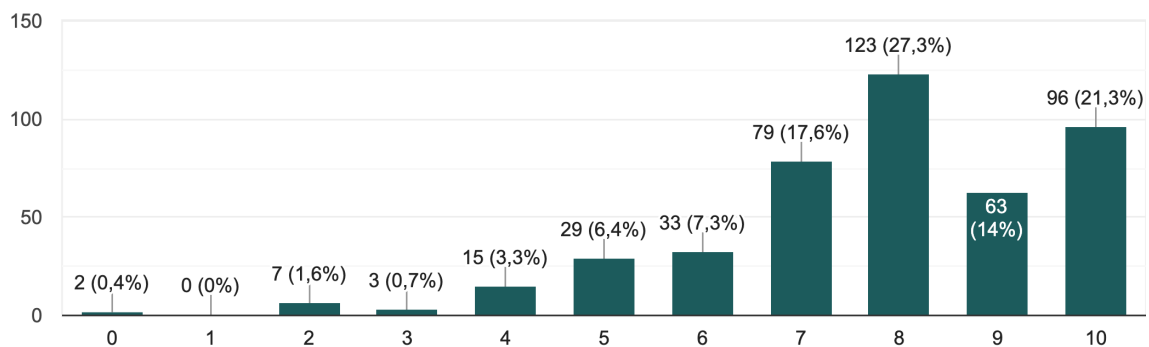
Dos fatores apresentados, quais considera mais importantes quando escolhe uma unidade hoteleira? / From the presented components, wh...t when picking an accommodation establishment?  
450 respostas



Source: Author's elaboration.

Figure 3.10 - On a scale from 0 to 10, being 0-extremely low and 10-extremely high, how interested are you in Rural Tourism establishments?

Numa escala de 0 a 10, como avalia o seu interesse sobre o Turismo Rural? / On a scale from 0 to 10, how interested are you in Rural Tourism establishments?  
450 respostas

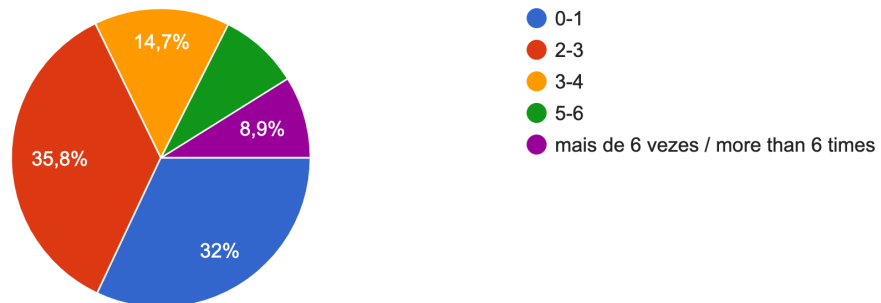


Source: Author's elaboration.

Figure 3.11 - How many times have you stayed in a Rural Hotel?

Quantas vezes já ficou hospedado num Hotel Rural ? How many times have you stayed in a Rural Hotel?

450 respostas

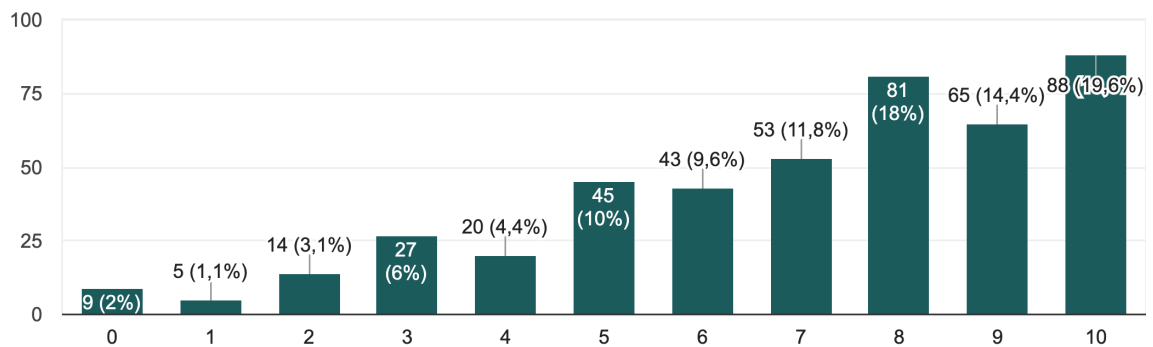


Source: Author's elaboration.

Figure 3.12 - On a scale from 0 to 10, being 0-extremely low and 10-extremely high, what are the chances that you pick a Rural Hotel for you stay in your next holidays?

Numa escala de 0 a 10, qual a probabilidade de escolher um Hotel Rural na sua próxima viagem? / On a scale from 0 to 10, what are the chances that you pick a Rural Hotel to stay in your next holidays?

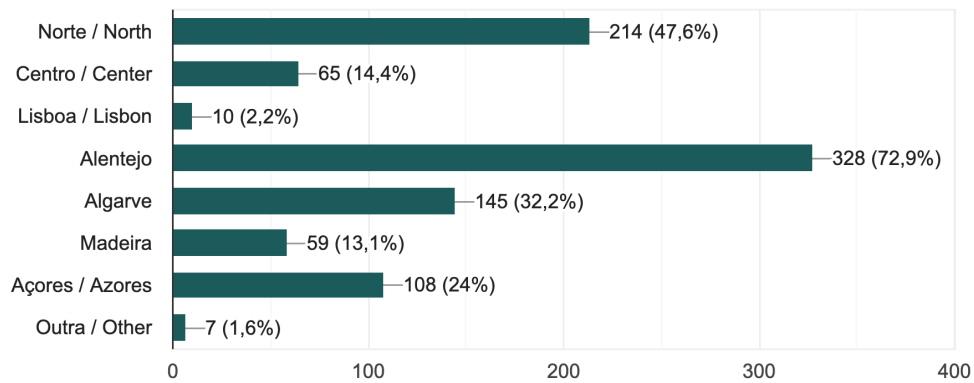
450 respostas



Source: Author's elaboration.

Figure 3.13 - If you consider only Portugal, in which region or regions do you think that a Rural Hotel can be more attractive?

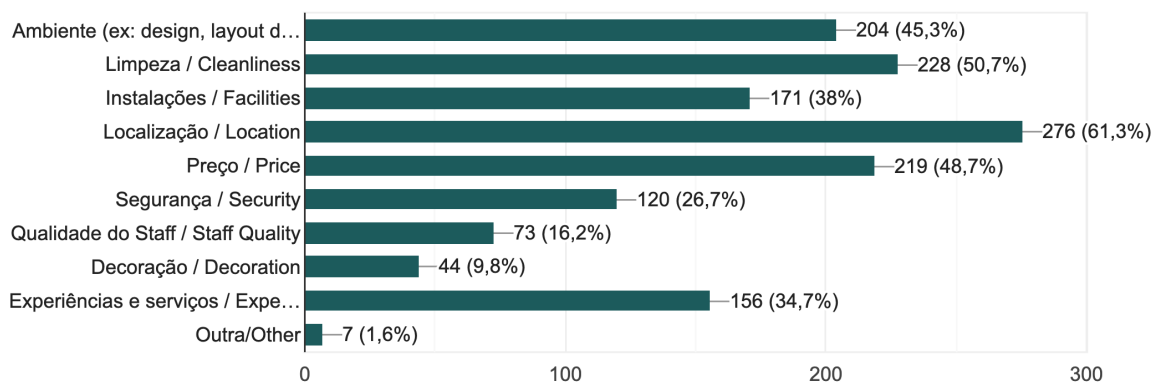
Se tiver em consideração apenas Portugal, em que região/regiões lhe parece que um Hotel Rural possa ser mais atrativo? / If you consider only Port...u think that a Rural Hotel can be more attractive ?  
450 respostas



Source: Author's elaboration.

Figure 3.14 - From the presented components, which do you consider more important when picking a Rural Tourism accommodation?

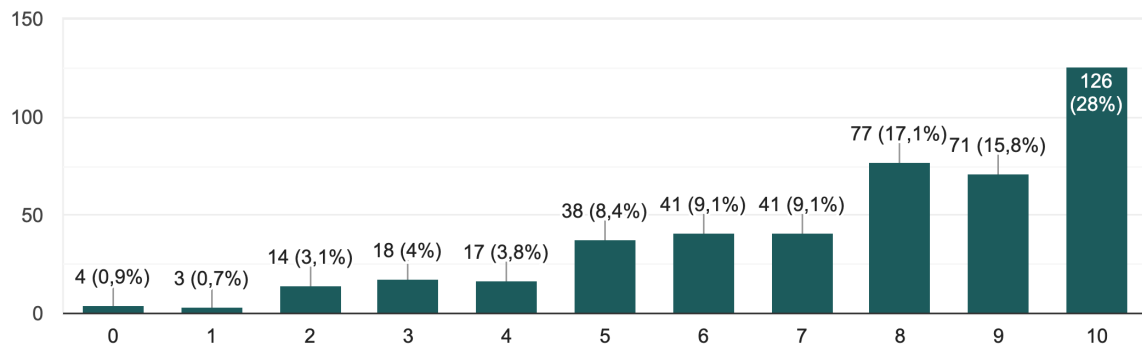
Dos fatores apresentados, quais considera mais importantes se optar por uma unidade de Turismo Rural? / From the presented components...nt when picking a Rural Tourism accommodation?  
450 respostas



Source: Author's elaboration.

Figure 3.15 - On a scale from 0 to 10, being 0-extremely negative and 10-extremely positive, how do you value the construction of a new Rural Hotel in Albufeira?

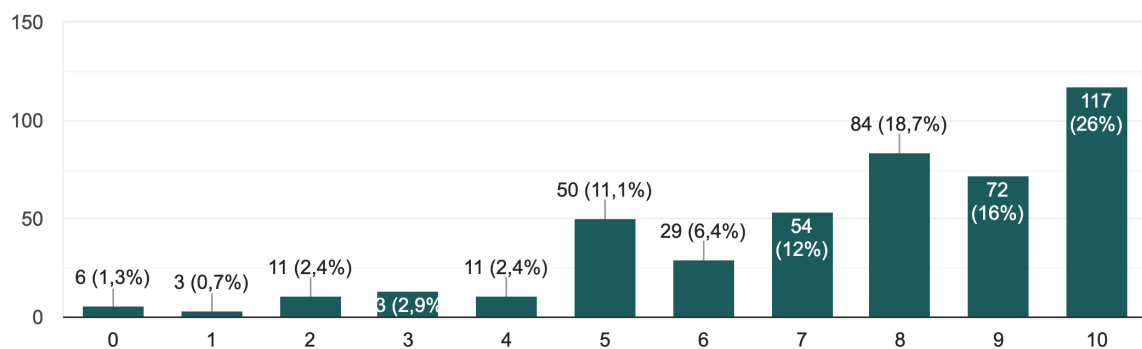
Numa escala de 0 a 10, como valoriza a construção de um Hotel Rural de 5 estrelas em Albufeira? /  
 On a scale from 0 to 10, how much do you value the ...truction of a new Rural 5 star Hotel in Albufeira?  
 450 respostas



Source: Author's elaboration.

Figure 3.16 - On scale from 0 to 10, being 0-extremely low and 10-extremely high, how do you classify the impact a new Rural 5-star Hotel in Albufeira?

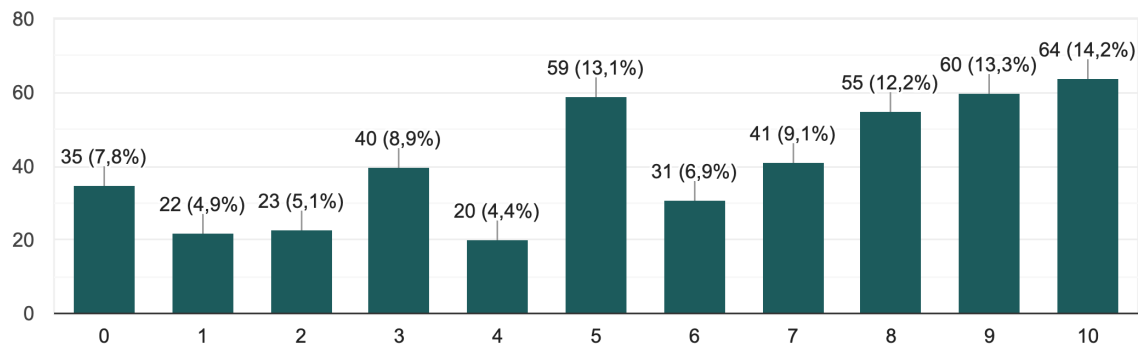
Numa escala de 0 a 10, como classifica o impacto de um Hotel Rural de 5 estrelas em Albufeira? /  
 On a scale from 0 to 10, how do you classify the impact a new Rural 5 star Hotel in Albufeira?  
 450 respostas



Source: Author's elaboration.

Figure 3.17 - On a scale from 0 to 10, being 0-extremely low and 10-extremely high, what are the chances of you picking this new Rural 5-star hotel in Albufeira for your next stay in the region?

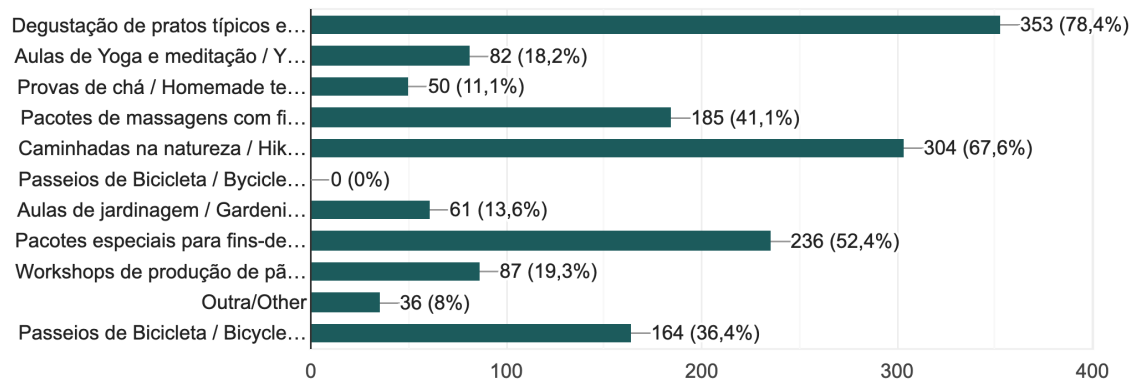
Numa escala de 0 a 10, qual a probabilidade de escolher este Hotel Rural de 5 estrelas em Albufeira na sua próxima estadia na região? / On a s...otel in Albufeira for your next stay in the region?  
450 respostas



Source: Author's elaboration.

Figure 3.18 - What kind of services/experiences do you consider more important in an accommodation establishment of this kind?

Que tipo de serviços/experiências considera mais importantes numa unidade hoteleira deste género? / What kind of services/experiences do y... in an accommodation establishment of this kind?  
450 respostas

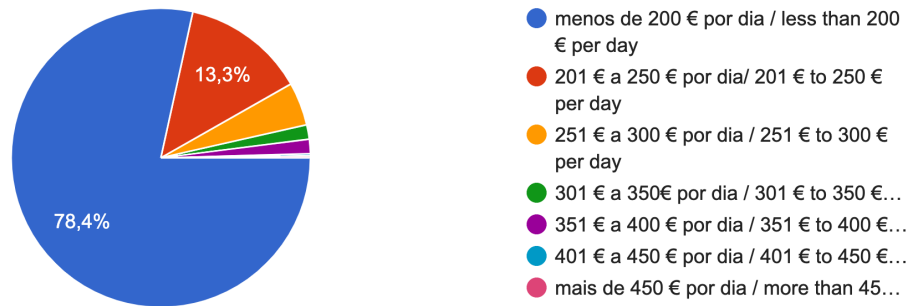


Source: Author's elaboration.



Figure 3.19 - How much would you be willing to pay for a room in a Rural 5-star Hotel in Albufeira during low season (From November to April)?

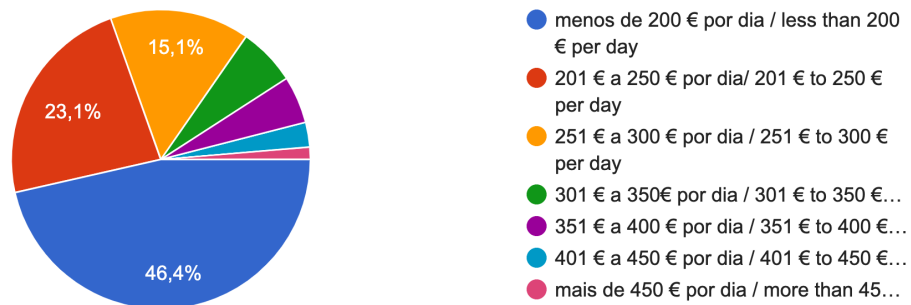
Quanto estaria disposto a pagar por um quarto num Hotel Rural de 5 estrelas em Albufeira durante a época baixa (De Novembro a Abril)? / H...eira during low season (From November to April)?  
450 respostas



Source: Author's elaboration.

Figure 3.20 - How much would you be willing to pay for a room in a Rural 5-star Hotel in Albufeira during high season (From May to October)?

Quanto estaria disposto a pagar por um quarto num Hotel Rural de 5 estrelas em Albufeira durante a época alta (de Maio a Outubro)? / How ...ufeira during high season (from May to October)?  
450 respostas

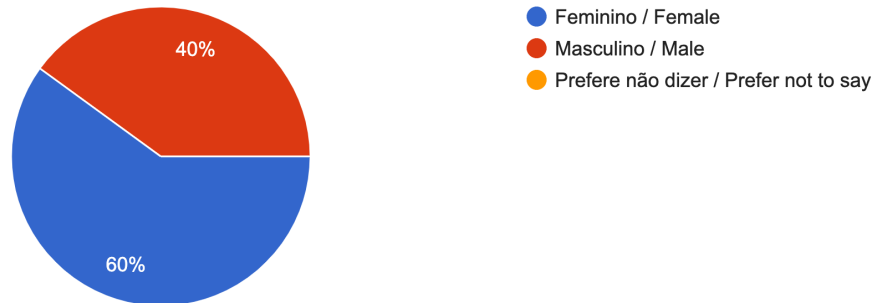


Source: Author's elaboration.

Figure 3.21 - Respondent's gender.

Género / Gender

450 respostas

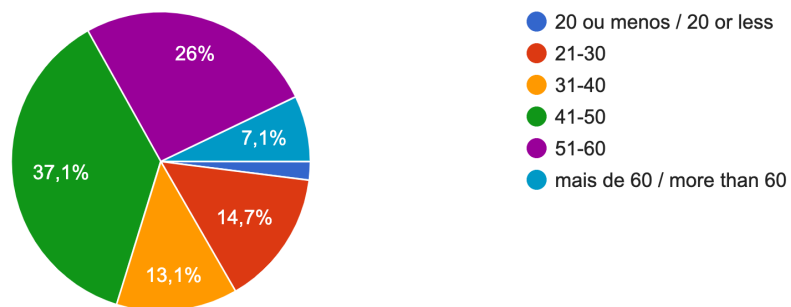


Source: Author's elaboration.

Figure 3.22 - Respondent's age.

Idade / Age

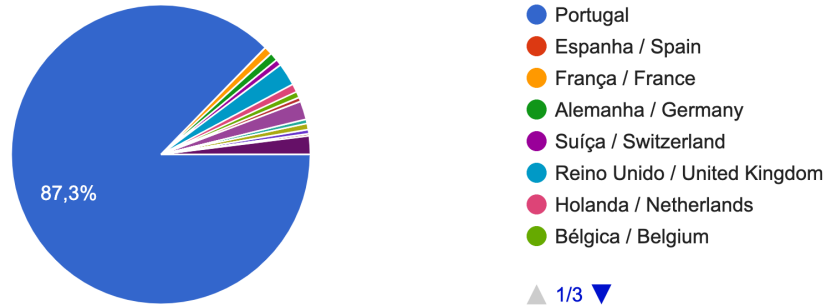
450 respostas



Source: Author's elaboration.

Figure 2.23 - The respondent's country of origin.

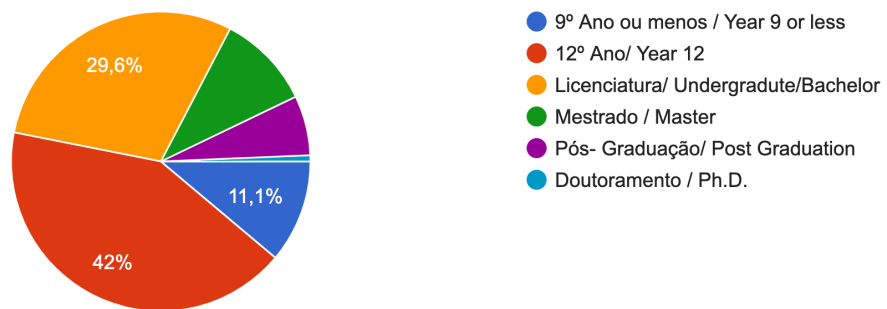
O seu país de origem / Your country of origin  
450 respostas



Source: Author's elaboration.

Figure 3.24 - Respondent's education level.

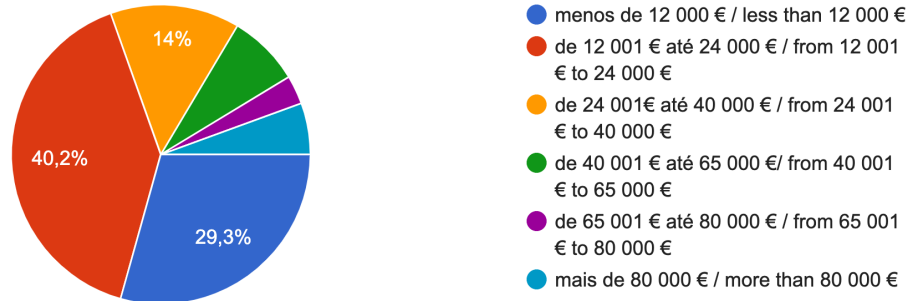
Nível de Educação / Education Level  
450 respostas



Source: Author's elaboration.

Figure 3.25 - Respondent's annual remuneration.

Remuneração anual / Annual remuneration  
450 respostas



Source: Author's elaboration.