

A Work Project, presented as part of the requirements for the Award of a Masters Degree in Management from the NOVA – School of Business and Economics.

## **HOW TO ATTRACT CENTRAL AND NORTHERN EUROPEANS TO A RURAL TOURISM ESTABLISHMENT IN THE CENTER OF PORTUGAL**

-Direct Research with Internship-

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A Project carried out on the management course, under the supervision of:

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## **HOW TO ATTRACT CENTRAL AND NORTHERN EUROPEANS TO A RURAL TOURISM ESTABLISHMENT IN THE CENTER OF PORTUGAL**

The rural tourism market in Portugal has been growing, showing a positive trend of foreign people's overnight stays. These individuals are motivated by factors like: rest and relax far from the cities, and interest in culture and traditions of the rural region. According to the study, the rural tourist can be segmented into two distinct groups, representing different primary motivations and behaviors. After having performed a set of researches, Monte do Areeiro - a Portuguese rural tourism establishment - is able to follow the best marketing strategies and the respective action plans to better satisfy its customers.

Rural Tourism \* Customers \* Monte do Areeiro \* Marketing Strategies

## **Purpose of project – General overview**

Monte do Areeiro, a small Portuguese rural tourism establishment (50 km away from Lisbon), has experienced an increasing number of international European booking reservations. Meanwhile, the national economic conjuncture has not favored the flows of national guests. Hence the company's top management has decided to focus its attention in Northern and Central European markets, arguing that these countries' inhabitants are the ones representing the highest revenue potential. This way, the current study is an ordered project by the company to develop a detailed marketing plan focused on the specific identified target: Northern and Central European customers. It is important to mention that the company in question has limited resources and, as such, the main challenge throughout the project was to successfully accomplish a set of founded and realistic proposals.

In order to propose the best solutions, the study is divided into three different sections: 1) Analysis of current situation; 2) Goals definition; 3) Marketing strategies and action programs. It was concluded that Portugal has been increasing its notoriety in the European rural tourism market and Monte do Areeiro is aligned with this picture. Considering the competitors offers as well as the main points valued by customers and their behaviors, it is proposed to target families with children, implementing a loyalty strategy. Furthermore, it is proposed to position Monte do Areeiro as a high quality place to go on holidays to rest and break the routine, charging a premium price.

The entire project is supported by factual background, making use of reliable sources that will be referred throughout the report. Further to these secondary data, the solutions were also based on primary data – online surveys and depth interviews. Regarding the academic background, the study was mainly based on the work of the following authors: Philip Kotler, Gary Amstrong, Jonh Saunders and Veronica Wong.

## Methodology used

Considering the lack of secondary data and useful information about the specific rural tourism market, it was essential to make use of primary data to support the proposed solutions. So, the research was conducted through different strands, reflecting the views of 3 external entity's groups: Northern and Central European customers, tourism operators and hotel industry specialists.

The customers were approached through two distinct methods: online surveys (in order to derive the factors that may describe the customer profile), and a set of depth interviews (to gain insight about the purchasing behavior when going on rural tourism holidays).

Regarding the tourism operators - the entities that work as intermediates between customers and owners of tourism establishments - an in depth analysis was performed to a set of 9 companies based on their own websites, gaining insight about their way of working. Besides that, it was possible to have direct contact with one Dutch tourism operator - *Eliza Was Here* - a current Monte do Areeiro partner.

Within the group of hotel industry specialists, an interview was conducted with the former president of the "Associação dos Hotéis de Portugal – AHP", a true industry expert. The interview was directed to better understand the market, loyalty strategies and tactics used to attract foreigners.

# 1 Analysis of current situation

In order to understand the current company's situation, an external audit (specific context, general context, customers and competitors) and an internal audit (company and partnerships) were performed.<sup>1</sup>

## 1.1 Specific context

### 1.1.1 Market

Monte do Areeiro is included within the tourism market, in the segment of rural tourism and the sub-segment of the cottages market.<sup>2</sup> Throughout the project, it was possible to identify some characteristics of the rural tourism market in Portugal:

- ✓ There are several sub-segments within the rural tourism market, although the distinction between some of them might be ambiguous (see Other Exhibits 1).
- ✓ There are hundreds of small companies and no strong brands with consolidated image<sup>3</sup>, giving tourism operators a crucial role.
- ✓ This market usually involves a set of nature and cultural activities.

Regarding facts and figures in the Portuguese market, there is an increasing trend in the number of foreign overnight stays, with an annual growth rate of 7,7% from 2000 to 2008<sup>4</sup>. Among these foreign customers, the demand is mainly concentrated in 5 countries - Germany, Netherlands, Spain, UK and France -, having represented in 2008 72% of total foreign demand<sup>5</sup>. As a curiosity, people from Germany, Netherlands and

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<sup>1</sup> Kotler, Philip. Armstrong, Gary. Saunders, John. Wong, Veronica. 1999. "Strategic Marketing Planning" In Principles of Marketing, 2<sup>nd</sup> European Edition, 122-111. London: Prentice Hall Inc.

<sup>2</sup> Decree-Law No. 169/97, Portuguese Official Gazette No. 152, dated 4<sup>th</sup> July.

<sup>3</sup> Instituto de estudos sociais e económicos (IESE).2008. "Estudo de Caracterização do Turismo no Espaço Rural e do Turismo de Natureza em Portugal" study for Direcção Geral de Agricultura e Desenvolvimento Rural.

<sup>4</sup> Instituto de estudos sociais e económicos (IESE).2008. "Estudo de Caracterização do Turismo no Espaço Rural e do Turismo de Natureza em Portugal" study for Direcção Geral de Agricultura e Desenvolvimento Rural.

<sup>5</sup> Turismo de Portugal, IP. 2008. "A oferta e a procura no TER – 2008" report.

UK are commonly characterized by a high preference for nature activities when planning holidays, which reinforces their liking of rural tourism<sup>6</sup>.

Besides these general demand characteristics, foreign customers prefer the cottages sub-segment. In fact, in 2008 this category was the one with more foreign overnight stays<sup>7</sup>. Regarding regions, although the North region has the highest cottages offer (33% of total supply), foreign customers have shown a preference for Madeira region (36% of total foreign demand)<sup>8</sup>. One possible reason for this fact is the notoriety of Madeira due to the high international region publicity<sup>9</sup>.

In order to better understand the demand and supply of rural tourism in Portugal, a set of graphics and tables was elaborated (see Exhibit 1).

Regarding facts and figures in the European market, it has grown from 1997 to 2004 at an annual growth rate of roughly 7% in the volume of rural tourism trips<sup>10</sup>. Following the 1997-2004 trend (due to lack of public data related to post 2004), 2011 would have registered 27 132 thousands of trips<sup>11</sup>.

### 1.1.2 Channels

Another important characteristic in this market is the variety of channels to make the product available to customers: online tourism operators; specialized or non-specialized magazines; rural tourism accommodation websites; word of mouth<sup>12</sup> either by relatives or by specialized blogs and communities; tourism fairs where the product is available either for the trade or for customers.

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<sup>6</sup> Turismo de Portugal, IP. 2011. "Análise dos Mercados Emissores – Perspectivas para 2011" report.

<sup>7</sup> Turismo de Portugal, IP. 2008. "A oferta e a procura no TER – 2008" report.

<sup>8</sup> Turismo de Portugal, IP. 2008. "A oferta e a procura no TER – 2008" report.

<sup>9</sup> Direcção Regional do Turismo da Madeira, 2012. "Madeira Micro International Film Festival", "Madeira em destaque na imprensa internacional", "Destino Madeira em Destaque no GOOGLE" Visit Madeira.pt website.

<sup>10</sup> THR (Asesores en Turismo Hotelería y Recreación, S.A.). 2006. "Turismo de Natureza" study for Turismo de Portugal, IP.

<sup>11</sup> See Other Exhibits 2 to understand how it was achieved the estimation.

<sup>12</sup> According to a study provided by Gallup Organization, in a survey done in the scope of the attitudes of the Europeans towards tourism (2011), the opinions of friends and colleagues are the first source of information when making holiday plans. Indeed, around 58% of the citizens answered that the recommendations of friends and colleagues would be the first or second source of information used.

In this scope, the online<sup>13</sup> tourism operators assume a crucial importance since: they have more resources and expertise comparing to other channels; they group a lot of tourism offers in the same platform, making the research easier; some of them sell package products, including transportation and accommodation.

Among online tourism operators, only few are specialized in rural tourism<sup>14</sup>. However, there are some which also have a section about rural tourism (e.g. *Booking.com*). To gain insight about these operators, a detailed analysis to 9 online tourism operators<sup>15</sup> was carried out (see Other Exhibit 3). The main characteristics of these operators are: their offers are mainly concentrated in Europe, having a relatively high offer in Portugal; they also provide information about each region, showing cultural attractions and activities; they include in their websites customer reviews and opinions; they charge a fee for the exposure or a commission for each reservation done through the channel.

## 1.2 General context

There are several macro-environment factors that influence the rural tourism market. Regarding the economic situation, it is important to take into consideration the crisis all over Europe. However, generally speaking, the Northern and Central European countries present a higher GDP per capita than the Southern countries<sup>16</sup>, which, together with differences in price levels gives Northern and Central European people a higher purchasing power<sup>17</sup> (see Other Exhibits 4) when coming to Portugal. Further to this,

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<sup>13</sup> Accordingly to *Plano Estratégico Nacional de Turismo (2011)*, the online sales in the UE tourism market in 2005 were 30,2%, increasing to 69,9% in 2009. Indeed, Internet includes reservation sites, social networks or even travel blogs and communities.

<sup>14</sup> In a brief analysis done to 30 online tourism operators, only 3 are totally specialized in rural tourism – Top Rural, Eliza Was Here and All Rural.

<sup>15</sup> These 9 companies were chosen considering the online tourism operators indicated by the customers that were contacted for the propose of this work project (through depth interviews and online survey) and was based on information provided in their own websites. The three companies specialized in rural tourism are included in the board.

<sup>16</sup> Eurostat Press Office. Report 97/2012, 20 June, 2012.

<sup>17</sup> Eurostat Press Office. Report 26/2012 – Statistics in focus, 18 June, 2012.

according to specialists, it is expected that Portuguese people will suffer the worst fall in purchasing power from the last 27 years<sup>18</sup>.

Another important issue that may increase the international tourism in Portugal is the fast development of the Low Cost airline companies (see Other Exhibits 5).

Concerning the socio-cultural environment, some topics<sup>19</sup> have to be considered, such as: the increasing concern about environmental issues and health & wellness; the increasing demand by more and more personalized offers; the high difficulty to find differences between products, contributing for an increasingly importance of the “total experience”; the existence of more and more demanding customers due to the high quantity of information and sources.

Regarding the demographic scenario, considering the European ageing trend, it is expected that in 2020, 20% of Europeans will be over 65 years old, with a considerable purchasing power<sup>20</sup>. Also, nearly 75% of the European population currently lives in urban areas, forecasting 80% in 2020<sup>21</sup>. This may influence the demand by nature environment on holidays, following the concept of “break the routine”.

### 1.3 Customers

Under the customers scope the research was oriented to identify the foreign customer profile and his purchasing behavior. Considering the online survey results<sup>22</sup> and other secondary data<sup>23</sup>, it is concluded that: the rural tourism customer is within the age group of 35-54, either women or men, with high degree of education; this customer values the

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<sup>18</sup> Peixoto, Margarida. 2012. “Portugal tem a maior quebra do poder de compra em 27 anos”, Online *Diário Económico* journal.

<sup>19</sup> According to *Plano Estratégico Nacional de Turismo* (2011) and *Contrato Marco de Estudos de Competitividad Sectorial – ENTR/06/054*. 2009. “*Estudio sobre la competitividad en el sector turístico de la EU*”.

<sup>20</sup> *Contrato Marco de Estudos de Competitividad Sectorial – ENTR/06/054*. 2009. “*Estudio sobre la competitividad en el sector turístico de la EU*”.

<sup>21</sup> Carvalho, Maria da Graça. 2011. “*Rumo a cidades de baixo carbono - Caso da Vila de Óbidos*”, Online Scientific articles, Department of Mechanical Engineering - *Instituto Superior Técnico*.

<sup>22</sup> In Other Exhibits 6, it is possible to see the methodology used for the survey, survey goals, the survey questions, the sample characterization and the main results. The questionnaire design was based on theoretical background from K. Malhotra, Naresh and F. Birks, David. 2007. “Qualitative research: in-depth interviewing and projective techniques” in *Marketing Research: an applied approach*, 221-207. Pearson Education Limited.

<sup>23</sup> *Instituto de estudos sociais e económicos (IESE)*. 2008. “*Estudo de Caracterização do Turismo no Espaço Rural e do Turismo de Natureza em Portugal*” study for *Direcção Geral de Agricultura e Desenvolvimento Rural*.



contact with nature and is used to go on rural holidays in family or in couple; his main sources of information are Internet and tourism operators; his main motivation is to rest and relax in a clean environment far from the cities; another important motivation is related to the rural region culture; regarding his perception about rural tourism, he does not expect luxury and room service, rather the full contact with nature in a family environment (see Exhibit 2 for a detailed customer characterization).

Concerning the purchasing behavior, the conclusions were complemented through a set of depth interviews<sup>24</sup>. Indeed, from the 6 foreigners interviewed (all were potential rural tourism customers), 5 of them displayed the same behavior pattern, comprising 4 stages (see Exhibit 3):

- 1<sup>st</sup> Stage – Decide the country – The good weather conditions, the notoriety of the country, its hospitality reputation and the airline budget are some of the factors that influence the choice;
- 2<sup>nd</sup> Stage – Decide the region – In this step the set of rural tourism offers in the region have an impact on the decision, as well as the cultural attractions and relatives' opinions;
- 3<sup>rd</sup> and 4<sup>th</sup> Stage – Choose a set of accommodations and then select one – Here, the customer reviews on the websites about each accommodation have a high influence, looking first for nature surroundings and signals of the accommodations quality like small and unique places, cleanliness and comfort ratings. Furthermore, there are some customers that associated low prices with low quality.

Considering each factor that may affect the customer decisions throughout the four steps, three hypotheses are assumed: A) when planning rural tourism holidays, the

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<sup>24</sup> In the Other Exhibit 7, it is possible to find the script for the interviews, the interview goals and the overview of each one of them. The standards followed to perform the depth interviews were based on theoretical background from K. Malhotra, Naresh and F. Birks, David. 2007. "Questionnaire design" in Marketing Research: an applied approach, 392-371. Pearson Education Limited.

choice of the country is independent of the choice of the tourism establishment; B) a rural tourism establishment does not have capacity to influence the customer's country choice<sup>25</sup>; C) a rural tourism establishment has a relatively high capacity to influence the customer's region decision and the accommodation choice.

Furthermore, it is important to understand the post purchasing behavior<sup>26</sup>, either related with the repetition of the stay or related with the sharing of experiences (word of mouth). According to the interviews done, there was a consensus that after any holidays, people talk with relatives about the experience. Some customers go further and post their reviews on specific blogs and websites. As for the comeback to the same rural tourism, the results were ambiguous. Indeed the main conclusion is that the repetition depends on the type of motivation that had stimulated the choice and the type of group that is going on holidays. This way, two segments were established: A) Customers that go on holidays in family, with children and B) Customers that go on holidays in couple. In the following figure is presented the characterization of each segment:

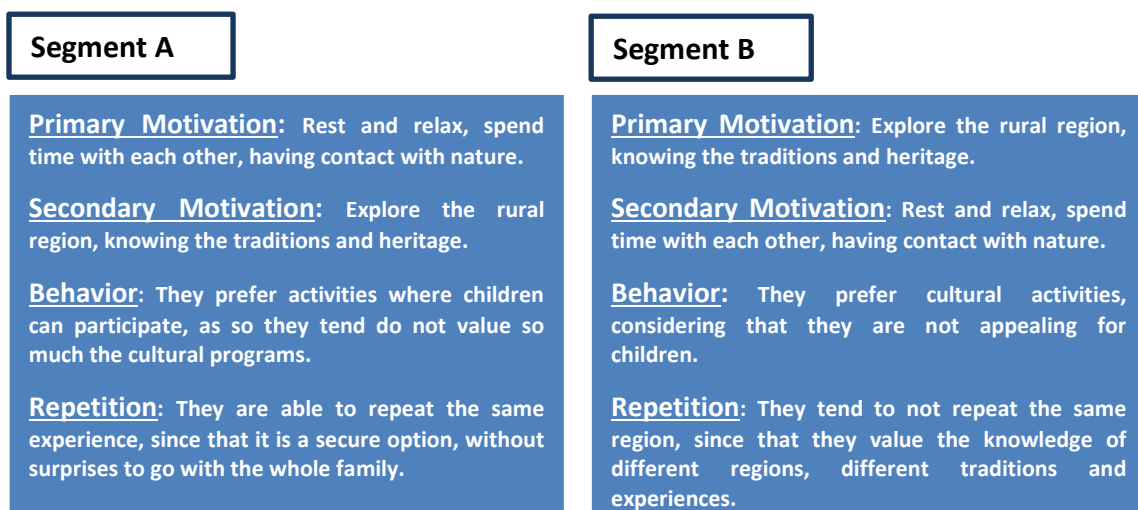


Figure 1: Customers segments characterization, accordingly with their motivations and type of group.

<sup>25</sup> Since the country's publicity and the airline budgets are points of influence that go beyond the tourism establishment's intervention area.

<sup>26</sup> The post purchasing behavior was studied also through the depth interviews, presented in Other Exhibits 7.

However, it is very important to highlight that a certain customer can be part of group A or group B, in different moments in time. Indeed, customer X can visit in the first time Monte do Areeiro in couple and in a certain future moment come back, bringing his children<sup>27</sup>.

Still under the customers study, it was analyzed the specific behavior of the current Monte do Areeiro foreign customers<sup>28</sup>. The high increase in foreigners has to do with the partnership established with *Eliza Was Here* (EWH)<sup>29</sup>, 81% of them being Dutch. They truly value the nature complex, the kindness of the owners and the size of the farm, “perfect for hiking”. However, as a negative point they referred the housekeeper’s inability to speak English (in Exhibit 4, see the detailed features of these customers).

## 1.4 Competitors

Considering main customers’ motivations when going on rural holidays and considering the hypotheses A), B) and C) regarding the customers behavior (see section 1.1.3), it is settled that Monte do Areeiro competitors are all the tourism accommodations located in Portugal, that allow customers to satisfy their desire of rest and relax in a clean environment far from the cities and/or know the culture of the rural region<sup>30</sup>. From all of these offers, competitors can be split in two groups: the ones that compete directly with Monte do Areeiro and the ones that compete indirectly. Within the group of direct competitors are all the cottages or rural houses either located in a small village or in the countryside since that with the same product, these categories meet the customer’s needs. Within the group of indirect competitors are the rural hotels and campsites that, in spite of allowing the customers to meet their needs, offer a quite different product.

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<sup>27</sup> There are other factors that may lead customers from group B to repeat the experience as: the kindness and good relationship built with the owners of the establishment; the existence of something that they did not see in the first time; sentimental reasons (accordingly with depth interviews).

<sup>28</sup> The analysis was based on the company customer data base from 2012.

<sup>29</sup> An online tourism operator addressed to Dutch people.

<sup>30</sup> To identify the competitors it was followed the market point of view accordingly with Kotler, Philip. Armstrong, Gary. Saunders, John. Wong, Veronica. 1999. “Creating Competitive Advantages” In Principles of Marketing, 2nd European Edition, 508-507. London: Prentice Hall Inc.

In order to understand the direct competitors' characteristics, an analysis<sup>31</sup> was developed. Taking into account that there are hundreds of competitors, composed by small companies, the analysis was done in a general way and not studying deeply the strategies of each one of them. With this study, it is concluded that there are few differences among the rural tourism offers; most of them communicate their place around three main ideas – nature, tranquility and traditions (through their website or tourism operators' websites); the offer is done around several nature and cultural activities<sup>32</sup>; 80% present a lower price than Monte do Areeiro. In Exhibit 5, it is possible to find the results of the study.

Due to the high importance of EWH for the company, an additional analysis to the offers placed in their website was developed. Evaluating the number of guests that slept in each unit located in “Coast of Lisbon”<sup>33</sup> during the year of 2012, it is concluded: 63% of those units had more guests than Monte do Areeiro; there is no association between demand and prices; there is a moderate association between demand and the distance to the beach, airport and village (see Other Exhibits 8 to view the correlation coefficient).

## **1.5 Company and Partnerships**

### **1.5.1 Company**

Monte do Areeiro started its activity in 2007. Its offer consists of three cottages, located in a 800 hectares farm, characterized by a cork oak forest landscape, in Coruche. It is located far from the beach but inside the farm there is a mill-dam and in the region there

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<sup>31</sup> The study was based on the offers given by an online tourism operator – Top Rural. This online tourism operator was chosen due to its high international visibility (18 million annual visitors), and high number of rural tourism offers in Portugal 453 units. Furthermore, the website provides useful and detailed information about each accommodation unit. As so the study was done using the filters of the website.

<sup>32</sup> The most famous nature activities are hiking, observation of fauna and flora and horse ridings. Regarding the cultural activities, these are mainly composed by food and wine tourism. The most part of the rural tourism accommodations are connected to cultural attractions nearby.

<sup>33</sup> Monte do Areeiro is inserted in this region designation in EWH website and through a meeting with them it was possible to have access to the number of guests that slept in each unit inserted in this region during the year of 2012.

are some water based offers like rivers and dams. Like every rural tourism offer, Monte do Areeiro has available a set of nature activities; it provides a familiar environment, following high quality standards of service and has a stud farm of purebred Lusitanos<sup>34</sup>(see Exhibit 6 for detailed offer description and Other Exhibits 9 to view the price table).

Regarding its communication plan, the company has spread its message throughout two main pillars – nature and comfort. Examples of that are the commonly used phrases, like “Monte do Areeiro...where you can enjoy nature in its purest sense” or “Your cottage!”

Concerning the financial trends, from 2009 to 2011, the profits increased more than 50%, with 33% of the revenues coming from foreign customers in 2011. However the increasing profit in 2011 was not due to more revenues but, due to better costs management (actually in spite of the increasing level of foreign revenues, the total revenues have been decreasing since 2010). To have access to the financial company information, see Other Exhibits 10.

After performing the internal company analysis it is possible to point out the competitive advantages and vulnerable points, presented in the following figure.

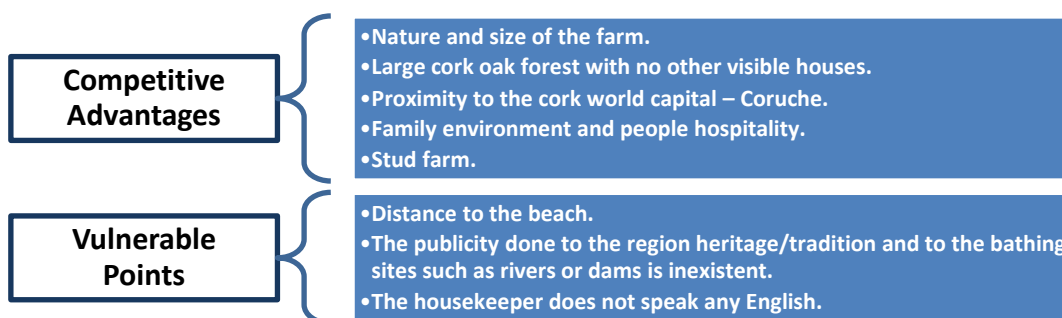


Figure 2: Monte do Areeiro competitive advantages and vulnerable points, considering the internal analysis and customers and competitors study.

<sup>34</sup> Type of horses that are internationally famous by their ability to reach high sport levels, due to their great physical and temperamental qualities.

### 1.5.2 Partnerships

Monte do Areeiro has mainly two types of partners: online tourism operators and companies that provide the activities and catering. Both of them have a crucial role for the business development. The tourism operators role is to make the product available to customers (around 33% of the total costumers knew about Monte do Areeiro through tourism operators<sup>35</sup>) while the importance of the companies that provide the activities has a different nature. Their role is to differentiate the establishment from the other rural tourism offers, not to make a profit out of it. Actually, the activities turnover represents only 10% of the total turnover.

From all the partnerships with tourism operators, only one of them has a significant international visibility – EWH<sup>36</sup>.

EWH is a Dutch tourism operator, offering travel package including flights and car rental with unique and small scale accommodations in the Mediterranean countries. It is considered by Dutch a totally reliable way to plan their holidays<sup>37</sup>. Taking this into consideration, this partnership has been mostly beneficial to Monte do Areeiro. However, this partnership also brings some disadvantages: EWH never makes available the customers' contacts, email or phone number, impairing the creation of a consistent customer data base; the customers coming through EWH usually arrive too late at Monte do Areeiro, which leads to higher costs related with the extra hours payment; it is mandatory to have always one available house for EWH customers.

To summarize all the information a SWOT analysis was developed to put together all the needed information. See Exhibit 8 to visualize the whole picture.

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<sup>35</sup> According to company customer data base, 2011.

<sup>36</sup> EWH is responsible for 63% of company's foreign customers, being responsible for the increasing foreign booking reservations (company's customer data base 2011).

<sup>37</sup> According to one depth interview done to a Dutch person, when he sees an offer in EWH website, he does not look for customers' reviews about that offer since that they truly trust on EWH selection.

## 2 Goals definition

With the complete vision of the current situation, it is possible to set the company's positioning as well as to define the goals to achieve and the respective issues.

### 2.1 Positioning statement

The positioning statement is “the place the product occupies in consumers' minds relative to competing products”<sup>38</sup>. As so, it encompasses three components: the frame of reference, the target group and the point of difference<sup>39</sup>.

#### 2.1.1 Frame of reference

Considering the customers study, the frame of reference is established in accordance to the underlying customer's needs and the different ways to satisfy those needs, defined by specific wants and respective market segments.

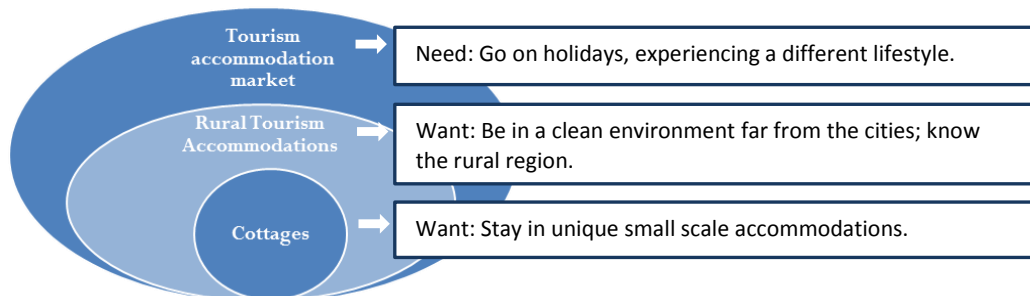


Figure 3: Frame of reference of Monte do Areiro offer, accordingly with customers' needs and market segments

#### 2.1.2 Target group

Following the segmentation criteria expressed in section 1.1.4, Figure 1, the target group chosen is the segment A - Customers that go on holidays in family, with children. The reasoning behind this option has to with three main ideas: these customers have a higher value due to their tendency to repeat the purchase; a customer that today belongs to group B, tomorrow can belong to group A<sup>40</sup>; the natural conditions of the offer are

<sup>38</sup> Kotler, Philip. Armstrong, Gary. Saunders, John. Wong, Veronica. 1999. "Positioning" In Principles of Marketing, 2nd European Edition, P.443. London: Prentice Hall Inc.

<sup>39</sup> Kotler, Philip. Armstrong, Gary. Saunders, John. Wong, Veronica. 1999. "Positioning" In Principles of Marketing, 2nd European Edition, 462-443. London: Prentice Hall Inc.

<sup>40</sup> See section 1.1.4 to know the reasons that may lead a customer to repeat the stay.

more likely to meet motivations related with nature than motivations related with culture.

The demographics and psychographics characteristics of the target group are established as follows:

- Demographics – Northern and Central European people; either women or men, within the group age of 35 -54 years old; medium-high social class.
- Psychographics – People who like to travel and go on holidays in family, with their children; like the contact with nature but also the cultural knowledge of a rural region; value the quiet in small scale and personalized places caring about the quality; people who take in consideration the adaptation of the place to spend the holidays in family – secure, no surprises, leisure for children but also leisure for parents and “easy” holidays.

### 2.1.3 Point of difference

Considering the target group’s needs, and building on the company’s competitive advantages (see section 1.1.6, Figure 2), Monte do Areeiro will differentiate its product by turning it into the perfect place to go on holidays in family. As so, the product will be characterized as a place where “time does not exist” for the parents and does not exist for the children as well.

Having defined the three components it is possible to build the positioning statement: “Monte do Areeiro is a set of **cottages** for **people that value holidays in family**, that stands out from the competition as a place **where time does not exist for the parents and does not exist for the children as well.**”



## 2.2 Goals and issues

The main goal of this marketing plan is to attract a set of foreign customers, and build a customer base, composed by people that will be loyal to Monte do Areeiro. These people are intended to act into two different fronts: repeat the purchase and influence the others' purchase, acting as influencers (word of mouth).

Regarding the obstacles, there are some issues that may difficult the achieving of objectives like the housekeeper's inability to speak English, the existence of few specialized tourism operators in rural tourism and the existence of hundreds of competitors. Exhibit 9 shows the channels related goals, consumer related goals and financial related goals, divided into short and long run periods. Still within the same exhibit there is the complete list of obstacles and the respective solutions.

## 3 Marketing strategies and action programs

### 3.1 Overall strategy

To set the overall strategy, it must be taken into account the product life-cycle stage. Based on theoretical background<sup>41</sup> and considering only the overnight stays from foreign customers, it is assumed that the rural tourism product, is currently in its growth stage, since there is an increasing trend in the number of foreign customers in the Portuguese rural tourism (see Exhibit 1, graph 1.1).

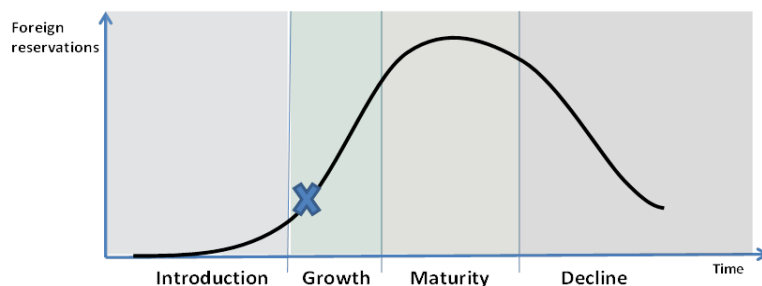


Figure 4: Rural tourism product life cycle.

<sup>41</sup>Kotler, Philip. Armstrong, Gary. Saunders, John. Wong, Veronica. 1999. "Product Development and Life-Cycle Strategies" In Principles of Marketing, 2nd European Edition, 634-626. London: Prentice Hall Inc.

Seeing figure 4 and bearing in mind the main goal of the plan (see 2.2 section), the strategic objective of the company should be to sustain market growth, acquiring new users and retain returning customers. To achieve that, specific strategies<sup>42</sup> related with the marketing mix will be followed. As so, regarding the product, the strategy is to add new product features, adapting it to Northern and Central European customers; concerning the price, Monte do Areeiro will follow a premium strategy, meaning that it will focus on high quality with a premium price (it will also follow some price-adjustment strategies); about the place, the strategy is to make the product available either by direct sale and indirect sale; Finally, concerning the promotion, both pull and push strategies will be implemented, meaning that consumer and trade promotion will be addressed.

The action plans to proceed with each strategy are presented below.

### **3.2 Product**

Before presenting the specific actions to proceed with this strategy, it is important to make clear that the product offered by Monte do Areeiro can be described into three different levels – core, actual product and augmented product<sup>43</sup>. The following table presents the proposed actions, divided by product levels, and the respective reasoning.

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<sup>42</sup> The strategies chosen are based on strategies referred in Kotler, Philip. Armstrong, Gary. Saunders, John. Wong, Veronica. 1999. "Product Development and Life-Cycle Strategies", "Pricing Strategies", "Integrated Marketing Communication Strategy" In Principles of Marketing, 2nd European Edition, 634, 733-719, 778-772. London: Prentice Hall Inc.

<sup>43</sup> See Exhibit 7 to view current product characteristics accordingly with its different levels, based on Kotler, Philip. Armstrong, Gary. Saunders, John. Wong, Veronica. 1999. "Brands, Products, Packaging and Services" In Principles of Marketing, 2nd European Edition, 562. London: Prentice Hall Inc.

**Table 1: Product action plans for Monte do Areeiro.**

Product level	Category	Action plans	Reasoning
Core product	Cottages	0. The houses are already built and have its own structure, they will not suffer any structural change.	The investment would be to high.
Actual product	Houses quality and amenities	1. Include in all of the houses one room with couple bed.	Family concept.
		2. Replace mattresses and pillows.	Some customers complaint about that.
		3. Have available family games, like Pictionary, Monopoly and cards.	Family concept.
		4. Insert a picnic basket and a towel in each house, with a traditional recipe book.	Promote the contact with nature.
		5. Insert in each house devices to move away flies and mosquitoes.	Some customers complaint about that.
	Nature environment	6. Make the organic vegetable garden more attractive, marking each species.	Promote the contact with nature.
	Service	7. Receive customers with chocolates and flowers in the houses and adapt the meals schedules to the Northern and Central European people. 8. If customers desire special food products, from preferred brands, Monte do Areeiro will be available to do all the previous research to inform customers where to find them in the region or near by. 9. Get the housekeeper to learn English.	Customized offer.
Customized offer.			
Better relationships.			
Activities in the farm	10. Replace the bicycles, including children chairs. 11. Include fishing material. 12. Organize a set of easy traditional cooking sessions for the parents and for the children. 13. Sell attractive cork products in the farm. 14. Add football table and target shooting. 15. Organize tours in the farm by charrete. 16. Distribute appealing maps with marked routes and animals references for hiking.	Nature activities.	
		Nature activities.	
		Cultural programs for all.	
		Tradition.	
		Family concept.	
		Only the experts can practice horse ridings.	
Charm accommodation	17. Include a set of traditional food products, ready to eat, to service in the first day.	Take opportunity from the huge land.	
		This accommodation is not well highlighted from the others types.	
Augmented product	Region	18. Connect product with the cultural attractions nearby.	The most part of competitors refer region features.
	Stud farm	19. Offer canoeing trips in the river nearby. 20. Include guided tours to the cork factory. 21. Develop visits to the stud farm.	Nature activities.
		Tradition.	
	Extra services	22. Have a car rental service. 23. Have a babysister service.	Differentiation.
Facility.			
Relationship after sale	24. Establish a relation through mailing.	Facility.	
			Loyalty.

### 3.3 Price

A premium strategy is a price positioning strategy based on the idea of “producing a high-quality product and charging the highest price”<sup>44</sup>. The reason behind the selection of this strategy has to do with several facts: according to the customer research, price is not a decisive factor in the choice, while the quality of the accommodation is<sup>45</sup>; there are some customers who associate low prices with bad quality<sup>46</sup>; the selected target has a

<sup>44</sup> Kotler, Philip. Armstrong, Gary. Saunders, John. Wong, Veronica. 1999. “Pricing Strategies” In Principles of Marketing, 2nd European Edition, 719. London: Prentice Hall Inc.

<sup>45</sup> According to the online survey results, when classifying the points considered when choosing the rural tourism accommodation, customers provided a higher classification to the quality and nature surroundings than to the price (see Other Exhibits 6 to view online survey results).

<sup>46</sup> According to some depth interviews (see Other Exhibits 7 to view depth interview results).

high purchasing power in Portugal; the plan is to attract by product differentiation and not by low prices.

Since 80% of the analyzed competitors presented a lower price than Monte do Areeiro, it can be considered that the establishment already practices a premium price. This way, the price table will not suffer any change, remaining the same. However, to proceed with the price-adjustment strategies<sup>47</sup>, it is planned to implement some discounts<sup>48</sup> aligned with the overall strategy and considering the target group (families). In table 2 are presented the discounts, the respective criteria and the reasoning behind them.

Regarding the prices to charge for activities and extra services, it is not possible at this time to settle them, considering that they will depend on costs, which in turn will depend on negotiations in due time. Nevertheless, it must be stressed that, in spite of the role of the activities for Monte do Areeiro strategy<sup>49</sup>, every price has to be high enough to avoid negative margin and to cover all the associated management costs.

**Table 2: Price action plans for Monte do Areeiro.**

Price-Adjustment Strategies	Discount criteria	Reasoning
Quantity discount	1. If a customer reserves a stay longer than 10 nights, he will be offered a discount of 25% in the last night.	By promoting long stays a smaller customer base will be required to maintain high occupation rates.
Customer-segment pricing	2. Customers that are coming to pass holidays in Monte do Areeiro by the third time, will enjoy a symbolic discount of 10% in the total accommodation payment.	Loyalty.
	3. Families composed by parents and more than 2 children (3 to 11 years old), will enjoy a symbolic discount of 10% in the total accommodation payment.	Family concept.
Seasonal discount	4. As it is currently happen, between May to October is the high season (higher prices) and between November to April is the low season (lower prices).	Estimate the demand out of season.
Product-form pricing	5. As it currently happen, there are three different types of accommodation (self catering, standard and charm) and three different houses, having different prices that are not properly reflected in their different costs.	Extract more profits from the customers that are able to pay more.
Important notes:	These discounts are only applicable when doing the reservation directly with Monte do Areeiro; They will be applied either in the high and low season; When there is overlapping discounts, it is applied only one (the one that provides the lowest price).	

<sup>47</sup> Strategies “to count for various customer differences and changing situations” (Kotler, Philip. Armstrong, Gary. Saunders, John. Wong, Veronica. 1999. “Pricing Strategies” In Principles of Marketing, 2nd European Edition, 725. London: Prentice Hall Inc.)

<sup>48</sup> Based on costs of 2012 and adding some additional budgets due to the new product changes, it was derived the margins associated with Monte do Areeiro’s prices to make sure that the proposed discounts will not be harmful (Other Exhibits 12).

<sup>49</sup> The activities and extra services work as a way to attract customers and not properly to make profit with them.

### 3.4 Place

To make the product available, Monte do Areeiro should have two different market approaches: direct sale, through its website and indirect sale through online tourism operators with international visibility. Making use of the channels analysis (Other Exhibits 3), it is proposed to bet in four specific tourism operators (see table 3) and remain the partnership with EWH.

**Table 3: Proposed online tourism operators for Monte do Areeiro.**

<p><b>Top Rural</b></p> <p><b>Associated strategy:</b> Be near to the 493 Portuguese rural tourism establishments, placed in a specialized tourism operator with high international visibility, that offer a wide level of quality.</p> <p><b>Why Top Rural?</b></p> <ul style="list-style-type: none"> <li>-It offers 60 000 places in Europe and has around 18 million visitors per year;</li> <li>-It is targeted to all people that want to do rural tourism;</li> <li>-It is totally adapted to the rural tourism; characteristics, allowing to do filters by rural activities;</li> <li>-Each rural tourism establishment has a space to promote the region.</li> </ul>	<p><b>Escapio</b></p> <p><b>Associated strategy:</b> Place Monte do Areeiro in a top quality tourism operator, near the best and more expensive offers.</p> <p><b>Why Escapio?</b></p> <ul style="list-style-type: none"> <li>-It follows high standards of quality (only 20% of the hotel applications received has met their standards);</li> <li>-It is targeted to primarily German-speaking, with high incomes;</li> <li>-It is specialized in offering unique and handpicked places, within different categories (where cottages may be included);</li> <li>-It places Portugal in the “Favorite Destinations”;</li> <li>-It is the leading booking platform in the Germany market.</li> </ul>
<p><b>Booking.com</b></p> <p><b>Associated strategy:</b> Place Monte do Areeiro near all the tourism offers, with visibility for the highest number of people.</p> <p><b>Why Booking.com?</b></p> <ul style="list-style-type: none"> <li>-It has 30 million visitors each month being the international leader by room nights sold;</li> <li>-It was the online tourism operator that was more indicated by the online surveys and depth interviews;</li> <li>-It has division to search for cottages and holidays in countryside.</li> </ul>	<p><b>Trip Advisor</b></p> <p><b>Associated strategy:</b> Make use of the word of mouth with the best and highest possible visibility.</p> <p><b>Why Trip Advisor?</b></p> <ul style="list-style-type: none"> <li>-It is the largest travel community in the World, with more than 60 million unique visitors per month;</li> <li>-It is a free service;</li> <li>-It allows to give answers to customers’ reviews and to compare the company with its competitors, monitoring the performance level;</li> <li>-Accordingly to the depth interviews some customers always check the customers’ reviews about a specific place</li> </ul>

Source: [www.toprural.pt](http://www.toprural.pt); [www.booking.com](http://www.booking.com); [www.escapio.com](http://www.escapio.com); [www.tripadvisor.com](http://www.tripadvisor.com).

In this stage it is not possible to know the costs associated with each potential partnership since the negotiation process has not taken place yet. However, it is known that when selling through the tourism operators, Monte do Areeiro loses some margin

per reservation, as it has to pay a commission by each reservation, around 20%<sup>50</sup>. An alternative condition is to pay to tourism operator an annuity to promote Monte do Areeiro in its website, without charging any commission by reservation, but this annuity would be a fixed cost.

Weighing the pros and cons of the direct sale and indirect sale<sup>51</sup>, it is planned to sell in the first 3 years at least 40% by direct sale and in the last 2 years increase this percentage for at least 60%.

Furthermore, to increase the awareness about Monte do Areeiro in the international scope, it is proposed to launch some articles in magazines with high international visibility (in Other Exhibits 13 there is a list of some possible magazines).

### **3.5 Promotion**

Before presenting the promotion action plans, it is important to define the promotion objectives. These are short/long term objectives, with cognitive, affective and behavioral nature<sup>52</sup>, addressed to final customer (consumer promotion) and to online tourism operators/journalists (trade promotion):

- Consumer promotion objectives – Create awareness and knowledge of Monte do Areeiro rural tourism concept; bring out the offer from the competitors, building a preference in customers' mind; convince customers about Monte do Areeiro differentiation points; challenge customers to visit Monte do Areeiro; generate purchase and loyalty.
- Trade promotion – Get support to Monte do Areeiro's product; get more visibility in the online tourism operator's websites.

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<sup>50</sup> According to an interview done to a hotel industry specialist.

<sup>51</sup> Placing Monte do Areeiro in online tourism operators, the rural tourism is subject to a higher number of reservations but at the same time it loses margin by each reservation.

<sup>52</sup> Kotler, Philip. Armstrong, Gary. Saunders, John. Wong, Veronica. 1999. "Mass Communications: Advertising, Sales Promotion and Public Relations" In Principles of Marketing, 2nd European Edition, 795-793. London: Prentice Hall Inc

According to Monte do Areeiro’s competitive advantages, and combining the target group’s needs, it was built a brand wheel<sup>53</sup> presented in Exhibit 10, showing the base of the communication message. Refining the information, the six main communication pillars are: authentic nature; large cork oak forest; rest and leisure for the whole family; region and tradition; high quality; customized offer. Nevertheless, and following its positioning statement, the slogan proposed, that has to be short and descriptive, is: “Monte do Areeiro, where time does not exist for you... and does not exist for your children as well!”

After having defined the message base, it is decided to make use of a set of promotion tools<sup>54</sup>. As so, in table 4 it is possible to view all the proposed action plans related with each promotion tool.

**Table 4: Proposed promotion action plans for Monte do Areeiro.**

Target	Promotion tools	Action plans
Consumer oriented	Advertising	<p>1. Create a more attractive website, including a short video of Monte do Areeiro, information about the region and a schedule with the attractions throughout the year.</p> <p>2. Do mass mailings, to all foreign customers, as a way to inform/remind.</p> <p>3. Launch some articles in specialty magazines in order to get more awareness.</p> <p>4. Communicate Monte do Areeiro in the online tourism operators’ websites.</p>
	Direct marketing	5. Direct mails and phone calls, addressed to specific customers.
	Word of mouth	6. Stimulate customers to post their reviews on specific blogs/websites (Trip Advisor).
Trade oriented	Personal selling	7. Each online tourism operator as well as each print media company, will be approached personally (in a first stage by indirect contact and then, as far as possible, it will be arranged a face to face meeting).
	Sales promotion	8. To more quality sensitive tourism operators as well as journalists, it can be offered, for free, a short stay in Monte do Areeiro.

<sup>53</sup> Marketing tool used at Diageo company.

<sup>54</sup> Kotler, Philip. Armstrong, Gary. Saunders, John. Wong, Veronica. 1999. “Integrated Marketing Communication Strategy” In Principles of Marketing, 2nd European Edition, 779-772. London: Prentice Hall Inc.

## 4 Conclusion

According to the company's financial trends, if nothing is done, there is a risk over the next years that margins will become negative. Indeed, in spite of the increasing profits, the trend shows a revenue decrease. After having implemented this marketing plan, readjusting the product, price strategies, place and promotion, it is estimated that revenues can increase from three different sources:

- Higher number of reservations – Mainly due to the partnerships with the online tourism operators and by having articles in strategic magazines.
- Price increasing – By adding new features to the product and assuming a set of loyal customers, it is expected to increase the perceived value; this perceived value will be captured by higher prices.
- Increased volume – By promoting longer stays and considering that foreigners will stay for longer periods than nationals, the volume earned by each reservation will be higher.

Certainly, given the changes that are proposed, the costs will also suffer a rise<sup>55</sup>. As so, in order to analyze this plan's impact, it was projected the financial results<sup>56</sup> for the next 5 years, with and without the plan execution. Through the net present value (NPV) calculations, it is concluded that the plan implementation may bring an incremental value to the company of nearly 33 000€. Indeed, when estimating the NPV considering the plan implementation, the result counts for 14 000€ and when not considering the plan implementation, the result counts for -18 000€.

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<sup>55</sup> In Other Exhibits 14 it is possible to find the plan estimated costs.

<sup>56</sup> In Other Exhibits 15 it is possible to view the financial projections considering the plan and without considering the plan. The theoretical background to perform these projections was based on A. Brealey, Richard. C. Myers, Stewart. 2003. "Present Value and the Opportunity Cost of Capital", "Why Net Present Value Leads to Better Investment Decisions Than Other Criteria" In Principles of Corporate Finance, 7<sup>th</sup> Edition, 21-14, 103-101. The McGraw-Hill.



This way, my recommendation is to proceed with the actions, always bearing in mind the uncertainty of the dynamic reality.

## 5 References

### A) Books chapters

Kotler, Philip. Amstrong, Gary. Saunders, John. Wong, Veronica. 1999. “Strategic Marketing Planning”, “Creating Competitive Advantages”, “Positioning”, “Brands, Products, Packaging and Services”, “Product Development and Life-Cycle Strategies”, “Pricing Strategies”, “Integrated Marketing Communication Strategy”, “Mass Communications: Advertising, Sales Promotion and Public Relations” In Principles of Marketing, 2<sup>nd</sup> European Edition, 122-111, 508-507, 562, 462-443, 634-626, 733-719, 778-772, 795-793. London: Prentice Hall Inc.

K. Malhotra, Naresh and F. Birks, David. 2007. “Qualitative Research: in-depth interviewing and projective techniques”, “Questionnaire Design” In Marketing Research: an applied approach, 221-207, 392-371. Pearson Education Limited.

A. Brealey, Richard. C. Myers, Stewart. 2003. “Present Value and the Opportunity Cost of Capital”, “Why Net Present Value Leads to Better Investment Decisions Than Other Criteria” In Principles of Corporate Finance, 7th Edition, 21-14, 103-101. The McGraw–Hill.

### B) Secondary data – Previous studies:

*Instituto de estudos sociais e económicos (IESE).*2008. “*Estudo de Caracterização do Turismo no Espaço Rural e do Turismo de Natureza em Portugal*“ study for *Direcção Geral de Agricultura e Desenvolvimento Rural*.

*THR (Asesores en Turismo Hotelería y Recreación, S.A.).* 2006. “*Turismo de Natureza*” study for *Turismo de Portugal, IP*.

*Turismo de Portugal, IP.* 2008. “*A oferta e a procura no TER – 2008*” report.

*Turismo de Portugal, IP.* 2011. “*Análise dos Mercados Emissores – Perspectivas para 2011*” report.

*Turismo de Portugal*, IP. 2011. “*Plano Estratégico Nacional de Turismo – Propostas para revisão no horizonte 2015 – Versão 2.0*”.

Gallup Organization. 2011. “Survey on the attitudes of Europeans towards tourism” analytical report, Wave 3.

Eurostat Press Office. Report 97/2012, 20 June, 2012.

Eurostat Press Office. Report 26/2012 – Statistics in focus, 18 June, 2012.

*Contrato Marco de Estudios de Competitividad Sectorial – ENTR/06/054*. 2009. “*Estudio sobre la competitividad en el sector turístico de la EU*”.

Company financial and customer data base from 2009 to 2012 (until November).

### **C) Primary data**

Online surveys to customers

Depth interviews to customers

Brief interview done to a hotel industry expert.

Meeting with Eliza Was Here and the respective data provided (number of guests in some units).

### **D) Published articles**

*Direcção Regional do Turismo da Madeira*, 2012. “Madeira Micro International Film Festival”, “*Madeira em destaque na imprensa internacional*”, “*Destino Madeira em Destaque no GOOGLE*” Visit Madeira.pt website.

Carvalho, Maria da Graça. 2011. “*Rumo a cidades de baixo carbono - Caso da Vila de Óbidos*”, Online Scientific articles, Department of Mechanical Engineering - *Instituto Superior Técnico*.

### **E) Others**

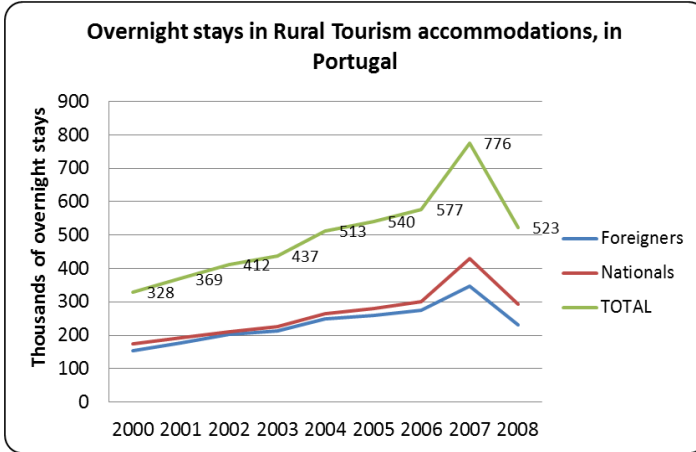
Decree-Law No. 169/97, Portuguese Official Gazette No. 152, dated 4th July.

Marketing tools used at Diageo company.

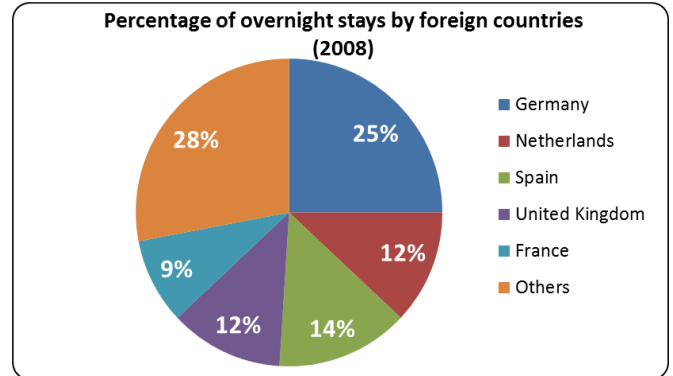
Tourism operators’ websites: [www.toprural.pt](http://www.toprural.pt); [www.booking.com](http://www.booking.com); [www.escapio.com](http://www.escapio.com); [www.tripadvisor.com](http://www.tripadvisor.com); [www.elizawashere.nl](http://www.elizawashere.nl); [www.holidaycheck.com](http://www.holidaycheck.com); [www.agoda.com](http://www.agoda.com); [www.trivago.pt](http://www.trivago.pt); [www.allrural.com](http://www.allrural.com).

## Exhibits

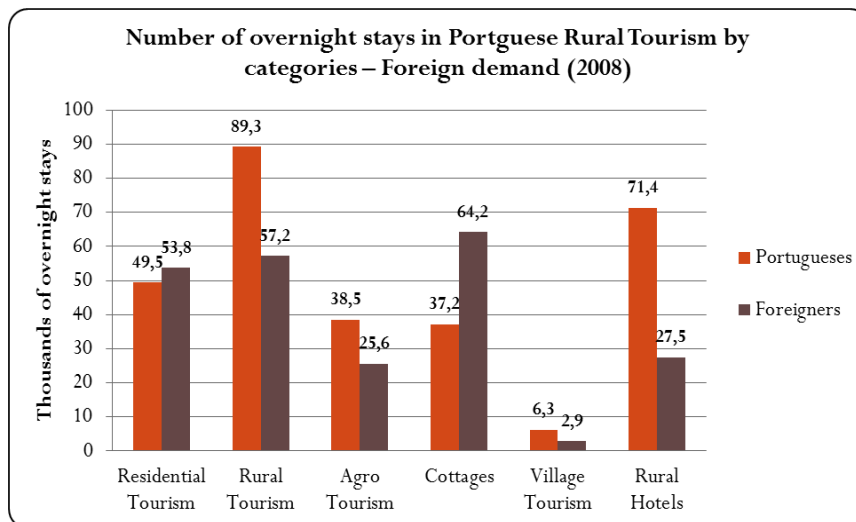
### Exhibit 1: Rural tourism market – Facts & Figures in Portugal



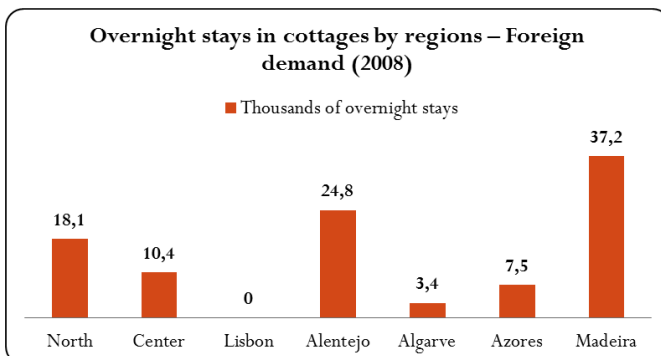
1.1. There is an increasing trend in the overnight in rural tourism, with an annual growth rate of 7,7%.



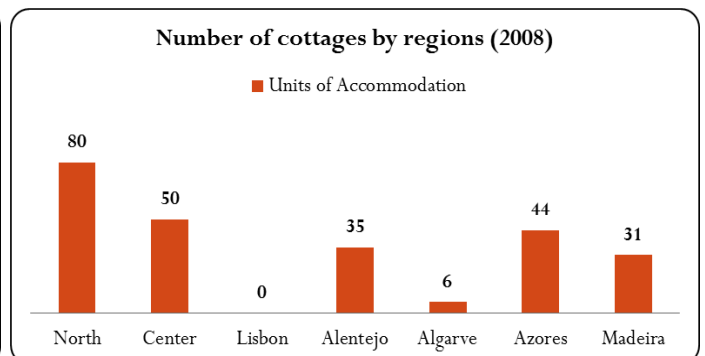
1.2. These top five countries represented 72 % of foreign demand in rural tourism in Portugal.



1.3. Only the cottages sub segment had a significant higher number of foreign customers than Portuguese customers.



1.4. Around 36% of the foreign overnight stays were in Madeira and around 24% were in Alentejo.



1.5. The highest number of cottages is in the north with 33 % of the total number of cottages in the country.

Source : Instituto de estudos sociais e económicos (IESE) , “Estudo de Caracterização do Turismo no Espaço Rural e do Turismo de Natureza em Portugal” study for Direcção Geral de Agricultura e Desenvolvimento Rural, 2008; Turismo de Portugal, IP, “A oferta e a procura no TER – 2008”

## Exhibit 2: Customer profile

### Personal Factors

- People within the group age of 35-54 years old.
- Either women or men.
- Workers.
- High Degree education.

### Socio-Cultural Factors

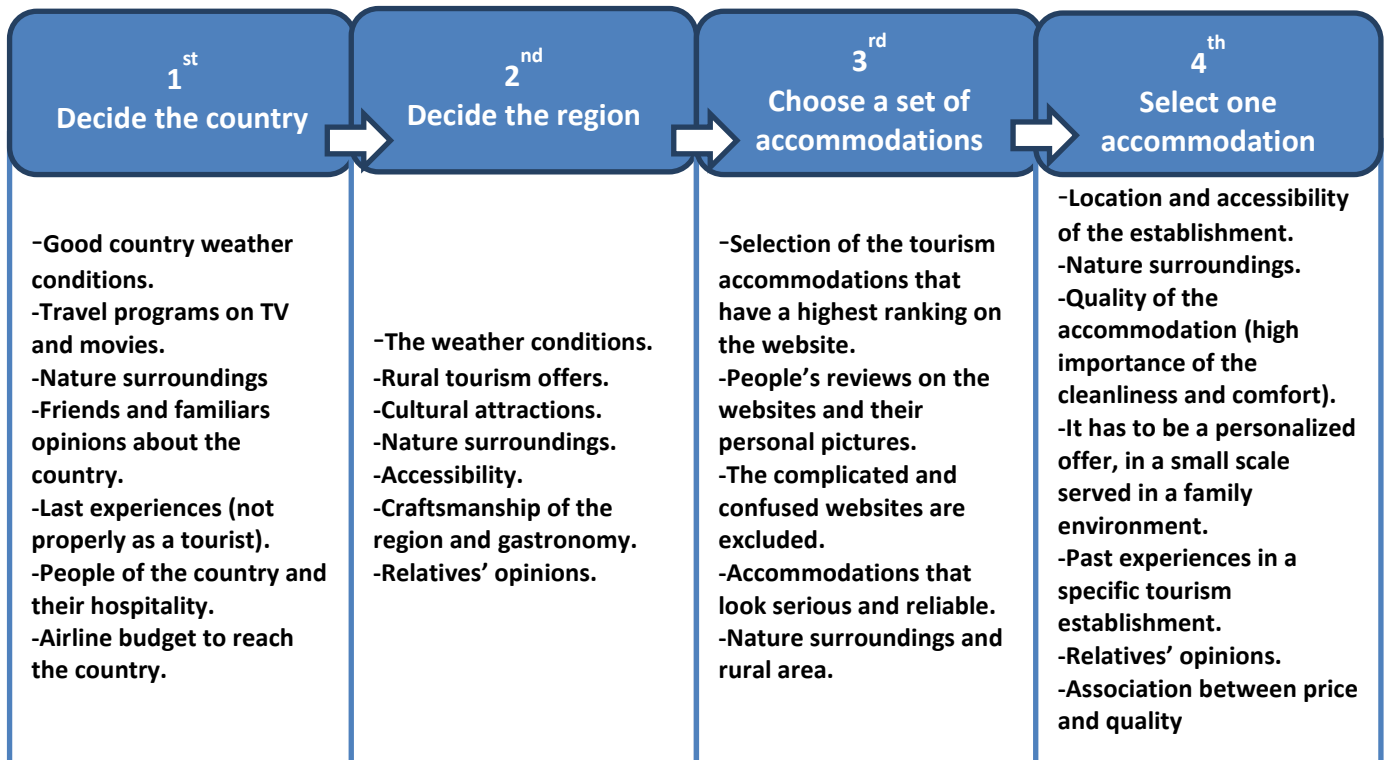
- Medium/High social class.
- People who favor the contact with nature.
- People that also like Sun and Sea Tourism, Food and Wine and Cultural Touring Landscape.
- People that used to travel in family or only in couple.

### Psychological Factors

- The main motivation for doing Rural Tourism is to rest and relax in clean environment far from the cities, being in contact with nature. Other motivation also important is to know the culture, traditions and heritage of the rural region.
- People perceive rural tourism accommodations as places where nature is completely visible and customer is treated in a familiar rather than formal way. They do not expect luxury and service room.
- The research of rural tourism accommodations is done primarily through Internet, tourism operators and friends and familiars.
- When choosing the rural tourism accommodation they take mainly into account the location of the tourism accommodation, the attractive nature landscape and the quality of the accommodation.

2. Source: online surveys and Instituto de estudos sociais e económicos (IESE) , “Estudo de Caracterização do Turismo no Espaço Rural e do Turismo de Natureza em Portugal” study for Direcção Geral de Agricultura e Desenvolvimento Rural, 2008.

## Exhibit 3: Customer purchasing behavior



3. There is a boundary between step 1 and the other three, since that a rural tourism accommodation can influence the decisions from step 2. Source: Board based on depth interviews.

## Exhibit 4: Monte do Areeiro' foreign customers' features

<p><b>Type of group</b></p> <ul style="list-style-type: none"> <li>•The type of groups differ between families including children and couples. 50% are families with children, 44% are couples and only 6% are friends without children.</li> </ul>
<p><b>Time to go on holidays</b></p> <ul style="list-style-type: none"> <li>•The months with more reservations are May, July, August and September.</li> </ul>
<p><b>Advanced days of the reservation and duration of the stay</b></p> <ul style="list-style-type: none"> <li>•The average of the advanced days of reservation is 82 days and the average days of the duration of the stay is 6 days.</li> </ul>
<p><b>Source of the information and booking procedures</b></p> <ul style="list-style-type: none"> <li>•Around 63% of the foreign customers knew about Monte do Areeiro through EWH.</li> <li>•All the customers that knew Monte do Areeiro through EWH are Dutch.</li> <li>•Not all the customers that knew Monte do Areeiro through EWH did their reservation through EWH (20% reserved directly with Monte do Areeiro).</li> </ul>
<p><b>Returning customers</b></p> <ul style="list-style-type: none"> <li>•From the 16 foreign customers that did reservation in 2012, only two were repeaters customers.</li> </ul>
<p><b>What they liked and what they did not like in Monte do Areeiro</b></p> <ul style="list-style-type: none"> <li>•Likes: nature surroundings, including the cork trees, noises and animals; kindness of people and family environment; location (isolated) and the size of the farm, perfect for hiking; original and authentic.</li> <li>•Dislikes: housekeeper's inability to speak English; flies and mosquitoes inside the houses.</li> </ul>

4. Features of Monte do Areeiro's foreign customers. Source: company's customer data base; customer primary data – surveys and depth interviews.

## Exhibit 5: Competitors analysis – Main results

Accommodation's outdoor conditions	Meal Services	Location and accessibility
Around 45% of the tourism accommodations have available, garden, swimming pool and terrace.	Only 18% serve lunch;24% serve dinner; more than 50% have breakfast included.	Around 22% are located in isolated areas. However, from these offers, only 2% can be accessed by public transport.
Nature surroundings	Nature activities	Culture activities
Only 11% are located in the urban area; the most common nature surroundings are the mountains (38%) and the beaches (33%). The establishment near rivers, dams or lakes are less common (13%) and are predominant in the North and Center.	The most common are hiking activities (68%), observation of fauna and flora (41%) and horse ridings activities (36%).	There are less culture activities than nature activities. The culture activities are based on food (29%) and wine tourism (17%). Also, the tourism establishments connect their offer with the cultural attractions nearby.
Sport activities	Ecological certification	Price
The most common are bicycle ridings (53%), fishing (46%) and canoeing (30%).	Only 3% have ecological certification.	80% of the offers presented a lower price than Monte do Areeiro

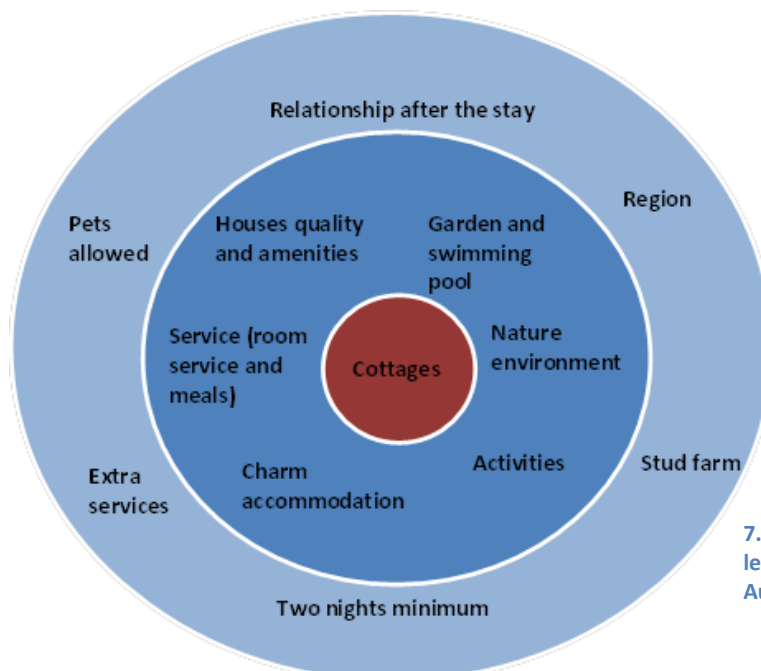
5. The research was done using the filters of Top Rural website, for a total number of 453 rural tourism accommodations, excluding campsites and rural hotels.

## Exhibit 6: Monte do Areeiro's current product description

Location and accessibility
* Region center, between Coruche (cork world capital) and Almeirim; The farm is na isolated place, with 800 hectares, being the nearest village in 12 km distance; The are no public transport to reach the place.
Nature surroundings
* Large cork oak forest with no other visible houses; there are animals like horses and cattle as well as several fruit trees and some vegetable crops. * In the region, there is no near beaches (only in a distance of 132 km) but inside the farm there is a mill-dam with fishes and other aquatic species; going further, in the region there are several water base offers.
Accommodation and outdoor conditions
* 3 small cottages, one next the other; the houses follow a traditional and rustic decoration but have high standards of comfort; all the houses have two rooms (one of them is suite), one living room and kitchenette; in each house there are linen houses and kitchen equipment. * Garden with swimming pool and terrace in the cottages.
Service
* All the guests are received in a family environment. * 3 types of accommodation service - self catering (without breakfast and room service), standard (with breakfast and room service) and charm (it is added a bath line and the related amenities plus a seasonal fruit basket). * Customers can order lunch and/or dinner with traditional gastronomy (24 hours in advanced).
Activities
* Hiking; bicycle ridings; horse ridings lessons and for the experts it is possible to do horse ridings throughout the countryside; organic vegetable garden; golf (in a course nearby); hot air ballooning; fauna and flora observation; massages.
Other characteristics
* Pets allowed. * Located in a property certified by the FSC group (meaning that the forest management follows rules of sustainable * Stud farm, Maria João Oliveira e Sousa, of purebred Lusitanos. * Children playground with a house tree. * Minimum reservation of two nights.

### 6. Monte do Areeiro's current product description.

## Exhibit 7: Monte do Areeiro's product levels



7. Three different Monte do Areeiro's product levels: Core product, Actual product and Augmented product.

## Exhibit 8: SWOT analysis

<h3><u>Strengths</u></h3> <ul style="list-style-type: none"><li>*Size of the farm and its nature environment.</li><li>*Family environment and accommodation quality.</li><li>*Stud farm.</li><li>*EWH partnerships.</li></ul>	<h3><u>Weaknesses</u></h3> <ul style="list-style-type: none"><li>*Housekeeper's inability to speak English.</li><li>*There is no publicity to the region.</li><li>*EWH dependency.</li><li>*Incomplete foreign customer data base.</li><li>*Monte do Areeiro's inability to influence customers' country choice decision.</li></ul>
<h3><u>Opportunities</u></h3> <ul style="list-style-type: none"><li>*Cultural attractions – Coruche cork world capital.</li><li>*Rivers and dams in the region where it is possible to swim and practice water sports.</li><li>*Increasing trend of foreign customers doing rural tourism in Portugal.</li><li>*Northern and Central European countries have a relatively high purchasing power in Portugal.</li><li>*Customers value characteristics that Monte do Areeiro can offer and the ones that travel with children are more likely to repeat the stay.</li><li>*Increasing concerns about environmental issues and health and wellness practices.</li></ul>	<h3><u>Threats</u></h3> <ul style="list-style-type: none"><li>*Hundreds of competitors with very similar offer.</li><li>*Few tourism operators specialized in this kind of tourism.</li><li>*Customers are increasingly demanding and it is difficult for them to perceive differences among the offers.</li><li>*There is a moderate association between the rural tourism establishments with more demand and the ones near the beach.</li><li>*Portuguese may suffer the worst fall in the purchasing power of the last 27 years.</li></ul>

8. The SWOT analysis expresses the main conclusions of section 1. "Analysis of current situation".

## Exhibit 9: Goals, obstacles in the way and respective solutions

### 9.1 Goals

#### Short run objectives (year 1 - 2013)

##### Channels

- ✓ Establish two additional partnerships with two different online tourism operators, specialized in rural tourism and with international visibility, providing at least 5 reservations each.
- ✓ Increase the number of people coming through EWH, in 40% (27 people to 38 people).

##### Customers

- ✓ Have at least 80% of information from all foreign customers arriving at Monte do Areeiro in 2013 (nationality, contact, source of information, main motivation and satisfaction levels).
- ✓ Increase in 90% the foreign reservations, (16 reservations to 30 reservations). Bear in mind that one reservation may include more than one customer, e.g., a group reservation is usually booked by one person for the whole group.
- ✓ Increase to more than 75% the occupation rate in July and August.

##### Financials

- ✓ Have at least 63% of foreign turnover, when compared with the total turnover.

#### Long run objectives (from year 2 to year 5 – 2014 to 2017)

##### Channels

- ✓ Have at least 60% of customers booking directly through Monte do Areeiro and not through the online tourism operators.

##### Customers

- ✓ Have a data base of at least 250 foreign customers.
- ✓ From this customer data base, have at least 40% of customers that have come to Monte do Areeiro more than once.
- ✓ Have a stable occupation rate of more than 75%, in May, July, August and September.
- ✓ In the last two years of the plan (2016 and 2017) have a stable number of customers of at least 45 annual foreign reservations.

##### Financials

- ✓ Achieve in one of the 5 years, a profit of at least 7 000 €, with 80% of foreign turnover.

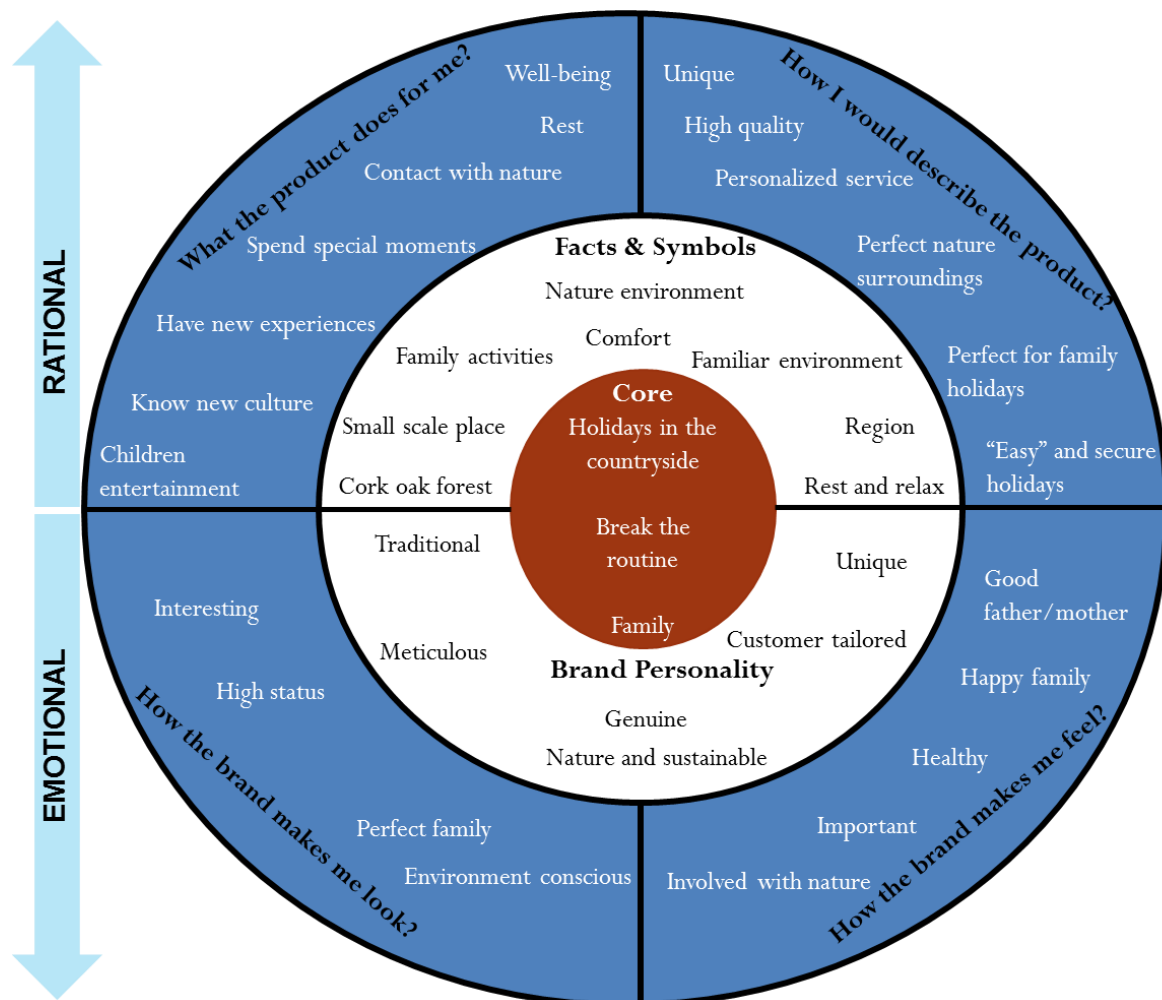
### 9.2 Obstacles in the way and respective solutions

Difficult issues	Possible solutions
1. Find online tourism operators specialized in rural tourism.	1. Do several market researches.
2. The online tourism operators do not provide the customers' contacts.	2. Ask directly to customers their contacts, after having received them in Monte do Areeiro.
3. Online tourism operators may get offended, when realizing that realizing that customers are booking their directly through Monte do Areeiro.	3. Build a strong relationship partner-company, highlighting the advantages for both parties.



Difficult issues	Possible solutions
4. Some online tourism operators have a wider offer including packages with car rental, flights and accommodation, which makes the holiday reservation easier; Monte do Areeiro offer is narrower.	4. Establish a partnership with a car rental company; with this partnership, customers could be picked up in the airport and have at their disposal a car during the stay.
5. Housekeeper's inability to speak English makes harder the creation of strong relationships.	5. Provide private English lessons to the housekeeper.
6. The authentication of the nature environment it is something that is felt and not communicated, becoming difficult to transmit the right message.	6. Include a small presentation video of Monte do Areeiro in the website.
7. There are a lot of rural tourism establishments in Portugal.	7. Have a clear and effective positioning, reinforcing the cork oak forest and the holidays in family.
8. It was identified a moderate correlation between the place with higher demand and the places near the beach; Monte do Areeiro is quite far from the beach.	8. Make publicity to the rivers and dams in the region, where it is possible to take a baths and practice some water sports.

**Exhibit 10: Brand wheel – What Monte do Areeiro wants to be**

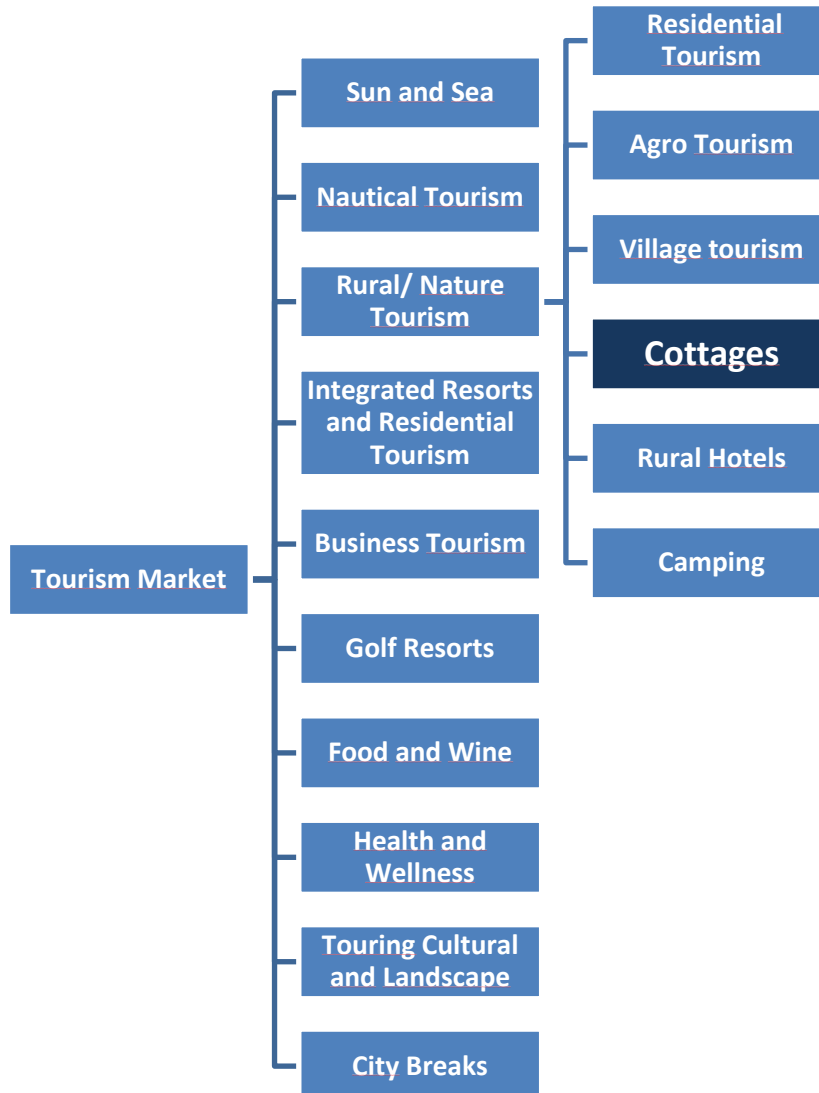




# **Other Exhibits**

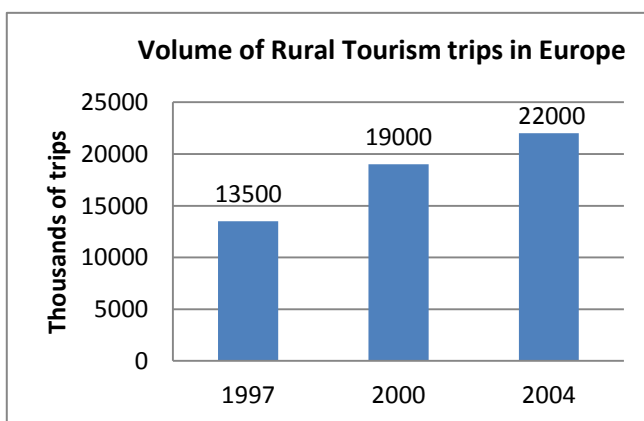
- Online surveys and depth interviews methodology**
  - Financial projections and costs estimation**
- Additional information to support the project**

## 1. Market segmentation



Source: Decree-Law No. 169/97, Portuguese Official Gazette No. 152, dated 4th July and Turismo de Portugal, IP. 2011. "Plano Estratégico Nacional de Turismo – Propostas para revisão no horizonte 2015 – Versão 2.0".

## 2. Estimation method of rural trips in Europe in 2011



Source: THR (Asesores en Turismo Hotelaría y Recreación, S.A.), "Turismo de Natureza" study for Turismo de Portugal, IP, 2006.

1<sup>st</sup> From 1997 to 2004, there was an annual growth rate of roughly 7% (according to THR).

2<sup>nd</sup> It was calculated the annual European GDP growth rate for the period between 1997 and 2004 – 2,21%. This rate can be associated with the volume of rural tourism trips in Europe.

3<sup>rd</sup> Founding the European GDP growth rate for 2004 to 2011 – 0,96% , it was computed the annual growth rate in volume of rural tourism trips in Europe from 2004 to 2011 – 3,04%.

4<sup>th</sup> The annual growth rate of 3,04% was applied to estimate the volume of rural trips in Europe in 2011 – 27 132 thousands.

### 3. Tourism operators' analysis

Table 3.1

Name	Starting year	Specialization	Target people	Countries in which it operates and nº of accommodations	In Portugal	Languages available	Volume of visitors	Fees terms	Website
Booking.com	1996	All types of tourism accommodation, including accommodation in rural areas and cottages.	Business and leisure travelers from all over the World that look for the most efficient and economic solutions.	177 countries all over the world; 245 068 accommodation.	2866 Tourism accommodation; 95 accommodations inserted in cottages category and rural tourism.	41 different languages	30 million visitors each month being international leader by room nights sold	Commission rate.	<a href="http://www.booking.com/">www.booking.com/</a>
TopRural	2000	It is specialized in holiday cottages and rural tourism.	Leisure travelers looking for non mass tourism that like holidays in the countryside, far from the cities and crowded places.	It offers over 60 000 places in Europe and operates in Germany, Andorra, Austria, Belgium, Spain, France, Holland, Italy, Luxembourg and Portugal.	494 accommodations; all of them are about rural tourism.	8 languages - English, Catalan, Spanish, French, Dutch, English, Italian and Portuguese	18 million visitors per year	Fee to have the rural tourism unit promoted in their website.	<a href="http://www.toprural.pt/">www.toprural.pt/</a>
Eliza Was Here	2001	It offers special and unique holidays around the Mediterranean; it focuses on small scale; travel packages.	Dutch people that do not like hordes of tourists, but undiscovered spots away from mass tourism. People that look for packages of travel, including flights, car and accommodation.	It offers 21364 accommodations in the different mediterranean european countries.	47 unique tourism accommodation in small scale in Madeira, Algarve and the zone of Lisbon (coast).	Only one language - Dutch	-	The customers pay directly to EWH for travel packages, then EWH pays to the hotel an amount previously agreed by person.	<a href="http://www.elizawashere.nl/">www.elizawashere.nl/</a>
Holiday Check	2004	It is specialized in the hotel market, showing also things to do in each region and package travels.	It is recommended for people who like to do their holidays in hotels.	300 000 hotels all over the World; 100 thousand points of interest in the holiday destinations.	It has places all over the country.	It is available in 10 different languages.	Each month 20 - 30 million people visit HolidayCheck websites. It is the largest German opinion portal for travel and vacations on the Internet.	Free of charge.	<a href="http://www.holidaycheck.com">http://www.holidaycheck.com</a>
Agoda.com	2002	Its specialization is the hotel market in general. However there are few offers of cottages but they are not discriminated.	Business and leisure travelers from all over the World that look for the most efficient and economic solutions.	200 000 tourism accommodations all over the World.	2506 tourism units spread all over the country.	37 different languages.	It is the service hotel reservation online leader in Asia and with the fastest growing; 3 million customers.	-	<a href="http://www.agoda.com.pt">www.agoda.com.pt</a>
Escapio	2004	Specialized in offering a handpicked selection of unique hotels in all type of categories; high quality; only 20% of the hotel applications received have met their standards and were included in their collection.	Leisure travelers, primarily German speaking, at the age between 30 and 60 years old, having good job positions and high incomes (more than 50% earns more than 2500/month).	It offers 5000 tourism accommodations all over the World. However, 86% are concentrated in Europe (all the countries).	In Portugal there are 241 offers and the country is highlighted in the section of "Favorite Countries".	It is available in four languages: Dutch, English, German and Spanish.	Over 2 million website visits per month. Escapio is the leading booking platform in the German market.	Commission rate.	<a href="http://www.escapio.com">www.escapio.com</a>
Trivago	2005	Specialized in doing price comparisons in the hotel market; It is not possible to do reservations on the website, it redirect the visitors to the searched partner web sites.	For travelers that are price concerned, looking for comparisons between the accommodations offers.	615 875 hotels in 27 different countries.	5455 hotels in Portugal all over the country.	It is available in 30 languages.	18 million unique visitors each month. It has emerged as the world's largest hotel price comparison and information website.	Fee to have the rural tourism unit promoted in their website.	<a href="http://www.trivago.pt">www.trivago.pt</a>
Trip Advisor	2000	Travel website that assists customers in gathering travel information, posting reviews and opinions about Hotel and flights booking, Vacation rentals, Restaurant finding, Travel guides.	For travelers that enjoy to share their opinions and experiences and at the same time for people who gives high importance to the others' opinions and experiences when doing a travel decision.	The site operates in 30 countries worldwide and has 32 million marketable members and over 75 million reviews and opinions.	More than 20 000 hotels all over the country.	It has 29 international websites.	It is considered the most popular and largest travel community in the World (60 million unique monthly visitors).	For the owners of a hotel, it is possible also to advertise their hotel in Trip Advisor (Profile Plus). There is a fee for this service but there is also a free service.	<a href="http://www.tripadvisor.com">www.tripadvisor.com</a>
Allrural.com	2002	It is a website specialized in promoting products related with rural tourism; It has different categories in the rural tourism.	Leisure travelers looking for non mass tourism that like holidays in the countryside.	22037 tourism accommodations in 229 countries.	1086 accommodations in Portugal all over the country. All of them are about rural tourism.	It is available only in four languages - Spanish, English, Portuguese and German.	The number of visitors has been growing. However there is no information about the specific number.	-	<a href="http://www.allrural.com">http://www.allrural.com</a>

Source: The respective online tourism operators' websites.

## 4. GDP per capita and prices levels rankings

Table 4.1

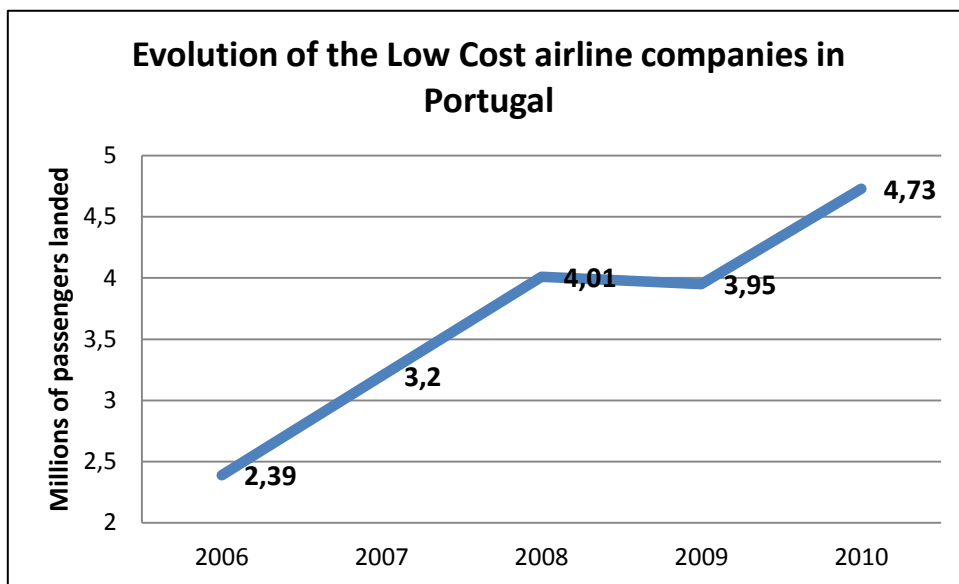
GDP per capita in PPS in 2011, EU27 = 100	
EU27	100
Luxembourg	274
Norway	189
Switzerland	151
Austria	129
Ireland	127
Sweden	126
Denmark	125
Germany	120
Belgium	118
Netherlands	113
Finland	116
Iceland	110
United Kingdom	108
France	107
Italy	101
Spain	99
Cyprus	92
Slovenia	84
Malta	83
Greece	82
Czech Republic	80
Portugal	77
Slovakia	73
Estonia	67
Hungary	66
Poland	65
Lithuania	62
Croatia	61
Latvia	58
Romania	49
Bulgaria	45

Table 4.2

Price level index for household final consumption expenditure 2011, EU27=100	
EU27	100
Switzerland	162
Norway	151
Denmark	142
Sweden	128
Finland	125
Luxembourg	122
Ireland	117
Iceland	114
Belgium	112
France	111
Netherlands	108
Austria	107
Germany	103
Italy	103
United Kingdom	102
Spain	97
Greece	95
Cyprus	89
Portugal	87
Slovenia	84
Estonia	79
Malta	78
Czech Republic	77
Latvia	74
Croatia	74
Slovakia	72
Lithuania	66
Hungary	64
Poland	60
Romania	60
Bulgaria	51

Source: Eurostat Press Office. Report 97/2012, 20 June, 2012 and Report 26/2012 – Statistics in focus, 18 June, 2012.

## 5. Low Cost Airline flights in Portugal



The number of passengers that landed in Portugal, using low cost airlines almost duplicated from 2006 to 2010.

Source: Turismo de Portugal, IP. 2011. "Plano Estratégico Nacional do Turismo, Propostas para a revisão no horizonte 2015 – Versão 2.0

## 6. Online surveys

### 6.1 Survey goals

Gain insight about:

- ✓ Motivations and needs behind the rural tourism customers or potential customers.
- ✓ Perceptions of Monte do Areiro' foreign customers.
- ✓ The way foreign customers and potential customers do their research and choices about rural tourism.
- ✓ Address motivations, perceptions and related information to personal and social factors.

### 6.2 Methodology

An online survey was developed. To spread the link, three strategies to acquire respondents were used:

- ✓ Company's data base to reach the foreign customers of Monte do Areiro.
- ✓ Through the contact established with foreign customers, ask them to spread the message to their relatives that like or have interest in rural tourism.
- ✓ Spread the link to personal contacts.

Two different surveys were designed: one for customers that have been in Monte do Areiro and another for potential customers. To do that, a filter was included in the survey that separates the two types of questions starting from question 9.

## 6.3 Questionnaire – Survey questions

# *Survey - Monte do Areeiro*

Dear Sir, Rural Tourism is a type of tourism inserted in the countryside, where guests are in direct contact with Nature, having access to the region traditions and herdsmen lifestyle. Monte do Areeiro – Rural Tourism is currently performing a study to reformulate its strategy to better satisfy its customers. In order to proceed with the analysis, we kindly ask you if you could properly fill the following questionnaire. It will only take nearly 4 min and all the answers are anonymous. We really appreciate your collaboration that certainly will contribute for your welfare when visiting Monte do Arreiro. The study has been conducted by a student of NOVA School of Business and Economics, Portugal.

**\* Required**

1. Which type(s) of tourism do you used to practice? \*

- Sun and sea
- Nature/Rural Tourism
- Nautical Tourism
- Equestrian Tourism
- Business Tourism
- Golf Resorts
- Food and Wine
- Health and Wellness
- Touring Cultural and Landscape
- City Breaks
- Integrated Resorts and Residential Tourism

2. Where did you spend your holidays in the last 2 years? \*

- In your country.
- In other country.
- Both.

3. If you had spent your holidays in the last 2 years out of your country, please indicate in each country(ies).

4. In scale of 1 to 10, how would you classify your liking for rural tourism type? \*

\_\_\_\_\_ 1 2 3 4 5 6 7 8 9 10 \_\_\_\_\_

Do not like at all           Really like

\_\_\_\_\_



5. How many times did you do Rural Tourism? \*

- Never
- One time
- More than one time

6. What would you have in consideration when choosing the place to practice rural tourism? \*Please indicate the level of importance of each item being that 1= "Not important at all" and 5= "Highly important".

	1 = "Not important at all"	2	3	4	5 = "Highly important"
The weather conditions.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The quality of the place where you will be hosted.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The price of the total expenditure (including transportation and accommodation).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The diversity of available activities.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Attractive nature or surrounding landscape.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cultural attractions nearby.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Easy and secure booking with clear conditions.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. What are or what would be your main motivations for doing Rural Tourism? \*Please indicate only 3 motivations.

- Outdoor sports activities that involve nature.
- Detailed observation of biodiversity in fauna and flora for study purposes or as a hobby.
- Rest and relax in clean environment far from the cities.
- Know the culture, traditions and heritage of the region (including the typical dishes).
- Learn about the life in the countryside, learning how to planting and treating cattle.
- Simply be in contact with Nature.

8. When doing rural tourism you would expect.. \*Please indicate your level of agreement for each statement.

	Strongly disagree	2	3	4	Strongly agree
...to have access to a set of daylight activities linked with nature like horse riding or sports.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...to be received and served in a familiar environment.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...to feel that the house in which you are hosted is yours.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...to have luxurious houses and services.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...to have access to a set of organized night activities, like stars observation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...to have cultural guided tours to the cities nearby.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...to be directly connected with nature.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...to have room service and catering included.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
...to be treat in a formal way by the employees and the owners of the tourism.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. Have you ever been in Monte do Areeiro? \*

- Yes  
 No

[Continue »](#)

If answered “Yes” to question number 9:

10. How did you know Monte do Areeiro? \*

- Through “Eliza Was Here” (internet intermediate).

- Through "Atmosphere" (internet intermediate).
- Search engine like Google.
- Through friends and familiars.
- Through specialized magazines.
- Other:

11. What was for you the strongest point in Monte do Areeiro? \*Please give only one.

12. What was for you the weakest point in Monte do Areeiro? \*Please give only one.

13. How would you classify Monte do Areeiro in the following characteristics? \*

1    2    3    4    5

---

Cleanliness                

---

\*

1    2    3    4    5

---

Comfort                

---

\*

1    2    3    4    5

---

House's architecture                

---

\*

1    2    3    4    5

---

Price                

---

\*

1    2    3    4    5

---

Service quality                

---

\*

1    2    3    4    5

---

Performance of service people                

---

\*

1    2    3    4    5

---

Quality of activities                

---

\*

1    2    3    4    5

14. In which type of group would you do rural tourism? \*

- Family.
- Only with your husband/ wife/ boyfriend/ girlfriend.
- Friends
- Individual trip.

15. Your age: \*

- 18-24
- 25-35
- 35-44
- 45-54
- >55

16. Your occupation: \*

- Student
- Worker
- Unemployed
- Homemaker/ Mother
- Retired

17. Your gender: \*

- Male
- Female

18. What is your nationality? \*

**If answered “No” to question number 9:**

10. How did you used to search about tourism accommodation? \*

- Through online intermediates/ tourism operators like booking.
- Search engine like Google.
- Through friends and familiars.

Through specialized magazines.

11. If you used to search for tourism accommodation using online intermediates/ tourism operators, please indicate the one that you use more.

12. In which type of group would you do rural tourism? \*

- Family.
- Only with your husband/ wife/ boyfriend/ girlfriend.
- Friends.
- Individual trip.

13. Your age: \*

- 18-24
- 25-35
- 35-44
- 45-54
- >55

14. Your occupation: \*

- Student
- Worker
- Unemployed
- Homemaker/ Mother
- Retired

15. Your gender: \*

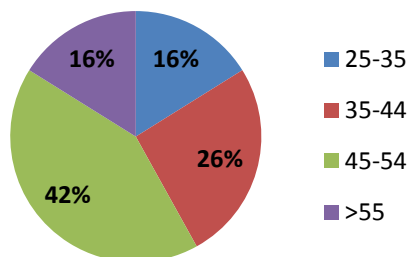
- Male
- Female

16. What is your nationality? \*

## 6.4 Sample characterization

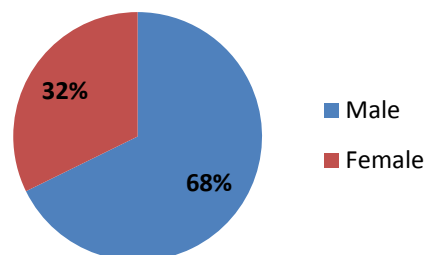
**Table 6.4.1: Characterization by ages**

Ages	Number of people by ages
18-24	0
25-35	5
35-44	8
45-54	13
>55	5
TOTAL	31



**Table 6.4.2: Characterization by genders**

Gender	Number of people
Male	21
Female	10
TOTAL	31



**Table 6.4.3: Characterization by nationalities**

Nationality	Number of people
Dutch	3
Spanish	1
French	3
German	9
Polish	1
British	6
Finnish	1
Danish	5
Belgian	1
Swedish	1
TOTAL	31

**Table 6.4.4: Characterization by occupation**

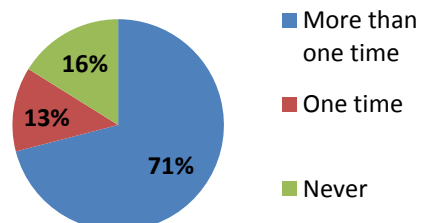
Occupation	Number of people
Student	2
Worker	29
Unemployed	0
Homemaker	0
Retired	0
TOTAL	31

**Table 6.4.5: Characterization by preferences**

Liking for rural tourism, in a scale from 1 to 10 (1= do not like; 10= really like)	Number of people
1 to 4	2
5 to 7	14
8 to 10	15
TOTAL	31

**Table 6.4.6: Characterization by frequency of rural tourism holidays**

Number of people that have already done Rural Tourism	Times
22	More than one time
4	One time
5	Never
31	TOTAL



**Table 6.4.7: Characterization by potential customers and current customers**

<b>Number of people that have / haven't already been in Monte do Areiro</b>	<b>Have been / haven't been</b>
27	haven't been
4	have been
31	TOTAL

## **6.5 Main results**

- ✓ Within the group of people that really like rural tourism (people that classified their liking  $\geq 8$ ), 50% of them also enjoy food and wine tourism and touring cultural landscape (n=15).
- ✓ Within the group of people that really like rural tourism (people that classified their liking  $\geq 8$ ), around 80% are within the group age of 35-54 (n=15).
- ✓ Regarding the items that are taken into account when choosing the rural tourism place, the results were (n=31):

**Table 6.5.1**

<b>Importance of the items when choosing the rural tourism place (scale from 1 to 5)</b>	<b>Mean</b>
Weather conditions	3,45
<b>The quality of the accommodation</b>	<b>4,00</b>
The price	3,58
Diversity of available activities	3,42
<b>Attractive nature or surrounding landscape</b>	<b>4,23</b>
Cultural attractions nearby	3,06
Easy and secure booking conditions	4,06

- ✓ Only one person have spent his holidays, in the last two years, in his country (n=31).
- ✓ Within the group of people who have spent their holidays out of their country in the last two years, 80% went to Southern European countries (n=30).
- ✓ Regarding the motivations for doing rural tourism, people were asked to point out three main motivations. Measuring the motivations that were more referred in this group of three motivations, the results were (n=31):

**Table 6.5.2**

<b>Motivations</b>	<b>Number of people by motivations</b>
Outdoor sports activities that involve nature	13
Detailed observation of biodiversity in fauna and flora for study proposes or as a hobby	4
<b>Rest and relax in clean environment far from the cities.</b>	<b>24</b>
<b>Know the culture, traditions and heritage of the region (including the typical dishes).</b>	<b>16</b>
Learn about the life in the countryside, learning how to planting and treating cattle	3
<b>Simply be in contact with Nature</b>	<b>21</b>

- ✓ Concerning the perception that people have towards rural tourism, the results were (n=31):

**Table 6.5.3**

Perception about rural tourism - What they expect (scale from 1 to 5)	Mean
to have access to a set of daylight activities linked with nature like horse riding or sports	3,65
to be received and served in a family environment	3,68
to feel that the house in which you are hosted is yours	3,35
to have luxurious houses and services	2,84
to have access to a set of organized night activities, like stars observation	2,52
to have cultural guided tours to the cities nearby	2,58
to be directly connected with nature	4,06
to have room service and catering included	2,55
to be treated in a formal way by the employees and the owners of the tourism	2,39

- ✓ Within the group of people that have already been in Monte do Areeiro, their classification about the rural tourism establishment was (n=4):

**Table 6.5.4**

Perception about Monte do Areeiro (scale from 1 to 5)	Mean
Cleanliness	4,5
Comfort	4,25
Houses' architecture	4
Price	3,75
Service quality	4,25
Performance of service people	4,25
Quality of activities	3,25
Nature environment	4,25

- ✓ Still within the group of people that have already been in Monte do Areeiro, it was gathered the following results (n=4):

**Table 6.5.5**

Nationality	Strongest point	Weakest point	Countries where they were (last 2 years)
Dutch	Pretty environment	Flies	portugal last 2 years
Dutch	Good quality location (countryside)	Weather was not good	Portugal, France, Italy
Danish	Nature	-	Tunis
Swedish	People	Dirty fire place	portugal

- ✓ Regarding the different ways of doing the research about the rural tourism accommodations, the results were (n=31):

**Table 6.5.6**

Sources of information	Number of people
Tourism operators/ online booking companies	8
Search engine	18
Friends and familiars	4
Specialized magazines	1



- ✓ Concerning the different types of groups when going on rural tourism holidays, the results were (n=31):

**Table 6.5.7**

Groups when going on rural tourism holidays	Number of people
Family	17
Only with your husband/ wife/ boyfriend/ girlfriend	17
Friends	10
Individual trip	4

## 7. Depth interviews

### 7.1 Interview goals

Understand the following customers' characteristics:

- ✓ Purchasing behavior and the respective factors that may influence this purchase.
- ✓ Post purchasing behavior.
- ✓ What do they value in a rural tourism establishment.
- ✓ What would drive them to repeat the same holidays in the same rural tourism holidays.

### 7.2 Methodology

Since the interviewees were not Portuguese, it was difficult to interview all of them face to face. As so, to make it as real as possible, 4 of the interviews were done via Skype (video conference) and the other two face to face.

The interviews took approximately 40 min and were conducted as an informal conversation, following a specific script.

### 7.3 Interview script

- Liking for rural tourism. Questions based on:

- Do you like rural tourism?
- Can you talk about your last holidays?
- And what about your last rural tourism holidays? Where it was?

-Way of planning the rural tourism holidays. Questions based on:

- If you want to do rural tourism in the next holidays, how would you plan the holidays?(Important to mention: online tourism operators; relatives' opinions; platforms like Trip Adviser; importance of past experiences; the country choice)

- What do you take into account when choosing the rural tourism accommodation? And when choosing the country?
- What do you consider important in the customers' reviews?

-Motivations for doing rural tourism holidays. Questions based on:

- Why do you do rural tourism?
- Do your motivation changes when going for rural tourism holidays with children, or only with your husband/wife? Why?

-Post purchasing behavior. Question based on?

- Do you use to share your holidays experiences?
- What do your friends say about their holidays? What do they share?
- Did you have already been more than one time in the same rural tourism establishment? Why?
- What would make you repeat the stay in the same rural tourism establishment?

## **7.4 Main results**

### **7.4.1 Interview 1 and 2: Mrs. Juliana and her husband**

#### A) INTERVIEWEE PROFILE:

-Retired woman, around 60 years old, living in Portugal for 3 years, in the countryside (Mrs. Juliana).

-Retired man, around 60 years old, living in Portugal for 3 years, in the countryside, (Mrs. Juliana's husband).

-People who loves to travel and know the World.

-Type of tourism that they like more: Sun and Sea, City Breaks, Cultural Touring and Landscape and Rural Tourism.

-Have already been in Portugal doing rural tourism.

-Dutch.

#### B) STAGES WHEN PLANNING THE RURAL TOURISM HOLIDAYS:

1<sup>st</sup>. Decide the country where they want to go.

2<sup>nd</sup>. Decide the region of the country.

3<sup>rd</sup>. Search on internet through Google, searching for “Bed and Breakfast”.

4<sup>th</sup>. Select a set of accommodation that match with the ones that have highest rankings on the websites.

5<sup>th</sup>. In the group of accommodations selected, look deeply to people’s opinions and personal pictures. Every time that is possible, go to Trip Adviser to check the opinions.

6<sup>th</sup>. Select one accommodation.

#### C) FACTORS THAT AFFECT THE COUNTRY CHOICE:

-The good weather conditions and the nature surroundings.

-Travel programs on TV.

-Friends’ opinions.

-They considered the south European countries as being in the same basket as Portugal (because of the weather and the culture).

#### D) FACTORS THAT AFFECT THE REGION CHOICE:

-The good weather conditions and things to do in the region (cultural attractions).

#### E) FACTORS THAT AFFECT THE ESTABLISHMENT CHOICE:

-The complicated and confused websites are immediately excluded.

-It does not need to be a five star hotel.

-Personalized offers, small scale, and familiar environment.

-Location and accessibility. They value the proximity to sights in the region.

-If there are a lot of things to do in the region, they are not so demanding about things to do in the tourism establishment.

-In several websites the pictures “lie”. So they give higher attention to personal people’s pictures.

-Regarding the other’s opinions they focused on comments about the cleanliness and bed quality.

#### F) POST PURCHASING BEHAVIOR:

-Even if they had loved the tourism establishment, they would not repeat the stay in the same region because they want to know different places, have different experiences.

-They repeat the trips to the same country but going to different regions.

-After the stay, they share their experience with friends and sometimes post some comments on Trip Adviser.

-What would drive them to repeat the holidays in the same tourism establishment? The existence of children with them, the kindness and the good relationship built with the owners of the establishment and the existence of something that they did not get to see the last time.

#### **7.4.2 Interview 3: Mrs. Paola Ren**

##### A) INTERVIEWEE PROFILE:

-Worker woman, single, 38 years old, living in Sweden.

-Person who loves to travel and know the World.

-Type of tourism that she likes more: tourism to surf, Nature/ Rural Tourism and Eco-Tourism.

- She has already been in Portugal doing surf, Nature/Rural Tourism and Eco-Tourism

-Swedish.

##### B) STAGES WHEN PLANNING THE RURAL TOURISM HOLIDAYS:

1<sup>st</sup>. Decide the country where she wants to go.

2<sup>nd</sup>. Decide the region of the country.

3<sup>rd</sup>. Look for opinions of people she knows and trust on or someone famous that she admires, about accommodation in the region. If there are no opinions about accommodations places for that region, she goes for a Google research or specific travel magazines about Nature/Rural Tourism and Eco-Tourism.

4<sup>th</sup>. Select a set of accommodations that look serious and reliable, giving special attention to partners links in the tourism accommodation's homepage.

5<sup>th</sup>. Select one accommodation.

##### C) FACTORS THAT AFFECT THE COUNTRY CHOICE:

-Nature surroundings.

-Momentary friends' opinions.

-Old conversations with friends about countries and travels.

-Budget airlines to the countries from Sweden.

#### D) FACTORS THAT AFFECT THE REGION CHOICE:

- The existence of natural areas, forests, beaches, mountains which are “untouched/ old”.
- The rural tourism offers in the region.
- Region accessibility by public transports.
- The kind of rural living people in the area and what do they make - fishing or crafts.
- The specific craftsmanship or production (agriculture) that is typical in the region.

#### E) FACTORS THAT AFFECT THE ESTABLISHMENT CHOICE:

- Recommendations of people she knows and trust or reviews of famous people that she admires.
- Activities available in the farm.
- Recommendations of specialized magazines.
- Reliability of the tourism establishment and the partnerships that the accommodation has.
- The representativeness of Rural/Nature Tourism in the tourism establishment and the eco behaviors practiced there.
- The accessibility of the place without having car.

#### F) POST PURCHASING BEHAVIOR:

- If she had loved the tourism establishment, she would repeat the stay in the same region and in the same accommodation. However combining her economical possibilities and her willingness to know different places, sometimes it is difficult to choose between different places or repeat the same experience.
- During and after the stay she used to share her experience in some blogs and social networks (Swedish travel guide blog and Facebook)
- What would drive her to repeat the holidays in the same tourism establishment? Going on holidays with the family (she prefers something more secure), the existence of a new working/volunteering/project or theme (like horseback riding or yoga).

### **7.4.3 Interview 4: Mr. Petter Dekker**

#### A) INTERVIEWEE PROFILE:

- Worker man, 45 years old, married, living in Netherlands.
- Person who loves to travel and know the World.

- He loves Rural Tourism and highly values exclusive and unique places.
- He has already been in Portugal, in different regions including Monte do Areeiro.
- Dutch.

#### B) STAGES WHEN PLANNING THE RURAL TOURISM HOLIDAYS:

- 1<sup>st</sup>. Decide the country where he wants to go.
- 2<sup>nd</sup>. Decide the region of the country.
- 3<sup>rd</sup>. Search about tourism accommodations in the region through the tourism operator “Eliza Was Here”.
- 4<sup>th</sup>. Select a set of tourism accommodations based on their nature surroundings and rural area.
- 5<sup>th</sup>. Select one tourism accommodation.

#### C) FACTORS THAT AFFECT THE COUNTRY CHOICE:

- Nature surroundings and environment.
- People of the country and their hospitality.
- Weather conditions.
- He considers the south European countries as being in the same basket as Portugal, mainly Italy (because of the weather, food and the culture)

#### D) FACTORS THAT AFFECT THE REGION CHOICE:

- Depends on if he is traveling with children or only with his wife.
- If traveling only with his wife the things to do in the region, like knowing the traditions and gastronomy has a higher impact on the decision.
- If traveling with children he only considers the nature surroundings of the region and the representativeness of the region as rural.
- Region accessibility.
- Rural tourism offers in the region.

#### E) FACTORS THAT AFFECT THE ESTABLISHMENT CHOICE:

- He does not ask opinions to other people because he completely trusts the “Eliza Has Here” offers.

- It has to be a small place, not crowded.
- Nature surroundings and rural area is mandatory.
- When traveling with children he does not care so much about cultural programs. However, if he is traveling alone with his wife, he looks for the cultural programs available in the tourism establishment.
- The space and the possibility for hiking are highly important.
- He feels that when the price is low, the quality is not good.

#### F) POST PURCHASING BEHAVIOR:

- He always talks a lot to his circle of friends about his experiences on holidays.
- When he really liked the place there are high probabilities to repeat the same experiences when travelling with children because it is a secure choice.
- When traveling only with his wife he will probably go to another place, to have different experiences and to know another region.
- What would drive him to repeat the holidays in the same tourism establishment only with his wife? Due to sentimental reasons and to remember the good times that he had spent in that place; when coming back to the same place with his wife, he stays at maximum 4 or 5 days just to remember.

#### G) POSITIVE POINTS ABOUT MONTE DO AREEIRO:

- Original and authentic.
- Nature surroundings, including the cork trees, noises and animals.
- Isolated place and the size of the farm.
- People and familiar environment
- He said “a place where time doesn’t exist”.

#### H) NEGATIVE POINTS ABOUT MONTE DO AREEIRO:

- The housekeeper does not speak English.

#### **7.4.4 Interview 5: Mr. Bill**

##### A) INTERVIEWEE PROFILE:

- Worker man, 50 years old, married, living in UK.
- Person who travels a lot either in leisure tourism or business tourism.
- He really enjoy Rural/Nature Tourism
- Has already been in Portugal working but also as a tourist with his family. He was in Algarve and Lisbon.
- He considers himself as a “person of habits”.
- English.

##### B) STAGES WHEN PLANNING THE RURAL TOURISM HOLIDAYS:

- 1<sup>st</sup>. Decide the country where he wants to go.
- 2<sup>nd</sup>. Decide the region of the country.
- 3<sup>rd</sup>. Search on Internet, in local websites of the region or of the country. Sometimes he calls to the tourism department of the region to ask for information and opinions.
- 4<sup>th</sup>. Decide a set of accommodations that involve a pretty nature environment.
- 5<sup>th</sup>. Discuss with friends and family and look deeply to people reviews regarding each specific tourism accommodation.
- 6<sup>th</sup>. Select one.

##### C) FACTORS THAT AFFECT THE COUNTRY CHOICE:

- Travel programs on TV and movies.
- Last experiences of the stay in the countries when going traveling on businesses.
- Weather conditions.
- Food and hospitality of the people.
- Budget airlines to the countries from UK.



#### D) FACTORS THAT AFFECT THE REGION CHOICE:

- Region accessibility.
- Nature surroundings and the existence of forests.
- Type of accommodations in the region.
- Friends and colleagues' opinions.
- Restaurants.
- Accommodations offer in the region.

#### E) FACTORS THAT AFFECT THE ESTABLISHMENT CHOICE:

- People's reviews about the tourism accommodations.
- It doesn't have to be a luxury accommodation but comfort is always important. He gives highly importance to the quality of the shower and bed.
- Accessibility.
- The most important thing is the nature surroundings and not the cottages.
- He feels that when the price is low, the quality is not good.

#### F) POST PURCHASING BEHAVIOR:

- People in UK talk a lot about their holidays, as so, when coming back from holidays, everybody asks about his experience.
- When he had enjoyed the tourism accommodation where he had spent his holidays, he likes to come back. However, he and his wife have a set of countries they want to go to, so there is always the tradeoff.
- What would drive him to repeat the holidays in the same tourism establishment? The way local people react to his welcoming, the weather and the food and restaurants.

### **7.4.5 Interview 6: Antti Kytömäki**

#### A) INTERVIEWEE PROFILE:

- Worker man, around 55 years old, married, living in Finland.

-Person who loves to travel and have different experiences.

-He likes rural tourism and have it done a lot of times when was younger. Now he wants to do more times rural tourism holidays, to be in contact with nature.

-He has already been in Portugal, in business tourism.

-Finish.

#### B) STAGES WHEN PLANNING THE RURAL TOURISM HOLIDAYS:

1<sup>st</sup>. Search on the web about alternative nature experiences (it can be anywhere) or ask relatives' opinions about nice offers.

2<sup>nd</sup>. Choose one tourism accommodation that offers nice experiences and original activities.

3<sup>rd</sup>. Evaluate the possibility to travel to the country where the rural tourism place is inserted.

#### C) FACTORS THAT AFFECT THE TOURISM ACCOMMODATION CHOICE:

-Representativeness of the rural tourism concept.

-Nature surroundings.

-Activities in the farm.

-Relatives' opinions.

#### D) FACTORS THAT AFFECT THE IMPOSSIBILITY TO GO TO THE COUNTRY WHERE THE ACCOMMODATION IS INSERTED:

-Airline budgets.

-Bad last experiences in that country.

#### E) POST PURCHASING BEHAVIOR:

- He and his wife always change the place to go on rural holidays because they look for new nature activities. As so, they usually don't repeat the same stay.

- What would drive him to repeat the holidays in the same tourism establishment? If the experience in the chosen place was unique and if he had loved it, he would be able to come back; if he got feeling that there is something interesting he didn't have time to do; if he had built a great relationship with people in the place.

## 8. Direct competitors that also promote in EWH, in “Cost of Lisbon”

Name	Number of guests	Price per night,per person	Distance to the beach (km)	Distance to airport (km)	Distance to the village (km)
Casa dos Matos	4	45,00 €	30	117	4
Convento S. Saturnino	24	60,00 €	3	40	3
<b>Monte do Areeiro</b>	<b>27</b>	<b>48,75 €</b>	<b>132</b>	<b>104</b>	<b>12</b>
Quinta dos Junqueiros	87	42,50 €	5	30	0,5
Casa S. Rafael	35	100,00 €	10	85	2
Quinta Raposeiros	93	37,50 €	2	49	2
Quinta do Miguel	47	69,00 €	3	60	2
Há Mar ao Luar	24	60,00 €	12	55	8
Olival de S.Filipe	28	43,75 €	2	45	2
Casa do Valle	73	42,50 €	12	28	0,4
Quinta Verde Sintra	71	51,25 €	6	33	4

Notes:

- The number of guests includes the guests between April to October (2012), provided by EWH.
- The price is the average price without breakfast, when coming two people, from April to October, accordingly to the information provided by each rural tourism website.
- The price of Monte do Areeiro was calculated with an average price for a house with a room in high season.

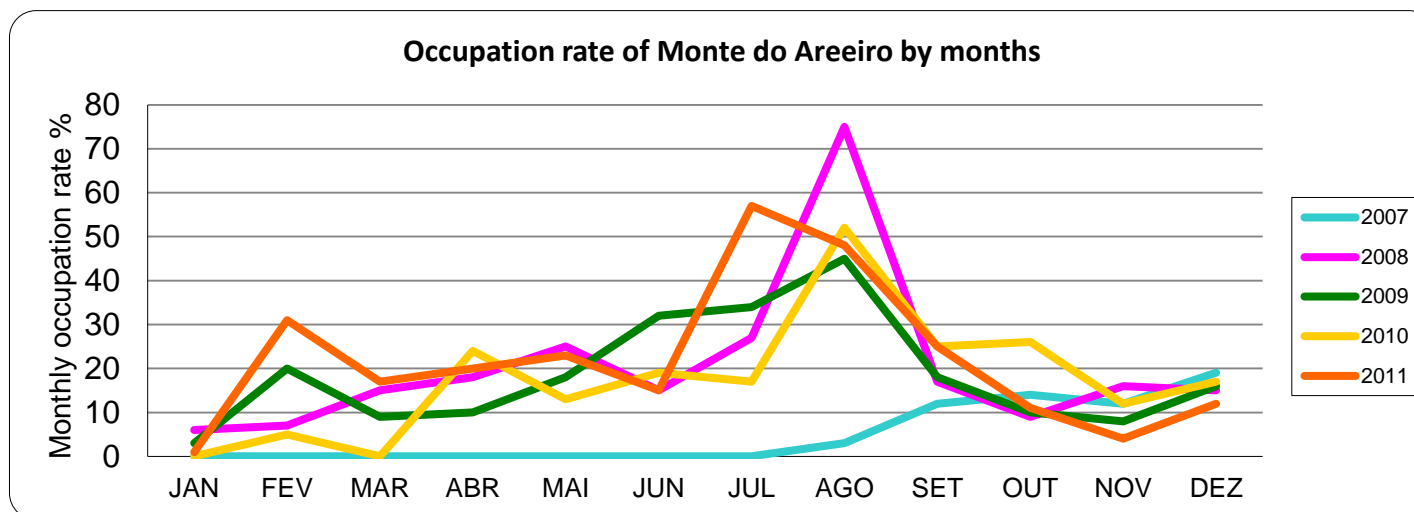
Correlations:

- Correlation between the column “Number of guests” and “Distance to the beach”: -0,47
- Correlation between the column “Number of guests” and “Price per night, per person”: -0,29
- Correlation between the column “Number of guests” and “Distance to airport”: -0,66
- Correlation between the column “Number of guests” and “Distance to the village”: -0,48

## 9. Monte do Areeiro price table (per night) – Nov 2012

	Catering Accommodation			
	High season		Low Season	
	Half house (one room)	Whole house (two rooms)	Half house (one room)	Whole house (two rooms)
Cottage 1	90,0 €	120,0 €	82,5 €	110,0 €
Cottage 2	97,5 €	130,0 €	90,0 €	120,0 €
Cottage 3	105,0 €	140,0 €	97,5 €	130,0 €
	Standard Accommodation			
	High season		Low Season	
	Half house (one room)	Whole house (two rooms)	Half house (one room)	Whole house (two rooms)
Cottage 1	120,0 €	160,0 €	112,5 €	150,0 €
Cottage 2	127,5 €	170,0 €	120,0 €	160,0 €
Cottage 3	135,0 €	180,0 €	127,5 €	170,0 €
	Charm Accommodation			
	Half house (one room)		Whole house (two rooms)	
	144,0 €		201,0 €	

## 10. Monte do Areeiro occupation rate and financial information



**Table 10.1: Profits from 2009 to 2011**

	January	February	March	April	May	June	July	Agost	September	October	November	December	Average by month	Total	
2009	Revenues	0,00 €	2.051,00 €	1.437,75 €	1.879,00 €	3.023,75 €	2.612,50 €	7.650,80 €	8.482,30 €	2.012,45 €	1.831,00 €	1.300,00 €	2.740,50 €	2.918,42 €	35.021,05 €
	Costs	1.310,67 €	1.578,98 €	2.331,80 €	2.481,28 €	2.797,42 €	2.146,48 €	3.970,66 €	4.065,68 €	3.657,13 €	1.637,60 €	2.221,82 €	1.834,38 €	2.451,92 €	30.033,90 €
	<b>Profit 2009</b>	<b>-1.311,14 €</b>	<b>472,02 €</b>	<b>-894,05 €</b>	<b>-602,28 €</b>	<b>226,33 €</b>	<b>466,02 €</b>	<b>3.680,14 €</b>	<b>4.416,62 €</b>	<b>-1.644,68 €</b>	<b>193,40 €</b>	<b>-921,82 €</b>	<b>906,12 €</b>	<b>466,50 €</b>	<b>4.987,15 €</b>
	<b>MARGIN (%)</b>	<b>-</b>	<b>23,0%</b>	<b>-62,2%</b>	<b>-32,1%</b>	<b>7,5%</b>	<b>17,8%</b>	<b>48,1%</b>	<b>52,1%</b>	<b>-81,7%</b>	<b>10,6%</b>	<b>-70,9%</b>	<b>33,1%</b>	<b>16,0%</b>	<b>14,2%</b>
2010	Revenues	804,00 €	1.007,00 €	0,00 €	4.060,00 €	955,00 €	5.487,48 €	3.153,25 €	11.358,30 €	4.835,80 €	4.869,50 €	1.244,00 €	4.199,50 €	3.497,82 €	41.973,83 €
	Costs	2.409,78 €	446,34 €	2.290,44 €	4.276,82 €	3.998,77 €	3.018,01 €	2.557,04 €	4.258,45 €	4.253,09 €	2.682,55 €	2.608,10 €	3.417,71 €	3.018,09 €	36.217,10 €
	<b>Profit 2010</b>	<b>-1.605,78 €</b>	<b>560,66 €</b>	<b>-2.290,44 €</b>	<b>-216,82 €</b>	<b>-3.043,77 €</b>	<b>2.469,47 €</b>	<b>596,21 €</b>	<b>7.099,85 €</b>	<b>582,71 €</b>	<b>2.186,95 €</b>	<b>-1.364,10 €</b>	<b>781,79 €</b>	<b>479,73 €</b>	<b>5.756,73 €</b>
	<b>MARGIN (%)</b>	<b>-199,7%</b>	<b>55,7%</b>	<b>-</b>	<b>-5,3%</b>	<b>-318,7%</b>	<b>45,0%</b>	<b>18,9%</b>	<b>62,5%</b>	<b>12,0%</b>	<b>44,9%</b>	<b>-109,7%</b>	<b>18,6%</b>	<b>13,7%</b>	<b>13,7%</b>
2011	Revenues	120,28 €	4.881,76 €	2.463,00 €	2.341,38 €	3.299,71 €	1.772,43 €	8.724,16 €	5.505,59 €	3.845,86 €	1.134,38 €	606,20 €	2.184,66 €	3.073,28 €	36.879,42 €
	Costs	1.799,01 €	2.917,25 €	3.748,37 €	2.159,97 €	2.297,77 €	2.505,70 €	3.068,68 €	2.888,76 €	3.217,84 €	1.809,82 €	1.037,51 €	1.734,38 €	2.432,09 €	29.185,06 €
	<b>Profit 2011</b>	<b>-1.678,73 €</b>	<b>1.964,51 €</b>	<b>-1.285,37 €</b>	<b>181,41 €</b>	<b>1.001,94 €</b>	<b>-733,27 €</b>	<b>5.655,48 €</b>	<b>2.616,83 €</b>	<b>628,02 €</b>	<b>-675,44 €</b>	<b>-431,31 €</b>	<b>450,29 €</b>	<b>641,20 €</b>	<b>7.694,36 €</b>
	<b>MARGIN (%)</b>	<b>-1395,7%</b>	<b>40,2%</b>	<b>-52,2%</b>	<b>7,7%</b>	<b>30,4%</b>	<b>-41,4%</b>	<b>64,8%</b>	<b>47,5%</b>	<b>16,3%</b>	<b>-59,5%</b>	<b>-71,1%</b>	<b>20,6%</b>	<b>20,9%</b>	<b>20,9%</b>

**Table 10.2: Example of Monte do Areeiro financial map - 2011**

	January	February	March	April	May	June	July	Agost	September	October	November	December	TOTAL
<b>REVENUES</b>													
<b>Cottages</b>													
Partridge	120,28 €	1.671,42 €	1.245,29 €	1.230,65 €	837,17 €	477,60 €	2.638,67 €	1.542,45 €	1.429,24 €	0,00 €	0,00 €	997,64 €	12.190,41 €
Rabbit		831,37 €	636,79 €	523,58 €	339,65 €	863,21 €	2.207,55 €	1.594,34 €	1.937,64 €	830,09 €	127,36 €	301,89 €	10.193,47 €
Wild Boar		1.090,75 €	549,06 €	360,85 €	1.877,29 €	410,38 €	3.320,75 €	2.147,18 €	240,56 €	240,57 €	346,42 €	367,92 €	10.951,73 €
<b>Activities</b>													
Horses ridings				52,85 €	174,80 €		52,85 €	52,84 €	153,46 €	0,00 €	0,00 €	0,00 €	486,80 €
Hot air ballooning									0,00 €	0,00 €	0,00 €	0,00 €	0,00 €
Golf									0,00 €	0,00 €	0,00 €	0,00 €	0,00 €
Massages							60,98 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	60,98 €
<b>Catering</b>		1.005,70 €	31,86 €	173,45 €	70,80 €		425,66 €	146,66 €	84,96 €	63,72 €	87,61 €	371,68 €	2.462,10 €
<b>Others</b>		282,52 €				21,24 €	17,70 €	22,12 €	0,00 €	0,00 €	44,81 €	145,53 €	533,92 €
<b>TOTAL REVENUES</b>	<b>120,28 €</b>	<b>4.881,76 €</b>	<b>2.463,00 €</b>	<b>2.341,38 €</b>	<b>3.299,71 €</b>	<b>1.772,43 €</b>	<b>8.724,16 €</b>	<b>5.505,59 €</b>	<b>3.845,86 €</b>	<b>1.134,38 €</b>	<b>606,20 €</b>	<b>2.184,66 €</b>	<b>36.879,42 €</b>
<b>COSTS</b>													
<b>Wages</b>													
Wages	547,57 €	572,14 €	808,08 €	553,61 €	738,06 €	704,39 €	1.013,08 €	689,11 €	569,36 €	700,06 €	866,43 €	410,86 €	8.172,75 €
Extra hours and trips	59,04 €	170,88 €	446,34 €	355,11 €	328,93 €	0,00 €	264,60 €	450,72 €	251,57 €	195,00 €			2.522,19 €
Wages taxes	98,47 €	93,78 €	107,85 €	89,10 €	103,16 €	89,10 €	142,61 €	172,77 €	136,98 €	187,45 €			1.221,27 €
<b>Insurances</b>	471,36 €	9,54 €						100,95 €	468,54 €				1.050,39 €
<b>Safety</b>	14,03 €	14,03 €	14,03 €	14,03 €	28,41 €	28,41 €	28,41 €	28,41 €	28,41 €	28,41 €	28,41 €	28,41 €	283,40 €
<b>UNICRE (bank fees)</b>	17,49 €	17,49 €	17,49 €	17,49 €	17,49 €	17,49 €	17,49 €	17,49 €	17,49 €	17,49 €	17,49 €	251,66 €	444,05 €
<b>Website maintenance</b>	60,00 €	60,00 €	60,00 €	0,00 €	180,00 €	0,00 €	60,00 €	120,00 €	60,00 €	60,00 €	0,00 €	120,00 €	780,00 €
<b>Deworming</b>	0,00 €	0,00 €	175,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	175,00 €				350,00 €
<b>Maintenance</b>													
General maintenance	291,48 €	177,62 €	163,85 €	0,00 €	35,00 €	0,00 €	63,96 €	11,37 €	195,80 €	38,62 €		23,90 €	1.001,60 €
Garden		47,64 €	13,16 €	0,00 €	0,00 €	0,00 €			36,59 €				97,39 €
Swimming pool			131,00 €	0,00 €	0,00 €	283,56 €	547,22 €	50,00 €	136,40 €				1.148,18 €
<b>Equipments</b>	0,00 €	514,54 €	253,41 €	0,00 €	0,00 €	582,47 €						46,92 €	1.397,34 €
<b>Partnerships</b>			70,04 €		48,74 €	36,08 €		54,13 €	42,41 €	24,37 €			275,77 €
<b>Electricity</b>	0,00 €	483,92 €	0,00 €	398,56 €	0,00 €	503,97 €	0,00 €	417,80 €		278,62 €		256,75 €	2.339,62 €
<b>Consumable products</b>	203,80 €	626,71 €	276,65 €	334,49 €	284,95 €	204,21 €	349,23 €	278,47 €	361,30 €	279,80 €	125,18 €	202,71 €	3.527,50 €
<b>Laundry</b>	35,77 €	50,73 €	113,58 €	142,68 €	51,79 €	56,02 €	171,16 €	80,33 €	134,23 €			42,28 €	878,57 €
<b>Activities</b>													
Horses ridings					150,00 €		30,00 €		90,00 €				270,00 €
Hot air ballooning													0,00 €
Golf		68,69 €											68,69 €
Massages		9,54 €											9,54 €
<b>Catering</b>					106,24 €		372,58 €	236,29 €				350,89 €	1.066,00 €
<b>Publicity</b>	0,00 €	0,00 €	0,00 €	0,00 €	225,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	225,00 €
<b>Others</b>			1.097,89 €	254,90 €			8,34 €	180,92 €	513,76 €				2.055,81 €
<b>TOTAL COSTS</b>	<b>1.799,01 €</b>	<b>2.917,25 €</b>	<b>3.748,37 €</b>	<b>2.159,97 €</b>	<b>2.297,77 €</b>	<b>2.505,70 €</b>	<b>3.068,68 €</b>	<b>2.888,76 €</b>	<b>3.217,84 €</b>	<b>1.809,82 €</b>	<b>1.037,51 €</b>	<b>1.734,38 €</b>	<b>29.185,06 €</b>
<b>PROFIT</b>	<b>-1.678,73 €</b>	<b>1.964,51 €</b>	<b>-1.285,37 €</b>	<b>181,41 €</b>	<b>1.001,94 €</b>	<b>-733,27 €</b>	<b>5.655,48 €</b>	<b>2.616,83 €</b>	<b>628,02 €</b>	<b>-675,44 €</b>	<b>-431,31 €</b>	<b>450,29 €</b>	<b>7.694,36 €</b>
<b>MARGIN (%)</b>	<b>-1395,7%</b>	<b>40,2%</b>	<b>-52,2%</b>	<b>7,7%</b>	<b>30,4%</b>	<b>-41,4%</b>	<b>64,8%</b>	<b>47,5%</b>	<b>16,3%</b>	<b>-59,5%</b>	<b>-71,1%</b>	<b>20,6%</b>	<b>20,9%</b>

## 12. Houses opening costs and margins associated

**Table 12.1: Opening costs (based on 2012 costs)**

	Self Catering	Standard	Charm
Houses opening cost (per day)	55,38 €	73,26 €	88,91 €

**Table 12.2: Margins associated with the different prices practiced**

Self Catering Accommodation				
High season		Low Season		
	Half house (one room)	Whole house (two rooms)	Half house (one room)	Whole house (two rooms)
Rabbit	52,8%	103,7%	40,0%	86,7%
Wild Boar	65,5%	120,6%	52,8%	103,7%
Partridge	78,2%	137,6%	65,5%	120,6%
Standard Accommodation				
High season		Low Season		
	Half house (one room)	Whole house (two rooms)	Half house (one room)	Whole house (two rooms)
Rabbit	54,0%	105,3%	44,4%	92,5%
Wild Boar	63,6%	118,1%	54,0%	105,3%
Partridge	73,2%	130,97%	63,6%	118,1%
Charm Accommodation				
Half house (one room)		Whole house (two rooms)		
52,2%		112,5%		

Notes:

The costs do not have taxes included, as so, to calculate the margins, the taxes were deducted to the prices indicated in point 9, with a tax of 6%, accordingly in the Portuguese legislation, indicated by the company.

## 13. List of some travel magazines with visibility in UK, Germany and Netherlands

**Table 13.1**

	Magazines	Notes
German	Reisemagazine	-
	GEO Saison	It is a leading travel magazine that is distributed in German-speaking countries. With a circulation of 97,878 copies, the publication reaches approximately 200,000 readers.
	Humboldt	The Humboldt is a cultural magazine that promotes and monitors the cultural exchange between Germany and Latin America, Spain and Portugal.
	Natur & Kosmos	It is a magazine that refers all about nature, having a great sense of sustainability and green generation.
United Kingdom	Travel Plus	TravelPlus is an established modern online brand offering the frequent traveller a fresh, professional, compact and impartial look at the world of travel and tourism.
	Escapism-magazine	-
	Condé Nast Traveller	It is a reference magazine in UK, when planning holidays.
	Trail Magazine	Trail Magazine offers a set of routes throughout different nature scenerios in Europe.
Netherlands	Vogelbeschering	It is a specialized magazine in birdwatching and respective destinations with a circulation of about 25,000 copies.

Source: Magazines' websites.

## 14. Estimated costs of the plan

### 14.1 Product estimated costs

**Table 14.1: Estimated product costs**

Designation	Estimated Value
Houses quality and amenities	900,00 €
Nature environment	50,00 €
Service	750,00 €
Activities	2.585,00 €
Other	200,00 €
<b>TOTAL</b>	<b>4.485,00 €</b>

Notes:

- These costs were estimated taking into account the prices established in the following places: IKEA, Toys r us, FNAC, Continente, Decathlon, OLX, English professor and Grafi Conde.
- The cost of action plan 7 and 17 is added to the house opening cost; the cost associated with action plan 18 is expressed in the promotion costs; the costs with the activities out of the farm will be handled by the responsible identity as so, Monte do Areeiro will only earn a commission negotiated at the time, around 15%.

### 14.2 Place estimated costs

To make the product available by indirect sale, Monte do Areeiro has to pay:

- ✓ Fixed cost for to Top Rural (153€);
- ✓ For Escapio and Booking.com has to pay a commission by reservation done, as so it will be assumed that for each reservation done through this two channels, there will be a loss of 20% of margin;
- ✓ Through Eliza Was Here, Monte do Areeiro loses around 15% of margin for each reservation;
- ✓ The costs related with the articles published will come in the promotion costs (table 14.3).

Regarding Trip Advisor, it is a free service and it is not possible to have reservation through it, it works just for customers to access information and opinions about the rural tourism establishment;

Concerning the direct sale (website), it is planned to rebuild a new webpage. As so, there are considerable costs associated with that. These costs are expressed in the promotion costs (table 14.3).

### 14.3 Promotion estimated costs

**Table 14.3: Estimated promotion costs**

Designation	Estimated Costs
Video communication	500,00 €
Website renovations	1.000,00 €
Magazines articles	0,00 €
Sales promotions	90,00 €
<b>TOTAL</b>	<b>1.590,00 €</b>

Notes:

-The promotion action plans 2, 4, 5, 6 and 7 have costs that are included in the people office costs;

-Accordingly with Time Out, an international travel magazine, the magazines do not charge a price for published articles. However, to attract journalists, sales promotion will be done, giving one night for free as so there are costs associated.

## 15. Financial projections

Important note:

- To calculate the NPV, a rate of 8% was used to represent the time value of money. This rate was ordered by the company's top management.

**Table 15.1: Financial projection without considering the plan – 2013 to 2017**

Year	0	1	2	3	4	5
Costs	-	30.007,50 €	30.207,51 €	30.850,93 €	32.243,39 €	33.665,51 €
Revenues	-	26.469,40 €	25.675,32 €	25.675,32 €	26.959,09 €	28.307,04 €
Profits	-	-3.538,10 €	-4.532,18 €	-5.175,60 €	-5.284,30 €	-5.358,46 €
Margin (%)	-	-13,4%	-17,7%	-20,2%	-19,6%	-18,9%
Discounted Cash Flows	-	-3.276,02 €	-3.885,62 €	-4.108,56 €	-3.884,12 €	-3.646,88 €
NPV	-18.801,20 €					

Notes:

- It was calculated the average annual costs from 2010, 2011 and 2012 (until November) to estimate the annual cost of year 1. For the following years the Portuguese consumer annual price index of 2,13% was applied, accordingly to global rates.com.
- The costs throughout the years also vary accordingly to the occupation rates. As so, it was assumed that for an increase of 15% in the revenues, the additional cost is 2150€ (this additional was settled with the company's management, representing the costs increase in electricity, laundry and consumable products). Considering the revenues variations, it was used a proportional variation, following the scale mentioned.
- Regarding the revenues, it was also settled with the company's top management the following growth rates:

Year 1	-5%
Year 2	-3%
Year 3	0%
Year 4	5%
Year 5	5%

This estimation was based on the revenues evolution of 2010, 2011 and 2012. Indeed, the company's revenues have been decreased.



**Table 15.2: Financial projection considering the plan – 2013 to 2017**

Year	0	1	2	3	4	5
Costs	-	38.479,68 €	33.242,05 €	35.436,62 €	36.971,66 €	38.542,01 €
Revenues	-	32.599,16 €	38.141,02 €	41.955,12 €	44.052,88 €	46.255,52 €
Profits	-	-5.880,51 €	4.898,96 €	6.518,50 €	7.081,21 €	7.713,51 €
Margin (%)	-	-18,0%	12,8%	15,5%	16,1%	16,7%
Discounted Cash Flows	-	-5.444,92 €	4.200,07 €	5.174,59 €	5.204,90 €	5.249,68 €
NPV	14.384,33 €					

Notes:

- The estimated annual cost for year 1 was calculated by adding to the annual cost of year 1 in table 15.1, the following items:
  - ✓ Additional costs due to the plan (product investments, fee for Top Rural and promotion costs);
  - ✓ Additional costs due to the higher occupation rate, following the same reasoning mentioned in the notes of the previous table (15.1).
- The estimated annual costs for the following years were calculated by deducting from the annual cost of year 1, the following items:
  - ✓ Product investments, since that they will be proceed in the first year;
  - ✓ Video communication and website remodeling, considering that these will be done in the first year;
- Furthermore it was applied the Portuguese consumer annual price index of 2,13% to the costs.
- Regarding the revenues and assuming that with the plan:
  - ✓ The number of reservations will grow up;
  - ✓ The price will grow up because the perceived value will be higher;
  - ✓ The volume earn by each reservation will be higher.

It is expected the following annual growth rates:

Year 1	17%
Year 2	17%
Year 3	10%
Year 4	5%
Year 5	5%

The growth rate decreased from year 3, represents the capacity limit of Monte do Areeiro; These growth rates were estimated near the company's top management.

**Table 15.3: Financial projection – Incremental results – 2013 to 2017**

Year	0	1	2	3	4	5
Incremental costs		8.472,17 €	3.034,55 €	4.585,69 €	4.728,28 €	4.876,50 €
Incremental revenues		6.129,76 €	12.465,70 €	16.279,80 €	17.093,79 €	17.948,48 €
Cash Flows		-2.342,41 €	9.431,15 €	11.694,10 €	12.365,51 €	13.071,97 €
Discounted Cash Flows		-2.168,90 €	8.085,69 €	9.283,16 €	9.089,02 €	8.896,57 €
NPV	33.185,53 €					

Notes:

- Using only the incremental results the ROI of the plan is 158%.

Actualized gains incremental gains	54.066,33 €
Actualized incremental costs	20.880,80 €
ROI	158,93%