

UNIVERSITY OF ALGARVE
FACULTY OF ECONOMICS

**HOW EVENTS CAN INFLUENCE IN THE CUSTOMER EXPERIENCE
AT OUT OF THE BLUE HOSTEL:
AN INTERNSHIP STORYTELLING**

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Internship Report
Master in Tourism Organization Management

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Work authorship declaration

I declare to be the author of this work, which is unique and unprecedented. Authors and works consulted are properly cited in the text and are in the listing of references included.

Anna Makarova

A handwritten signature in blue ink, appearing to read 'Anna', is written over a horizontal dashed line.

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ABSTRACT

The growth of tourism is not an exception to Azores Islands that saw a big increase of tourists after the low cost airlines started flying to the islands in 2015. The whole market is in a process of adaptation and hostels is a new concept to the island and very appreciated to the ones who visit it.

Out of the Blue hostel's concept is to turn each stay into a unique experience. So me and the owners of the hostel were brainstorming ideas how to improve the concept and together we decided to create Out Of The Blue Family Dinners, where every evening we prepare homemade dinners and take guests out on night tours, creating moments of sharing cultures, ideas, dreams and time on the island between the guest and the staff of the hostel.

In this storytelling I am presenting how I started doing events at the hostel and the process of adaptation to the tourism trends, guest and management needs in order to create a high quality experience.

In the end I will present the reviews left by the guests of the hostel on various booking platforms.

After 6 months the impact of the events is very visible through the guest reviews and feedbacks, team satisfaction and sales revenue.

Keywords: Tourism Trends, Hostel, Events, Customer Experience, Azores

ABSTRATO

O turismo em crescimento e não é uma exceção nas Ilhas dos Açores que viu este fenómeno acontecer após as *low coast* começarem a voar para as ilhas em 2015. Todo o mercado está a adaptar-se e os *hostels* é um novo conceito na ilha e muito apreciado para o aqueles que as visitam.

O conceito *Out of the Blue* é transformar cada estadia em uma experiência única. Então, juntos começamos a fazer um brainstorm como melhorar o conceito. Juntos, decidimos começar a fazer eventos todas as noites que inclui jantares e passeios nocturos, criando momentos de partilha de cultura, ideias, sonhos e tempo na ilha.

Esta *storytelling* que vos apresento consiste em começar a fazer eventos no *hostel* e todo o processo de adaptação às tendências de turismo, hospedes e necessidades de gestão para criar uma experiência de alta qualidade. No final, irei apresentar os resultados de inqueritos realizados no *hostel*.

Depois de 6 meses os impactos dos eventos são muito visíveis nas avaliações e comentários dos hospedes, assim como na satisfação da equipe e nos lucros das vendas.

Palavras-chave: Tendências do Turismo, Hostel, Eventos, Experiência do Cliente, Açores

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CHAPTER 1: INTRODUCTION

In order to enrich my experience in the hospitality industry in the summer of 2016 I was volunteering through “workaway” in the just opened hostel in Ponta Delgada: Out of the Blue.

During my first 2 months volunteering at the hostel as part of a workaway project we have noticed that the biggest part of our guests are single travelers, who want to meet new people and have new experiences.

At that time we were already bringing guests together with a “free night event”: every evening before dinner we were preparing sangria and some finger food snacks around a big table in the garden, free of charge for everyone.

Even though they were a success there were some problems found: the budget, the noise and the wish to cook dinners for the family (guests and staff). So it was a great opportunity to design something new that would increase sales revenue and most importantly increase guests satisfaction.

That's how it was born: Out Of The Blue Family dinners and the story of this six month long internship divided in four phases: creating the concept (2 weeks), designing the logistics (2 weeks), on job evolution of the concept (4 months) and commemoration & analyses of the results (1week). After these 6 months I started working in Out Of The Blue as the manager of events.

Because this is a report of an internship you can expect to find a conventional organization of these reports:

Chapter 1: Introduction - to get an overview of the topic and the focus of the current work. Chapter 2: A literature review traveling around the tourism industry in Europe, Portugal and Azores. As well as looking for a definition of the Hostel concepts as well as the events in hospitality. Chapter 3: Storytelling *Out Of The Blue* Family. Presentation of my mission, more specific information about the hostel, what is it focused on, and what research methodology is being used. Chapter 4 presents the results of the internship, makes a conclusion, sums up its main findings and suggests ways of future research on the topic.

CHAPTER 2: TOURISM INDUSTRY: AN OVERVIEW

Tourism should be developed based on the quality of the service and the competitiveness of the offer, the creation of authentic content and genuine experiences, excellence environmental and urban planning, human resources training and the dynamics and business and public entities.

The importance of tourism to the economy must be increasing, constituting as one of the social, economic and environmental development at regional and national levels.

In, Turismo de Portugal - Plano Estratégico 2013-201

2.1. Is Travel Industry Growing?

Above all, however, tourism is a sector of hope. With its manifold socio-economic benefits and broad influence on a diverse range of sectors, tourism is a valuable part of global solutions to these global challenges and can be even more so. With more than 1.2 billion international tourists today and 1.8 billion predicted by 2030, the sector keeps on providing opportunities for each traveler and everyone involved in tourism to contribute to a more responsible, sustainable and inclusive future for all.

*In, 2017 Annual Report World Tourism Organization,
Taleb Rifai, Secretary-General of UNWTO.*

As a result of the tourism growth and its expansion, together with the conscience level about the economical, cultural and environmental impacts UNWTO nominate the year of 2017 as the “Year of Sustainable Tourism for development” focusing in the following areas:

- a) Inclusive and sustainable economic growth;
- b) Social inclusiveness, employment and poverty reduction;
- c) Resource efficiency, environmental protection and climate change;
- d) Cultural values, diversity and heritage; and
- e) Mutual understanding, peace and security.

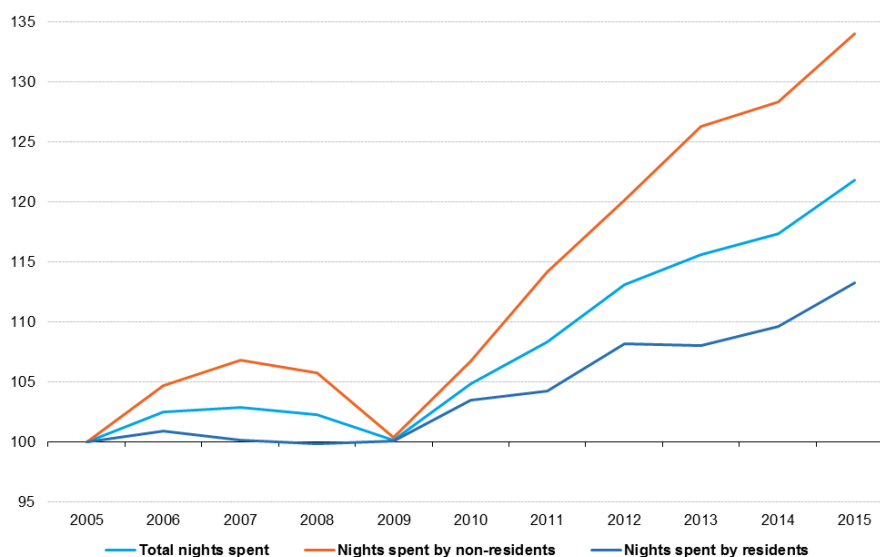
2.1.1 Taking Europe as an example

According to the World Tourism Organization, total of international tourist arrivals in Europe reached 500 million in 2016, this is 132 million more than in 2005, it is almost equivalent to half the world total arrivals of 1235 million (UNWTO, Tourism Highlights 2017).

Eurostat, according to tourism statistic article over past years the number of the nights tourists spent in tourist accommodations has increased significantly (Figure 1). We can see a drop in the years 2008 – 2009, due to financial and economic crisis, but since then the number of nights tourists stay in the Europe Union is increasing every year.

The research shows that “In 2015, the number of nights spent in tourist accommodation establishments in the EU reached a peak of 2.8 billion nights, up by 3.8 % compared with 2014”, (Eurostat, Nights spent at tourist accommodation establishments, 2017)

Figure 2.1 - Trends in nights spent at EU-28 tourist accommodation establishments, EU-28, 2005-2015



Note: Because of methodological improvements for some Member States data from 2012 onwards are not entirely comparable with previous years (this can affect the estimation of the EU-28 aggregate).

Source: Eurostat (*tour_occ_ninat*)

2.1.2 Tourism in Portugal

Portugal is divided into seven statistical regions, five in mainland Portugal - North, Centre, Lisbon, Alentejo, Algarve and the two Atlantic archipelagos of Azores and Madeira (Figure 2.2). At the moment tourism in Portugal based on three regions (Lisboa, Algarve, Madeira) and it is highly affected by seasonality.

Figure 2.2 - The Regions of Portugal



Source: Visitportugal.com

In the Portuguese economy tourism is one of the main sectors. It has been growing over last years.

In the year 2016 the growth of overnight stays in the regions significantly increased. In The Azores (+28.5%) , in the Norte (+14.1%) and AR Madeira (+12.8%). The region of Algarve still the main destination for travelers is 32.0% of total overnight stays in the country and Lisbon with 24.9% of total overnight stays. The strong growth perspectives of the world tourism market constitute an opportunity for Portugal, but an action strategy is required in order to enable the country to respond to both increasingly sophisticated demand and the growing number of competing destinations.

According to the “Tourism strategy 2027 “Liderar o turismo do futuro” there are some main reasons why tourists choose Portugal as their travel destination:

- Geostrategic location as an international hub;
- Mild climate, sun and sea;
- Diversity and high value of the Heritage, historical-cultural and natural;
- Connected entrepreneurial and creative ecosystem to Tourism;
- Upgrade of accommodation & catering offer;
- New forms of accommodation of recognized quality and respond to demand;
- Hospitality;
- Value for money;
- Safety;
- Diversity of tourism;
- Authenticity with innovation;
- Gastronomy;
- Ease of access and proximity between the various tourist destinations;
- Number of speakers in the world;
- 60% of the Portuguese population speak a second language.

The main countries that visited Portugal are the United Kingdom with 22.9%, the German market 13.9% and the French market is 10.6% of non-residents overnight stays, Spanish market 10.3% of the total of non-residents overnight stays.

2.1.3 Tourism in the Azores

The Azores is an archipelago consisting of nine volcanic islands. Each island is differently inhabited, with uneven areas and populations. The Azores is located in the North Atlantic Ocean (Figure 2.3), extend for an area more than 600 km crossed between the most remote islands (Flores and Santa Maria). The Azores is about 1600 km away from continental Portugal and about 2000 km from Canada. The territory of the Azores does not have a big modified natural landscape and a population less feeling a process of globalization in comparison with other parts of Europe. In 2016 Lonely Planet journal named the Azorean Archipelago one of the last secrets of Europe. The Azores is still not a well-known territory for European and worldwide tourists.

Behrens and Gagné (2006) pointed out that remote Azores islands suffer from isolation, difficult climate and constant possibilities to natural disasters. The latest underwater eruption happened on the island of Terceira in November 25th, 1998.

Recently tourism has become one of the main sectors in the Azores' economy. At the moment it has a grown role in the Region's strategy for economic development. In 1996 the government named tourism one of the most important areas for investment, in 2008 the first plan for tourism in the Archipelago was published, in 2014 an action plan "towards a partnership for smart, sustainable and inclusive growth" was published.

Out of all tourist regions in Portugal the Azores was the last to invest in tourism. In order to support the economy.

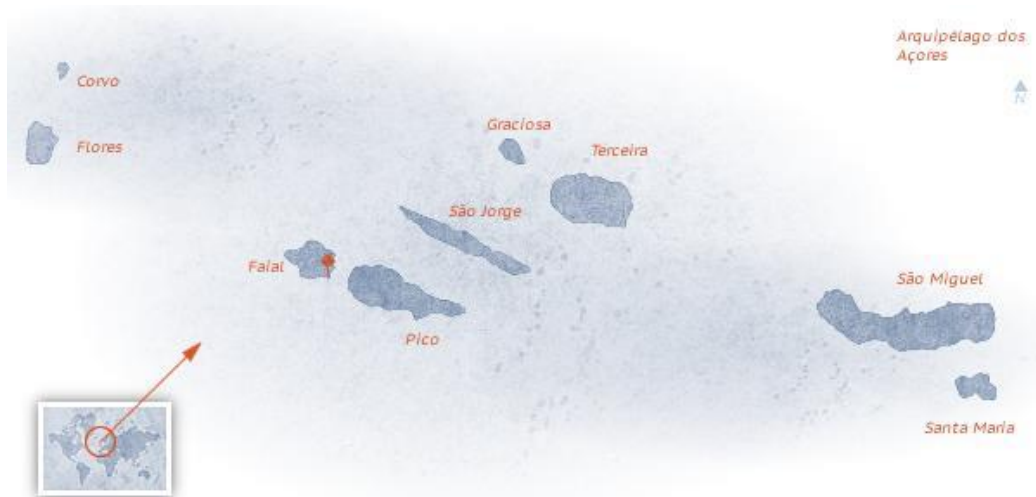
The international fame of nature lovers, fans of adventure sports, whale and dolphin watching are main factors that have significantly contributed to making Azores island an attractive destination for all kinds of tourists.

Because Azores is being considered an outermost region of Europe, different policies are applied to aviation. Until 2015 there were only two airlines flying inter-island and between the Azores region and the mainland, SATA air and TAP Portugal. Some of the routes are unprofitable and for that reason government compensate money percentage for each sold ticket. There were almost no price competition in between SATA and TAP Portugal.

In 2015 restrictions on air routes to the Azores were eased, what was the ending of the long-time monopoly of the local public airlines, allowing the start of low-cost airfare companies like RyanAir and EasyJet operations. Nowadays these budget airlines make the Azores destination easy to reach. More carriers, more choices and cheaper fares for travelers.

The islands of the archipelago are divided geographically into 3 groups: the Eastern Group, (Santa Maria and São Miguel), the Central Group (Terceira, Graciosa, São Jorge, Pico and Faial), and the Western Group, (Corvo and Flores) (Figure 2).

Figure 2.3 - Map of the Archipelago of the Azores



Source: www.petercafesport.com

In 2010, the Azores were named as the 2nd Best Islands in the World for Sustainable Tourism according to National Geographic Travel Journal. Vieira et al. (2013) notice, that every Azorean island has its own identity, different landscape, traditions, cuisine and architecture. Based on this the Tourism Planification of the Autonomous Region of the Azores, 2008, was created (Table 1).

Table 2.1 - Touristic Strategies by Island

Island	Tourism strategy
São Miguel	Landscape; Heritage; Cultural Events; Meeting Industry; Hot Springs; Recreational Boating; Diving; Golf; Radical Sports; Gastronomy; Hiking
Santa Maria	Beach; Gastronomy; Golf; Nautical Sports

Terceira	Cultural Events; Holy Spirit Catholic Event; Volcanism; Meeting Industry; Vineyard; Golf; Gastronomy
Graciosa	Biosphere Reserve (UNESCO); Wine; Volcanism; Diving; Heritage; Nautical Sports
São Jorge	“Fajãs”; Hiking; Nautical Sports; Holy Spirit Catholic Event, São Jorge cheese
Pico	Wine/Vineyard Landscape (UNESCO); Mountain, Volcanism; Cheese; Hiking; Holy Spirit Catholic Event
Faial	Sea; Whale; Diving; Volcanism; Golf; Nautical Sports; Meeting Industry; Hot springs
Flores	Community; Rest; Diving; Hiking
Corvo	Biosphere Reserve (UNESCO); Experience; Rest; Diving

Source: Created from DLR 38/2008/A

2.2. Hostel as a special accommodation

2.2.1. Definition of hostels

There is not much known about the history of hostels. Most scholars see the beginning of hostels in the second half of the 19th century in Germany, when a teacher Richard Shirmann on one of his hikes with students got into the storm and used a school on a trail as a shelter. Lately he decided to make it into the practice and use schools which were

situated a day's walk (30-35 km) from each other, as an accommodation for students during summer holidays. (Clarke, 2004b)

Nowadays hostel has appeared as a global cultural, economic and social phenomenon (Thyne, Davies, and Nash, 2005), supported with growth of international travel, availability of low cost airlines and an increasing network of hostels. In the past years the hostel subject became important in the tourism market literature (Leslie and Wilson, 2006; Musa and Thirumoorthi, 2011).

2.2.2 Uncertainty in defining a hostel

The hostel is defined as a short-term accommodation which in general focuses on tourists, sometimes being called “backpackers”. The hostel is an important element of backpacking, (O'Regan, 2010); nevertheless, the clear definition of a hostel is a still a big discussion even for hostel managers and hostel professionals.

Despite the fact that the definitions can be found in the academic literature (Oliveira and Brochado, 2013; Timothy and Teye, 2009), the discussion on what a hostel actually is can be found on a popular website for hostel managers (Hostel Management, 2014). The reason for this might be a constantly growing amount of tourists with a very diverse demand.

Tourists choose the accommodation that will satisfy their demands. The part of a definition what both hostel professionals and academics agreed on is that hostel must be a budget-oriented and must have a shared dormitory where travelers can reserve a single bed, although hostels nowadays provide private rooms or private rooms with bathroom, or some of the hostels provide a double bed in a share room, the amount of beds in dormitory must be more than a half of the hostel's capacity.

Every hostel has common areas, such as bathrooms, kitchen, living room, and common facilities for guests. Hostel guests do not have to be the same age, but they have to share same views on hostel life, same ideas of traveling, constant face-to-face interaction with other guests, (Lassen, 2006: 307) even if guests do not know who exactly they are surrounded with (Boden & Molotch, 1994; Urry, 2003). The decision to be surrounded by strangers at hostel, to share common areas, facilities, rooms is not accidental; hostel guests do

it in order to gain new experience with places and people, experiencing a life of communal living.

Many people choose hostels because they can easily meet and interact with other travelers (Murphy, 2001). The interaction among hostel guests is forming quickly and more intense as it would be in a normal life, but also in most of the cases, it disappears quickly after individuals return to routine life after traveling. Although it is very important to meet other travelers, it's also significantly important to meet 'locals' (Cohen, 1973; Loker-Murphy & Pearce, 1985). Unlike hotels, hostels create informal atmosphere and their customers in general are young tourists (Oliveira and Brochado, 2013).

Hostels originally were made for young people, but nowadays they have no age limits. "Youth hostels in Bavaria, unlike anywhere else in the world, used to have an age limit of 27 until a couple of years ago, but those times are over" (Trip Advisor, 2016). Backpacking has been a way of traveling not for a short time. The first youth hostels were open at the beginning of 20th century, but the system was more restrictive and inflexible than present backpacking. (Timothy and Teye, 2009). Today hostels have become one of the main types of accommodation among young travelers.

Lately a new type of travelers - "flashpackers" appeared, this type of guests travel on a higher budget. Hannam and Diekmann (2010, p.2) define the flashpacker as "...the older twenty to thirty-something backpacker...stays in a variety of accommodation depending on location, has greater disposable income, visits more 'off the beaten track' locations, carries a laptop, or at least a 'flash drive' and a mobile phone, but who engages with the mainstream backpacker culture."

Flashpackers could also be consider as a part of new global elite (Bauman, 2007). The increasing number of flashpackers increases quality demands towards the physical environment of hostels.

2.2.3 Hostel industry trends

Hostel industry has become one of the main parts of hospitality market. 70 percent of the travelers choosing to stay at hostels are age 18-35. The priority for this king of travelers not only to see the new places, but also is social interaction and sharing adventure with

people they just met on the trip. Hostel is transforming and changing quickly, nowadays 9 out of 10 hostels has private rooms.

Research made by Hostelworld.com shows that hostel travelers travel more to a new destinations and more likely to travel abroad. 86 percent of hostel travelers age 18-35 said, “I plan to travel as much of the world as I can in my lifetime,” and 87 percent said, “I consider travel a very important part of my lifestyle.”

The amount of hostels in Portugal grew significantly in past 10 years.

Figure 2.4 - Accommodation capacity in hotel establishments, villages, tourist apartments and other accommodation (thousands),

*Years without accommodation categories



Source: Instituto Nacional de Estatística

The Figure 2.5 shows monthly evolution of local housing registrations from December 2014 to December 2015 in Portugal.

Figure 2.5 - Evolution of local housing



Source: Turismo de Portugal, data 5/12/2016

CHAPTER 3: OUT OF THE BLUE HOSTEL

The *Out of the Blue Hostel* is located in Ponta Delgada, the main city of the island of Sao Miguel. It was opened in July, 2016 in an old house, which was built over a hundred years ago and belongs to a family. The hostel is located very close to Ponta Delgada city center and harbor. The area in which the hostel is located is very convenient for travelers as it is just 10 minutes away from the airport by taxi, and 5 minutes walking distance to the main square.

The hostel has a unique design; the 20th century house shows a journey back in time through history, culture and also adapted to the present days. Providing excellent service focused on the guest experience is part of *Out of the Blue* mission. In this sense, the hostel have created an accommodation that intends to embrace the entire travelers seek to embark on this experience, not limiting it exclusively by price type of accommodation. Making it economically viable in a basic price perspective per square meter. Offering in this way the different types of accommodation::

- 6 bed Dormitory Standard
- 6 bed Dormitory with garden view
- Double rooms with shared bathroom
- Double rooms with private bathroom
- Superior double room with private bathroom

3.1. The design of the space

In a way, the hostel was designed to create harmony between the old building architecture and the different needs of the guests, choice of accommodation type and state of mind of our guests, created strategically different spaces. If someone wishes to relax and be alone, there is a back area of the garden, and if someone wishes to be social, they can easily find fellow travelers in other common areas. Some photos of the different areas at the Hostel are presented in the Annex 1:

The ground floor is a space dedicated to share moments with other guests and "the family":

- Reception: Located in the main entrance of the house is the face of *Out Of The Blue*, simple, but beautiful;
- Kitchen: Fully equipped kitchen to make and share meals;

- Living Room: With a small library and no TV. It is a place to get to know each other;
- The Hallway: Is an art gallery mainly dedicated to local artists and is a way to show the life on the island.

The Garden: The most loved place where guests gather together for breakfast and night events. There is a fireplace, barbecue & wooden oven, waterfall, hummocks and vegetable garden.

The 1st floor was originally designed for dormitory rooms since these rooms accommodate more people with different routines. But after opening it changed due to a new law, so nowadays there are some private rooms:

- 2 6-Bed Mixed Dormitories with shared bathroom and balcony to the garden;
- 1 6-Bed Mixed Dormitories with shared bathroom;
- 4 sharing bathrooms;
- 2 Double rooms with ensuite bathroom.

The 2nd floor is an intimate space for comfort and privacy with only private rooms:

- 3 Double rooms with ensuite bathroom;
- 1 Double room with ensuite bathroom and balcony with garden view;
- 1 Double room with private bathroom.

3.2. Human Resources

The human resources of *Out of the Blue Hostel* are cross to the success. In this sense, to build a dynamic and inspired team to provide quality service is essential. All employees go through an intensive training process, what is one of the keys to guarantee the constant quality of our services. In this sense our strategy involves a sustainable socio-cultural and not only a business vision but also an impact for the Autonomous Region of the Azores.

On the other hand, the key to have a strong and united team is to create a family environment at work. Lunch is prepared everyday for the whole team, with care of everyone's needs. Having lunch together with all the staff members, holding weekly meetings, organizing a team building activities and celebrating important events. All this helps the team to be happy and feel welcomed at work.

The vision is to create a multicultural team, encouraging the sharing of knowledge and personal development of the workers.

Local human resources employability is for sure one priority, and the company hires staff members with a support provided by the region:

1. The program “Integra e Integra Jovens”: For the unemployed enrolled in the unemployment center;
2. Internships L and T: Paid internship for fresh graduate students.

Hosting International Volunteers is the way to create a multicultural team and also a channel to promote the company from the destination of the Azores in international markets:

1. *Workaway. Workaway.info*. This website is for people who “typically are interested in cultural exchange and learning and will help out for a few hours a day in exchange for food and accommodation, with visits lasting anywhere from a few days to a few months” (Workaway.info, 2011). The minimum stay the hostel requires for “workaways” is two months. In exchange for work at the hostel workaway volunteers are provided with accommodation in sharing room for the staff and 3-meals a day. Working hours for volunteers is eight a day, four work days and two days off.

The employee's' structure at the moment:

Position	No	Working hours
Manager	1	Full time
Cleaning personal	2	Full time
Cleaning personal	1	Part time (Saturday and Sunday)
Receptionist	3	Full time

Person responsible for breakfast	2	Full time
Event Organizer ¹	2	Full time

3.3. Accommodation as core business vs secondary products

Even though the core business is based on the sales of accommodation, the hostel is focused on guest's experience, so it makes sense to design secondary products to support the economic and conceptual sustainability as well as the guests satisfaction.

Secondary products have been introduced after the opening of the hostel as a response to the guest needs and owners dreams:

- Making partnership with the companies on the island (Tours, Rent a Car, Taxis, Restaurants). The better the "out-of-doors" experience the guests have, the greater they will feel fulfilled with their options, which is reflected directly in their experience inside the hostel. It is essential to create good partnerships as well as stimulation of the sensitivity of hostel workers to advise correctly each host;
- Drinks sale: beer, wine, soft drinks;
- Night Events (dinners & night tours): to create closer relationship between guests, the workers and a space surrounding;
- Gallery (exhibitions, workshops): approach between the guests and the local community.

¹ At the beginning we started with one event organizer and after six months and success of the events the hostel decided to keep the events and hired two persons in order to make the events every day.

CHAPTER 4: THE INTERNSHIP STORYTELLING

At the end of August 2017 I have realized that I would like to make my scholar internship at *Out of The Blue* Hostel. Since I have never done anything similar before, the Internship plan have been created to make it easy to see what needs to be done.

Table 4.1 - Internship plan

1 Aug - 31 Oct 2016	1 Nov - 31 Nov 2016	1 Dec - 15 Dec 2016	15 Dec - 31 Dec	1 Jan - 31 Apr	1 Apr - 31 Apr
Volunteer at reception & breakfast	Start dreaming about <i>Out of the blue</i> Family Dinners & Creating an internship plan and start	Creating a concept for Dinners	Designing the Logistics	Start doing it & on job evolution of the concept	Analysis of the results

Source: Own elaboration

4.1. Identifying the problem

As mentioned before, when I started to volunteer at *Out Of The Blue* Hostel we were already bringing guests together for a “free night event”: every evening before dinner we made sangria and some finger food snacks around a big table in the garden, free of charge for everyone.

Even though the event was successful and guests were always participating, there were some problems detected:

- a) **Budget:** To make sangria every day during a week would cost us 25 euros, that is in year perspective becoming 1.300,00 Euros;
- b) **Noise:** As an old house, the hostel has a poor sound isolation and after 10.30 pm we were closing the common area in order not to disturb the guests who were already in their rooms, ready to sleep. And every evening felt good, but with touch of incompleteness;

c) **Dinner time for guest:** some of the guests were not participating in the event, or were leaving in the middle for a dinner preparation in the kitchen or dinner outside of the house;

d) **Dinners:** As a part of the agreement with the staff, dinners must be provided. Usually it was hard to provide on time or at all, due to busy kitchen hours.

We look on it like a great opportunity to design secondary product, the *Out Of The Blue* Family Dinners, in a way to support the sales revenue and conceptual sustainability as well as improve the family environment in the Hostel.

4.2. Creating a solution and a methodology used

By combining all aspects, we were creating the plan of introducing night events: a dinner and a tour bringing guests together in an easy and interesting way. So it was a challenge for me to find a way to organize these events in order to turn the negative points into the strength of the hostel.

The internship plan defines four objectives:

1. To design a diverse weekly events plan using mainly Azorean recipes and local products and create different night tours depending on the cultural agenda of Ponta Delgada;
2. To implement the plan by finding the best suppliers, food and beverage cost and organization methods and manuals;
3. To analyze week by week how to improve business, to get closer to the guest wishes and find the best way to promote the events;
4. Analyze the results and make a survey (which events work better & what kind of guests, guest experience & reviews, sales revenue).

4.3. The Family Dinners: Creating a concept

After brainstorming about the evening events and their importance to solve some of the hostel management frustration, as mentioned before, the noise, budget and staff dinner, we decided to create the concept of the dinners we focus on the following table:

Table 4.2 - Importance of the Out of the Blue Events

Importance of the events for the hostel	Importance of the events for the Guests
- Provide an extra service for our guests,	- Great opportunity to make new friends;
- Give us an opportunity to get to know guests better,	- Feel like they are at home;
- Receive happy feedbacks, for a more satisfying job.	- Enjoy tasty, homemade food prepared by our team

Source: Own elaboration

The concept of gathering the guests and the staff into a sharing moment, the *Out of The Blue* Family Dinners consists of:

4.3.1 Food Experience

To start making the dinners first we had to create a dinner menu, based on traditional food and international fusion cuisine with local products.

The table of the dinners was designed to gather people together. It is big enough to seat everyone around and it is surrounded by the beautiful garden. Even for the guests who have more difficulty in communicating and meeting other people, there is no change not to interact with other people around the table.

Example of dinner concepts:

- The garden has a wood burning oven, where we do our famous pizza nights. But also once or twice a week we bake bread, cook meat, make cakes together with our guests during a day time.

- For the BBQ night we use the lower part of the garden where the guests have more space to relax, eat and enjoy the night.

4.3.2 Night Tours

The main idea of creating the night tours was to make the Family dinners to feel more fulfilled and give it some continuation. Walk with the guests around Ponta Delgada with the history and stories about the town always give a nice feedback and make a night more entertaining.

The hostel Out of the Blue is located in an old house, in a quiet neighborhood. The noise is not welcome after 10.30 not for our guest, not for our neighbors. The idea of taking guests out of the hostel started from this practical part, and then turned into the idea to bring people together not only during the dinner time, but also do activities together after the dinner. In this way we have created a weekly plan of the night events.

After dinner we usually light up the fire pit where we gather. Depending on the days and on the events happening in the town together we decided what to do after, for example:

- Night walking tour in Ponta Delgada with history of the island and town;
- Walk with "Locals". So the guests could have an experience of locals in town, places they visit and things they do;
- Poetry night where anyone can read a poem they wrote or their favorite poem;
- Tasting of Azorean liquors after the dinner on some of the viewpoints of the town;

4.4. Make it happen: Designing logistics

- **Weekly Plan**

We have developed a weekly events plan, which is fundamental for organizing shopping and informing the team about activities during the week.

The plan is changing every week, so the guests who are staying at the Hostel longer and especially our team members will not be bored with the same food every day.

In the beginning, we were only doing dinners from Tuesday to Saturday, since there was only one person in charge and we used to take Sunday and Monday off. Since the events started to be a huge success we made it possible to have a volunteer to do the events on the other 2 days. To have the events happening non-stop helped new guests who were not aware of our Family Dinners events to get familiar with it.

Table 4.3 - 1st weekly Plan of Out of the Blue Dinners

	WEEKLY EVENTS PLANNING				
	Tuesday	Wednesday	Thursday	Friday	Saturday
Meal	Octopus Rice	Bacalhau A Bras	Alcatra	Pizza night	BBQ! Don't forget, we also feed vegetarians!
Rabits	Quinoa with Vegetables	Fried rice	Vegetarian curry	Pizza is Pizza	Loads of food for vegans
What is it	Octopus slowly cooked for about 3 hours until its tender, served with rice and parsley	Traditional portuguese Cod fish with crispy thin potato, spinach and egg sauce	Traditional dish from Terceira island. Meat cooked in red wine, slowly, for about 6 hours	Homemade pizza dough. Lots of different toppings the guests can choose out of and make their own pizza	Fresh meat from the local market, sweet potato, roasted vegetables, salads, starters
Drinks With Alcool & Non Alcool	White wine sangria with red fruits	Porto Tonic cocktail (White Porto wine and tonic water)	Red wine Cold orange tea	OOB cocktail Non alcohol cocktail	Sangria Orange juice
Tour	Night tour around the town with history and Azorean stories	Faro night in Cafe Lisboa	Night tour around the town with history and Azorean stories	Open music festival in the main square	Live music concert in Arco8 Bar-Gallery

Source: Own elaboration

*The weekly plan nowadays includes Sundays and Mondays, thus we make the event with no stops.

- **Logistic of marketing (how to make the guest interested in the dinners)**

After having the weekly plan made and the team informed, it is important to present the information to the guest:

- **In the check-in**

Reception person explains during check-in what the events are and how they work. However, our guests also have a reminder on the info card, which they get on a check-in.

Figure 4.1 – Ouf of the Blue info card



Source: Own elaboration

Breakfast is a good moment to remind the guests about our events in the evening. The team in the morning is responsible to make sure all the guests are aware of the event in the evening. We always advise our guests to sign up in the morning so we can count the amount of people we have joined the event in the evening. In case they still have doubts there is an infocard with all contacts of the Hostel where they can contact us to sign up when they make a decision.

Blackboard with the events is located in the living room, where we indicate the events happening in the hostel and on the island.

- **Facebook**

The word of mouth is one of the best marketing. Posting news and pictures of the events in the Hostel's Facebook page make people to sign up even before their arrival (Figure 4.2 shows an example).

Figure 4.2 – An example of the event sign up before check-in



Source: Facebook page of Out of the Blue Hostel

- **Logistic of cooking**

Starting anything from scratch is not the easiest thing. And the Family Dinners *in Out of the Blue* wasn't an exception. After 3 weeks of preparing the dinners for our events we decided to make a plan, to have everything written in a file. To make it easier for a next person preparing the events to integrate in a process more quickly. To have a clear picture what is following in which order. An example shown on a picture 2, time spent on cooking.

Figure 4.3 - The example of the “Time of preparation sheet list”

Duck Rice
1) Cook duck (1 h 30 mins)
2) Shreder a duck (30 mins)
3) Cut onion, chorizo and fry together with rice (15 mins)
4) Add water and salt to a pot with rice
5) Make salad (20 mins)
6) Cut fruits for sangria (10 mins)
7) Make sangria (10 mins)
8) Put Rice and duck in the trays (15 mins)
9) Beat egg yolks and apply on a top of a dish (5 mins)
10) Cut bread (10 mins)
11) Set the table (10 mins)

Curry
1) Cut onion, ginger and garlic (20 mins)
2) Fried onion, ginger and garlic (15 mins)
3) Peel and cut potatoes, sweet potatoes and carrot (15 mins)
4) Add to the pot and fried all together (15 mins)
5) Cut the rest of vegetables (20 mins)
6) Add to the pot with the rest of ingredients (5 mins)
7) Make a salad (20 mins)
8) Cut frits for sangria (10 mins)
9) Make sangria (10 mins)
10) Cut bread (10 mins)
11) Set the table (10 mins)

Bacalhau com natas

Source: Own elaboration

4.5. On job evolution of the concept

- Adapting the price and introducing more quality to the dinners (for example, the starters);
- In order to be able to count the event balance we have created a table where the person responsible for the events can put all the expenses from the events, count the total budget and also see a price per a person.

The evolution of the prices was from 6 euros to 10 euros. What helped us to increase the revenue and quality of the dinners?

Table 4.4 – Event Balance Sheet list

Bacalhau com natas				
Recipe for (paying guests):	4	Time of Preparation:		1:30h
Ingridients	Quantaties	Uni	Unitary Price	Total
Cod fish 800gr	4	kg	€3.56	€14.24
Potato	4	Kg	€1.99	€7.96
Bread	2	Uni	€0.80	€1.60
Butter	0.4	Uni	€1.19	€0.48
Flour	0.1	Gr	€0.54	€0.05
Garlic	0.05	kg	€2.95	€0.15
Onions	1.2	kg	€0.40	€0.48
Olive oil	2	un	€1.00	€2.00
Spinach	2	un	€0.50	€1.00
Salad				
Beens	1	kg	€0.69	€0.69
Rucula	1	kg	€0.75	€0.75
Tomatoes	1	kg	€1.80	€1.80
Drink				
Poro wine	0.4	l	€5.20	€2.08
Fanta	0	un	€0.69	€0.00
Sprite	0	un	€0.79	€0.00
Tonic	2	kg	€0.30	€0.60
Lemon	0.5	kg	€0.95	€0.48
Oranges	0	kg	€0.72	€0.00
Red fruits	0	ml	€4.00	€0.00
				€34.35
Food Coast per a person with taxation :				€15.46

Source: Own elaboration

We have created a table (4.5) which will be used for counting a profit of the events, where:

Pay Participants - the guests who paid for the event;

Not Pay Participants - *Out of the Blue* staff members, guests, who, by any reason, we compliment with a free event;

Number of guests in House - total amount of guests staying at the hostel at the day of the event;

% Of Guests participating - percentage of the guests joined the event at the day of the event;

Expenses - total cost of the event. Copied from the “Event Balance Sheet list” (Table 4.4);

Income - total of the amount paid for the event;

Taxation - taxation the hostel pays for the event is 18% from the income;

Profit - shows profit of the event. When it marked with blue color it means that the profit that day was negative;

Observation/ideas for the next event - fills up when needed, with new ideas, suggestions, etc.

Table 4.5 – Events revenue table

Date	Event	Price	Pay Participantes	Not Pay Participants	Number of guest in House	% Of Guest Participating	Expenses	Income	Taxation	Profit (Income - Expenses)	Observations / Ideas for next events
2/7/2017	Duck rice	€10,00	3	6	30	10,00%	€28,35	€30,00	€5,40	-€3,75	
3/7/2017	A Bras	€10,00	5	8	30	16,67%	€39,76	€50,00	€9,00	€1,24	
4/7/2017	Alcatra	€10,00	8	6	30	26,67%	€29,73	€80,00	€14,40	€35,87	
5/7/2017	Pizza	€10,00	16	13	30	53,33%	€58,80	€160,00	€28,80	€72,40	
6/7/2017	BBQ	€10,00	7	8	30	23,33%	€74,39	€70,00	€12,60	-€16,99	
9/8/2017	Bacalhau Nat	€10,00	3	6	30	10,00%	€17,66	€30,00	€5,40	€6,94	

Source: Own elaboration

- **Adapt the time of the dinner**

We have begun our dinner events at 7:30 pm. Based on a time of sunset, what is in wintertime around 6 pm. Usually all the guests coming back to the hostel during these hours.

Some of our guests were signed up for dinner, but were late, because they wanted to spend more time watching sunset, needed some time to relax before dinner and etc. A month later, in December the time of the dinner's events was moved to 8.30 pm. That was a good change for everyone, for guests, not being in a rush, and gave us extra time to implement better service. Add starters to the dinner and different drinks.

- **Adapt to the vegans and vegetarians**

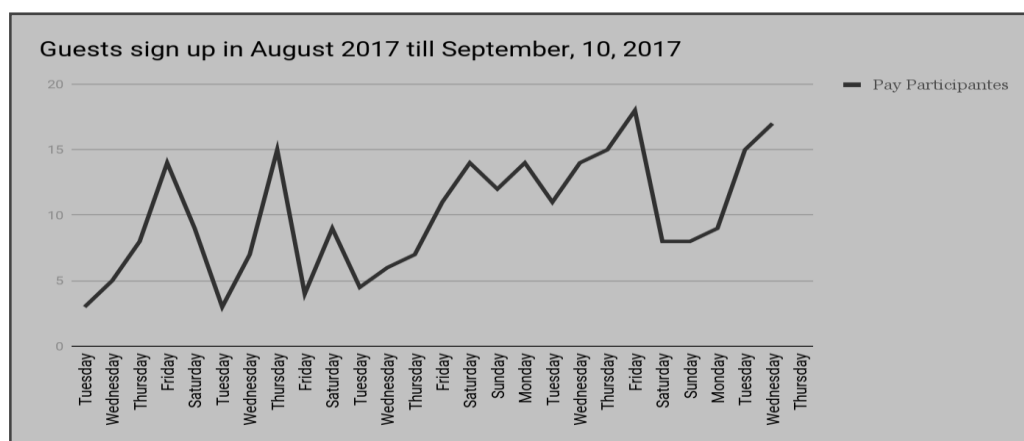
Since our goal is to engage all kinds of people we have to be flexible for everyone. And what we realized after a few weeks was that a big part of our guests were vegetarians or vegans, people who don't eat meat, fish or any animal product at all.

For them we have created a different menu. This menu does not contains traditional Portuguese or Azorean food, but we made it with pleasure so no one would feel left behind. Now *Out of the Blue* Family Dinners always have traditional and vegetarian option.

- **Start making dinners every day**

Events were happening 5 times a week, with a break on Sundays and Mondays. After 4 month, we could clearly see that Tuesdays are usually the less busy days. That means that the break was affecting the events. On August 20 we decided to make the events on Sundays and Mondays. Moreover, what we could clearly see that the changing in the amount of participants does not decrease that much on Tuesday.

Figure 4.4 - Guests sign ups from August, 1st till September, 10th, 2017



Source: Own elaboration

- **Analysis of the sales revenue**

Table 4.6 shows overview of the events. We can see that the revenue for 9 months increased for €6352. That means that instead of losing €1300 on free sangria nights it helped us to win more money and increase guests' satisfaction.

Table 4.6 – Sales revenue

	January	February	March	April	May	June	July	August	September	Total
Occupancy Rate	51,11%	55,56%	66,67%	77,78%	88,89%	100,00%	100,00%	100,00%	100,00%	
Payed Guests	152	174	203	148	161	223	201	190	236	
Non Payed Guests	99	144	163	124	103	139	120	157	150	
Expenses	609,28	596,33	640,58	598,62	781,66	866,02	874,69	786,53	972,53	
Income	1016	1407	1634	1412	1610	2240	2026	1895	2360	
Food & Beverage Cost	59,97%	42,38%	39,20%	42,40%	48,55%	38,66%	43,17%	41,51%	41,21%	
Profit	223,84 €	557,41 €	697,58 €	559,22 €	828,34 €	970,80 €	786,63 €	767,00 €	962,00 €	6 352,82 €

Source: Own elaboration

- **Guests' feedback (in reviews)**

Guest's reviews and rating are very important in hostel industry. Travellers making a decision without seeing an accommodation before their arrival. The decision to stay in a place usually based on reviews more than on pictures or description provided by an accommodation.

The guest's reviews for this report were taking from Hostelworld.com and Booking.com. Every review where Out of the Blue Family dinner event was mention has a highest grade, which is 10 points. What does not necessary mean that we only getting a good

reviews only from the night events, but it shows the closeness it brings in between hostel guests and the *Out of the Blue* team.



Anonymous
USA, Female, 18-24
Avid Traveller
15 reviews

10.0

10th Oct 2017

Easily the best hostel I've ever stayed in. The staff is incredibly friendly, the location is unbeatable, the atmosphere and vibes are superb, and the pancakes in the morning are just a extra perk. Because of the communal meals and beautiful garden, I made some great friends and had the best time. I was sad to leave and will definitely come back again



Lawler
Canada, Male, 18-24
Novice Nomad
9 reviews

10.0

13th Feb 2017

Great stay here in Ponta Delgada. I only wish I could stay longer! Staff go out of their way to make your experience fantastic and really care about your temporary home. Breakfast is amazing in the morning. Martin made beautiful pancakes with heart shaped strawberries for V-day...feeling so loved haha Anya's late night walking tour was a highlight :P Alessandro was very helpful Don't hesitate to book Out of the Blue for your stay on São Miguel



Anonymous
USA, Male, 25-30
Novice Nomad
3 reviews

10.0

1st May 2017

Out of the Blue is the single best hostel I have ever stayed in. The whole staff does an incredible job of making you feel welcome from the moment you walk in, and throughout your stay. They host family style dinners in the common area where you pay a few euros for delicious meals and then they usually have some activity planned afterwards. The rooms are impeccably clean, the bathrooms are very nice, and the security lockers were very spacious. Just an amazing hostel!



Anonymous
India, Male, 25-30
Novice Nomad
2 reviews

10.0

27th Apr 2017

This was my first time staying in a hostel so I had no idea what to expect. I have to say that my stay at Out of the Blue Hostel was just amazing!! Everyone working there is really friendly and helpful. Right from the moment I walked in to the night I left I felt right at home. The food is homemade and is probably some of the best food on the island! There are great events organized every night. If you are going to punta delgada then make it a point to stop by. You'll regret if if you don't!



sarahmcisaac
USA, Female, 25-30
Avid Traveller
11 reviews

10.0

8th Jun 2017

Incredible hostel! You will not want to leave. Beautiful rooms and common space. Well taken care of. Lovely garden for breakfast/dinner and relaxing. Helpful, sweet staff. Amazing breakfast included. Family dinner is delicious and a wonderful way to meet others. This is where you have to stay!!!



Anonymous
China, Female, 25-30
Novice Nomad

10.0

3rd Jun 2017

One of the best hostel I have ever found. Super nice atmosphere with many events and warmhearted and interesting staff from all over the world. Wish to come back soon :) good job!



João

Portugal
3 Reviews

October 4, 2017

10 Exceptional



Excellent ambience, the breakfast is very good, the staff is very helpful and kind and the organized dinners/events have very good quality and provide the right conditions to meet and discuss with other guests. This was, for sure, one of the best experiences I've ever had in an hostel.



Jost

Germany



11 Reviews

September 27, 2017

10 Exceptional



The apartment was so new, that some details like lampshades and a towel rail were missing. Still, we had a great stay at the hostel.



Everything was really amazing. The apartment was pretty new, stylish and cosy. The hostel staff and other guests were very friendly so that the whole atmosphere was chilly and just awesome. Although we just stayed one night there we were having a bbq together with staff and other guests and went out for a drink. That's how it should be!

Reviews also show that we create an atmosphere, which makes our guests want to return to the Hostel.



Olivia

France



8 Reviews
3 helpful votes

November 10, 2017

10 "The best place to stay"



Second time in this little paradise, still a perfect place to stay in Sao Miguel ! Staff is amazing, helpful and friendly, breakfast are awesome (special yogourt and tasty pancakes), the dorms are big with light, plug and space for bags for each bed, bathroom and common spaces always clean, and the family dinner each night are amazing to meet people and to tast super food from the great chef ☐☐ It really is THE place to stay to enjoy your time in Sao Miguel! Will come back again ♥♥

CHAPTER 5: CONCLUSION

Organizing events in the hostel shows the importance of its existence. It can be useful for the guests and the staff, can be as well used by the hostel for the marketing purpose. With organizing the events a hostel management can create a better atmosphere in the hostel between staff and the guests, what is essential. Moreover, it can base a marketing strategy on friendly and caring environment for each guest.

The result of the internship showed that organizing the events only for 6 months has already led to better guest's satisfaction, sales revenue and wishing of the guests to come back and recommend the Hostel to friends and family. In addition, the close relation in between staff and the guests helps to build awareness of the sustainable tourism on the Island. By getting to know each other from the first day, the guests gather and rent one car, instead of renting a car for each person. What helps not only to make friends, but also to make exploring the island in a more sustainable way.

The main goals of the internship - to reduce negative aspects such as noise, dinnertime, increase sales revenue, - were achieved, with the better results such as guests satisfaction and willingness to come back. Word-of-mouth and reviews are always important, especially in seasonal areas. With the atmosphere we create in the hostel, *Out of the Blue* Hostel stays busy even in off season time (in months of November and December *Out of the Blue* kept the average occupancy rate at 70 % without dropping a price lower than 15% from the high season time.

In short, this study suggests that events are important and have to be continued in the hostel. In the fast growing tourism market as Azores is now, it is essential to keep a high quality service and to provide extra services.

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ANNEX 1

Photos of the *Out of the Blue* Hostel. Kitchen and Living room, Back side of the garden, front side of the garden at a night event, front side of the garden at breakfast.



