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

VALUE CREATION FOR AMORIM TURISMO THROUGH THE OPTIMIZATION OF ITS STRATEGY, RESOURCES AND PROCESSES

RITA MARTINS BELO, 845

A project carried out on the Field Lab of Entrepreneurial Innovative Ventures under the supervision of:

Professor Filipe Castro Soeiro

JANUARY 2013
## Contents

1. Introduction .............................................................................................................. 3

2. Literature Review ..................................................................................................... 4

3. Firm Description ....................................................................................................... 5

4. Methodology ............................................................................................................ 7

5. Proposed Mission and Vision .................................................................................... 7

6. Strategic Objectives .................................................................................................. 8

7. Market Analysis ........................................................................................................ 9

8. Business Model ........................................................................................................ 10

9. Competitive Assessment ........................................................................................... 12

10. Industry Mapping ................................................................................................... 13

11. SWOT and TOWS analysis .................................................................................... 14

12. Porter’s 5 forces ....................................................................................................... 15

13. Risk analysis ........................................................................................................... 16

14. Recommendations .................................................................................................. 17

15. Conclusion ................................................................................................................ 22

16. References ............................................................................................................. 22

17. Appendices .............................................................................................................. 24
Abstract

With the final purpose of adding value to Amorim Turismo, several papers were analysed, key stakeholders were heard, competitors were studied and so was the market. After this evaluation, it was concluded that there is a chance to consolidate the quality of the service offered and it was with this goal in mind that several recommendations were given. However, such recommendations suffer a cost restriction, which was not neglected, and should be considered into further complementary research activity. Risk assessment was also conducted so that future issues can be anticipated and dealt with preventively.

Keywords: Value Creation, Hotel, Services

1. Introduction

The recent economic and financial crisis has been hurting plenty of companies. Unfortunately, hotel companies are no exception. But how can these maintain competitiveness in order to survive and furthermore, make a healthy profit? This thesis focuses on the fact that it is possible to create value for a hotel company, in this case Amorim Turismo, while also adding value for the guest. This definitely seems to be the path to follow and is made possible by optimizing the company’s strategy, resources and processes.

This report consists firstly of an analysis of both the company and the market in which it is inserted, followed by several recommendations done with the analysis’ results in mind. In terms of scope of the present thesis, there will be an exclusive focus on the Blue&Green brand, which includes solely Amorim Turismo’s resort facilities. Moreover, the Blue&Green brand operates wholly in Portugal, being this the market under analysis.
2. Literature Review

To ensure this thesis creates value resulting from changes to the company’s strategy, resources and processes, some studies’ conclusions and papers were analysed. First, it is important to explain that the changes recommended are continuous and not radical, as they are mostly improvements and adjustments (Huy, 2002). This way the barriers identified by Okumus & Hemmington (1998) such as the cost of change, time limitations and lack of skills, will not be a huge obstacle.

Starting with the strategy, as consumers become more value conscious it is important to generate new products and services. After all, “if consumers do not see any differentiation they will buy smart and cheap” (Prahalad & Ramaswamy, 2004). Also part of the strategy are the strategic alliances, since they have a positive impact on customer loyalty (Yoo & Bai, 2007) and loyal customers spend more and are less likely to switch to a competitor than a non-loyal customer (Shoemaker & Lewis, 1999).

The gains taken from the strategic alliances are also resources as they can lead to value creation, given that partnering firms use each other’s strengths to take a stronger advantage from market opportunities (Chathoth & Olsen, 2003). Since uniqueness can only be sustainable via a strong service brand and consistent delivery (Wirtz & Lovelock, 2010), it becomes crucial to provide employees with a training program that can make this possible. This way, employees can reach their full potential as the valuable resources they are. By evolving some of its processes, the Ritz Carlton is no longer a “hotel company” but an “experience and memory creator” (Nixon & Rieple, 2010), proving there is definitely a chance to add value by improving existing processes.

To conclude, the literature review goes in line with the thought that there is value to be created by improving a company’s strategy, resources and processes. Even
though such improvements may not add as much value as a radical change would, their positive outcome is almost assured.

3. Firm Description

a. Historical Background

AmorimTurismo is a Portuguese company with the share capital of €35 million. The company itself was incepted in 1997 as part of Grupo Amorim, which in turn was created in 1870. Grupo Amorim was born with the purpose of selling what now it is internationally renown for: cork. However, for several times it felt the urge to diversify investment and that was how Amorim Turismo came to be. With Grupo Amorim’s reorganization, in 2005, AmorimTurismo gained its independence. With the end of the two decade partnership with Accor Hotels, after learning and developing international experience and know-how within the hospitality sector, the focus became the development of the Blue&Green brand and no longer city hotels. Such brand strives for excellence, thus justifying the high level of attention to details. The first foray into the gambling sector took place in 1990 with the purchase of Sociedade Figueira Praia which brought into the company, the Figueira da Foz casino. With the acquisition of 32% of Estoril Sol, three more casinos entered the portfolio: Estoril, Lisbon and Póvoa do Varzim. With the opening of the casino in Tróia, Amorim Turismo is now present in five casinos, total. However, as explained above, these fall out of the scope of this thesis.

On October 2012, Amorim Turismo announced its partnership with Altis Hotels in which both groups’ sales and marketing departments will start working closely together to take advantage of synergies.

---

1 The source used for this topic was the company’s website: www.amorimturismo.pt
b. Product and Services offering

Considering the hospitality industry, AmorimTurismo is the proud owner of The Lake Resort in Vilamoura, the VilalaraThalassa Resort in Porches and the Tróia Design Hotel in Tróia. All three hotels are unique, as will be discussed now. The Lake Resort’s target demographic is mostly families and golfers and the age group goes from 35 to 50 years old. About 80% of the guests are either Portuguese or English or Irish. Customers who choose this resort often have a strong social life and like to see and be seen. The resort’s central attraction is the beautiful, large lake it holds. The VilalaraThalassa Resort stayed with Amorim Turismo and not Accor after the joint venture ended as it followed the Blue&Green concept. This resort stands out because of its famous Thalassotherapy and spa center and serves an older age group (from 45 to 65 years old). Guest loyalty towards this hotel is strong, as there are customers coming every year for the past ten years. Nationalities vary immensely, from Swiss, to German, to Italian and so on. The third hotel differentiates itself due to its innovative design and spacious conference center and it is the most recent addition to the Blue&Green brand. The target consists of companies and individuals. Focusing on the individuals, these are often sensitive to design with ages varying from 35 to 45. Most guests are Portuguese (90%) but some Spanish and French also come to this hotel.

c. Opportunity/ problem

As the Greek philosopher, Heraclitus, once said, “change is the only constant” and as long ago as that was, it is still very true. For this reason, companies need to adapt quickly to the different changes that occur, undergoing a continuous optimization of their strategy, resources and processes. It is, after all, the only way to keep up with competitors or even better, stay ahead of them. The relevance of this nowadays is the
struggle most hotel companies are going through to survive the crisis, focusing more in 
costs and being reactive, rather than being proactive and value driven. Opportunities to 
rise stronger from these hardships should not be ignored and they come mostly in the 
form of strategic alliances and the consolidation of the quality offered.

4. Methodology

With the purpose of creating a solid and complete thesis, it was conducted both 
literature research and survey research with actual and potential customers. Besides the 
surveys, there were informal conversations with some guests that stayed at the group’s 
resorts to have a better understanding of their experience. Of equal importance was the 
international benchmark done, together with a number of meetings and semi structured 
interviews with a member of the Board of Directors, the Marketing and the Human 
Resources directors. There are several reasons why the investment in benchmarking is 
considered important. Namely it supplies the tools to deal with the increase in 
competitive pressure, it provides an understanding of where the company stands and it 
works as a stimulus for change. Besides, it presents as a benefit the fact that it shows 
what is possible to implement (Ministério da Economia, 2001).

5. Proposed Mission and Vision

**Mission:** To offer a differentiated value proposition in hospitality where desires become 
reality.

**Vision:** To increase value within the Blue&Green brand by redesigning the Business 
Model in the next three years.
6. Strategic Objectives

<table>
<thead>
<tr>
<th>Time frame: three years</th>
<th>Measuring</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Marketing &amp; Communication</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase customer satisfaction to 85%</td>
<td>Online surveys done to guests</td>
<td>Each visit</td>
</tr>
<tr>
<td>Increase customer loyalty(^1) to 40%</td>
<td>Number of stays at the hotel</td>
<td>Every six months</td>
</tr>
<tr>
<td>Increase the range of services valued by guests</td>
<td>Are these services being bought?</td>
<td>Every three months</td>
</tr>
<tr>
<td><strong>Human Resources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Have employees taking note of the guests’ preferences and reporting incidents</td>
<td>Are employees doing these two things?</td>
<td>Monthly</td>
</tr>
<tr>
<td><strong>Quality</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce the number of complaints by 20%</td>
<td>See evolution in the number of complaints</td>
<td>Every three months</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase revenues by 20%</td>
<td>See evolution in revenues</td>
<td>Monthly</td>
</tr>
</tbody>
</table>

Since Vilalara Thalassa Resort is able to achieve an 85% in customer satisfaction, the other two hotels should be able to also achieve this value. By increasing satisfaction and with the introduction of a brand new loyalty card it is expected that customer loyalty will increase to about 40%. Given the opportunity to increase the range of services offered it is crucial that these services are indeed valued. If employees gain the habit of reporting incidents it is likely that the number of complaints will be reduced. The ultimate result would be the increase in revenues by about 20% with the

\(^1\) For the purpose of this thesis the definition of customer loyalty is to visit the hotel more than once.
help from innovative upselling strategies.

7. Market Analysis

Graph I - National guests (thousands)

- Best case scenario
  - CAGR: 10-15

- Worst case scenario
  - CAGR: 4,3%

Graph II - Foreign guests (thousands)

- Best case scenario
  - CAGR: 10-15

- Worst case scenario
  - CAGR: 7,4%

\(^1\text{Source: Roland Berger, 2011}\)
From the graphs it is clear that it is expected for both the number of national and foreign guests to increase. However, the compound annual growth rate shows that this increase will be considerably higher when considering the number of foreign guests. Meanwhile, the statistics gathered by Turismo de Portugal revealed that from 2010 to 2011 the increase in the number of foreigner guests was of 8.5% but the number of national guests suffered instead a decrease of 1.9%. Knowing this and considering that the Portuguese government policies are getting tougher, it is likely that the evolution in the number of national guests falls short of expectations.

Specifically for the Blue&Green hotels, there was no decrease in the number of national guests; it actually increased as a result of promotional activities. However, while the German and French markets were up for Portugal as a whole, they were down for Blue&Green hotels as a consequence of the reduction in an international agent.

8. Business Model

In order to get a better understanding on how value is created, delivered and captured (Osterwalder & Pigneur, 2009), the business model canvas can be found in Appendix I. Staring with the brand’s value proposition, we have that the target is B2C (Business to Consumer) even though B2B (Business to Business) is not completely neglected because of the seminars and conferences. The products and services offered are generally the ones offered in common resorts: restaurants, bars, a SPA, etc. The revenue model consists of 60% from accommodation, 30% Food and Beverages and 5% SPA. Analysing the operating model, the value chain is mostly composed of operations, procurement and marketing & sales. In the cost model sales represent 9%, salaries 44% and other operational costs 47%. Also, the organization strives to have a motivated, ambitious team and there is the recent partnership with Altis Hotels.
The three resources that can be considered at parity in terms of competitive implications are the quality offered, the advanced management system and the operation efficiency. Even though these are valuable resources, they are not rare in the industry. The resources that manage to be valuable, rare, difficult to imitate and supported by the organization are considered sustainable advantages, according to the VRIO framework (Appendix II). The resources that allow for such competitive implication are the strong recognition of the hotels, geographical location and the strategic partnerships.

To analyze the environmental context we will consider the macroeconomic factors affecting AmorimTurismo. Starting with the political we have the recent changes
in tax and fiscal policies and there is government support through Turismo de Portugal. The economic factors to consider are the international crisis, the contraction of the Portuguese economy, the decreasing interest rates and the decrease in the purchase power. On a social basis we have the consumers’ tendency to buy vouchers as they become more value conscious, that online opinions become more and more valued and the aging population. Due to the purchase of vouchers, lower wage consumers are now able to stay at hotels where they could not before. The relevant technological factors are the need for an updated website, the need to offer practical online booking, the need to keep up to date with the newest digital marketing tools and the need to have a complete database and tools to make the most of it.

9. Competitive Assessment

The competition is truly global as the alternative of going to a Blue&Green hotel can be going to a resort in any part of the world. Hotels in international locations become direct competitors as flight prices go down. According to Turismo de Portugal the countries which are true competitors within the Sun & Beach sector are Spain, Turkey and Greece. Deloitte reported that considering Portugal as a whole, Amorim Turismo holds just close to 0.2% of the market. On a smaller scale, in Alentejo, the portion of the market is 5% and in Algarve, close to 1%. While in Alentejo the biggest competitors are Sonae Turismo (9%) and Pestana Hotels & Resorts/Pousadas (7%), in Algarve it is Vila Galé (5%) and again, Pestana Hotels & Resorts/Pousadas (5%). The perceptual map below is the result of a survey conducted and while in terms of price respondents were somewhat torn in which was the most expensive, the same is not true for quality, as most respondents defended Pestana Hotels and Resorts offers the highest quality. This emphasizes the importance of providing recommendations that will allow
for Blue&Green hotels to consolidate their quality, so that a better quality/price ratio is perceived.

![Positioning Map](image)

Figure II- Positioning Map

10. Industry Mapping

Amorim Turismo, in line with most hotel companies in Portugal, has a direct relationship with its partners, offline travel agencies, customers, online travel agencies and opinion websites, competitors, shareholders, suppliers and the government. There is also an indirect relationship with customers through online and offline travel agencies and reviews websites. Even though online travel agencies are definitely gaining ground, according to Marco Correia from Orient Express, there should be no hostility towards the offline distribution channels. Regarding competitors, while some are coming up, others are giving up due the challenges the crisis brought. A path to follow in order to deal with today’s difficulties seems to be the creation of strategic alliances. With the price decreases that have been taking place in the hospitality industry it is customers that are enjoying the situation.
11. SWOT and TOWS analysis

In order to analyze favorable and unfavorable internal and external factors, a SWOT is presented below. Following it, there is a TOWS analysis which is based on the SWOT but much less static as it combines different factors.

Table II- SWOT

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>S1:</strong> Hotels with strong recognition in the national market and some recognition in the international market</td>
<td><strong>W1:</strong> Small offer of hotels (three)</td>
</tr>
<tr>
<td><strong>S2:</strong> National and international awards</td>
<td><strong>W2:</strong> Hotels in few locations</td>
</tr>
<tr>
<td><strong>S3:</strong> Quality and location of the hotels</td>
<td><strong>W3:</strong> Hotels in locations with strong seasonality</td>
</tr>
<tr>
<td><strong>S4:</strong> Team and Management model able to achieve high levels of efficiency</td>
<td><strong>W4:</strong> Profitability levels below the needs</td>
</tr>
<tr>
<td><strong>S5:</strong> Understanding of both Angola and Mozambique markets</td>
<td></td>
</tr>
</tbody>
</table>

Opportunities

Threats
**O1**: Provide differentiated services

**O2**: Diversify the range of services

**O3**: Provide value for money, consolidating the quality of the service

**O4**: Cross-selling with other companies

**O5**: Emergent markets

**O6**: Capacity to manage more hotel units with marginal increases in the number of people and costs

**T1**: Increase in the offer of 5 star hotels

**T2**: The tendency to decrease prices

**T3**: International crisis

---

**Table III - TOWS**

<table>
<thead>
<tr>
<th></th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opportunities</strong></td>
<td><strong>O5S5</strong>: Enter Angola and Mozambique markets</td>
<td><strong>O5W1, O5W2, O5W4</strong>: Entering emergent markets would help with the small offer of hotels, the fact that they are in few locations and with the profitability levels</td>
</tr>
<tr>
<td></td>
<td><strong>O6S4</strong>: Manage more hotels with the efficient management model</td>
<td><strong>O6W4</strong>: Manage more hotels to increase profitability levels</td>
</tr>
<tr>
<td><strong>Threats</strong></td>
<td><strong>T1S1, T1S2, T1S3</strong>: The strong recognition, the awards won and the level of quality all help reducing the threat of the increase in the number of 5 star hotels</td>
<td><strong>T1W3</strong>: Reduce the threat of the increase in the number of 5 star hotels by providing activities that can reduce the level of seasonality</td>
</tr>
<tr>
<td></td>
<td><strong>T2S4</strong>: The efficient management model is useful to deal with the decreasing prices</td>
<td><strong>T2W4</strong>: Reduce the threat of decreasing prices by offering a true premium experience and thus increasing profitability levels</td>
</tr>
</tbody>
</table>

The combination of S-O and W-O tends to lead to short and medium term recommendations and guidelines for the implementation stage while the combination of S-T and W-T is expected to support a contingency plan and long term recommendations.

**12. Porter’s 5 forces**

**Potential entrants**: Given that there are no switching costs, it would be easy for entrants to steal customers from competitors. However, the high investment costs
needed together with the current economic crisis, make it hard for companies to enter the industry. So, the entrants’ threat is low.

**Buyers:** Not neglecting the importance of the service for consumers, the low differentiation and absence of switching costs provides power for buyers. Besides, with the purchase of vouchers that offer discounts, buyers gain power.

**Substitutes:** Considering that there are no switching costs and that the quality of the substitute can vary whether we are considering as such rural tourism or a ski trip or some other alternative, the substitutes’ power can be seen as medium/high.

**Suppliers:** To guarantee the high quality of the meals offered, suppliers are truly important. The most obvious example is probably the fish, given that if it does not happen to be fresh, it is most likely that clients will complain. Considering some services, we have that while laundries have low bargaining power because of how numerous they are, the leasing of bed linen has gained bargaining power with the purchase of one company by another. Given the importance of the industry to suppliers, their power is medium/low.

**Industry rivalry:** Knowing that there is a high number of competitors, low differentiation between them and no switching costs, the industry rivalry is surely high.

For example creating differentiation by offering new, valued services or increasing the switching costs resorting to the loyalty card will affect some of the forces and ultimately have a positive impact on Amorim Turismo.

**13. Risk analysis**

A first risk that may occur is a misunderstanding with the main partner, Altis Hotels, which would give origin to problems with the loyalty card resulting from the partnership. This way, the objective focused on customer loyalty may not be achievable.
This risk should be avoidable with a constant care for the wellbeing of the partnership, aligning and fitting culture, strategy, vision and objectives for short, medium and long term and synergies. The impact would be both internal and external and the level of its importance is high, given that strategic alliances is what allows for hotel companies to get ahead of the game nowadays. Another risk would be if employees cannot adapt to the new processes suggested, thus not becoming possible to reach both the human resources and quality objectives. A solution is to reinforce the advantages of such processes during the training process so there is a bigger effort from employees to adapt. Here, the impact is mostly internal and the level of importance medium/high, as such processes are crucial to improve the quality of the service.

14. Recommendations

a. Strategy

What mostly requires optimization regarding strategy, is the products and services offered. A list of possible products and services that can be applied to the resorts follows in Appendix III and it is the result of a benchmark in the hospitality industry. As highlighted above, the three resorts are very different, so while a new product or service may make entire sense for a certain resort, it does not mean it should be applied to all resorts. For example, a business center, which according to a survey conducted by the Sheraton is truly valued by business travellers, may only make sense for the Tróia Design Hotel.

Another thing to consider is the cost of the new product or service. For this reason the products or services chosen should not involve high costs and can even bring revenues. When guests make their reservations online, they should be given a chance to use a dynamic packaging tool. Meaning that if the guest already knows he/she will want
to get a massage, he/she can tick the massage preferred and pay together with the room. The massage was used as an example but the same could be applied to several other options. This is a common upselling strategy used by hotels. Guests value a somewhat big range of channels on television and having the chance to buy a newspaper or magazine without having to go a long way, so guests should have access to both these services even if it is with a charge. For instance the chance to rent a book or a game console for kids at the front desk with a charge would also bring revenues. Other revenue creating ideas would be to customize the guest’s mini bar according to his/her preferences or even sell completely customizable gift certificates.

Now let us consider the loyalty card in partnership with Altis Hotels. By adding the six Altis hotels to the three Amorim Turismo resorts, the portfolio ranks ninth place in Portugal. The Altis Blue&Green Card will allow accumulating points and then exchanging them for services. For travellers who come a long way to visit Portugal it is likely that they want to try both a beach resort and a city hotel and with this card they will be able to gather points during their entire stay. What is left to decide is under which circumstances points will be attributed, what they can be traded for and what other advantages can there be for loyalty card owners. Some ideas are listed below.

<table>
<thead>
<tr>
<th>Attributing points for:</th>
<th>Trading for:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation, SPA, F&amp;B</td>
<td>Vouchers of 15% discount for the hotels’ restaurants</td>
</tr>
<tr>
<td>Booking in advance</td>
<td>Vouchers of 20% discount for the SPA massages</td>
</tr>
<tr>
<td>Promoting the hotels in a blog or personal page</td>
<td>Vouchers of 15% on a third night</td>
</tr>
</tbody>
</table>
According to Duarte Pimentel, the former director of Marketing, Revenue & Channel Management of Pousadas de Portugal, the secret is no longer the soul of the business, the relationship with the consumer is. For this reason there should also be some benefits given to guests adhering to the card. A famous loyalty program is Marriot Rewards mostly because of the partnerships it accomplished. A good partnership for this brand new loyalty card would be with Sacoor Brothers, also a high-end Portuguese brand. The Altis Blue&Green card could provide a 10% discount in the Sacoor stores and Sacoor Club members could have a 10% discount on the hotels’ restaurants. Much in line with Marriot’s partnerships, TAP should also be considered for partner, as an airline is always a good addition. If a user account system is created on the website, it shall provide access to the number of points on the card, to the club’s own rating and reviews program¹, to a late deals page and a very innovative idea would be to allow the uploading of pictures that would later be featured in the room’s digital frames or the uploading of music that would be played in the room. The following benefits, except for the app, could be provided for those guests achieving a high number of points as they would provide WOW moments for the so deserving guests.

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Hotel offering such benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority Club app which allows to book room, check point, etc.</td>
<td>InterContinental Hotels Group</td>
</tr>
<tr>
<td>Chance to choose the scent and ambiance music for the suite</td>
<td>The Lowell, New York</td>
</tr>
<tr>
<td>Freshly baked cookies and hot chocolate and a welcome gift for each child</td>
<td></td>
</tr>
</tbody>
</table>

¹ The Starwood Hotels & Resorts applied this concept to their Preferred Guest Program
Offer Hotel guests iPads for the duration of their stay with selected apps

London’s Berkeley Hotel

Monogrammed Pillowcases

Ritz-Carlton

b. Resources

In addition to the loyalty project described above, there are some other capabilities to be taken from the partnership with Altis Hotels. According to Mr Jorge Armindo, from Amorim Turismo, and Mr Raúl Martins, from Altis Hotels, there will be more strength when negotiating with agents, the two groups become stronger candidates for managing other hotel units and by sharing each group’s knowledge on external markets, there’s a bigger chance of thriving when promoting the groups outside of Portugal. Since strategic alliances are definitely a source of competitive advantage and it is possible to offer customers added value by partnering with other businesses (Spethmann, 2005), Amorim Turismo should definitely conduct a continuous search for strategic alliances. Apart from the suggestions above, Sacoor Brothers and TAP, other options to consider are rental car companies, restaurants and even credit card companies.

A resort’s most relevant resource is without a doubt, its employees. For this reason, the training provided by resorts to welcome its employees is of the utmost importance. The Ritz-Carlton is known for taking training seriously and its program introduces to employees the CLASS (Customer Loyalty Anticipation System) and explains how incidents are to be reported (Paul Hemp, 2002). These two processes will be developed below. But before going into details on them, the recommendation here goes on the fact that these two processes should be included as well in the training offered by Amorim Turismo. But it is not enough to tell employees to follow the
processes in case they remind themselves of doing so. There is the need to instil in them the habit of going through with the processes.

c. Processes

The first process to consider regards the CLASS, a chain wide guest-recognition database which solely purpose is to anticipate the needs of Ritz-Carlton guests. Employees are to gather the data concerning guest’s preferences on pillow type, newspaper, mineral water brand, etc. Amorim Turismo has the software that allows for several columns of data on the customer to be filled, it just needs to be put to use. An example in which it could be useful to register a guest’s data is if such guest is on a diet and in this case a bar of chocolate found in the fridge would most certainly not be welcomed.

The other process would be the filling of a QIA (Quality Incident Action) whenever a problem occurs, so that it does not happen again. A couple that stayed at the Tróia Design Hotel shared that they were given the key to a wrong room, in which other guests were staying. Fortunately the guests were not in the room at the moment, only their bags, but nevertheless it was not a pleasant situation. To avoid scenarios as such, these can be recorded and discussed in a weekly or monthly meeting gathering the resort’s employees.

Most of the recommendations, namely the ones on products & services offered, loyalty card and partnerships are to be analysed by the Marketing & Communication department. At the moment, the two people working in this department are Mrs Teresa de Barros and Mrs Teresa Azevedo. The recommendations on training are to be studied by the Human Resources department, headed by Mrs Paula Cordeiro.
15. Conclusion

There is value to be created by optimizing a company’s strategy, resources and processes and the literature review conducted started by proving as much. This value will affect positively not only the hotel company but also its guests which is important given that with the international crisis, people became more value conscious. Besides, with the high industry rivalry identified, the relevance of differentiating whether by offering new products and services or by creating advantageous partnerships becomes emphasized. With this in mind several recommendations were given organized by strategy, resources and processes. Even with the clear cost limitations it is still possible to add value to both Amorim Turismo and its guests. This way, Amorim Turismo will not have the same end some competitors recently had, being able to survive in today’s difficult times. However, the company cannot neglect the need to establish priorities, resort to KPI’s to monitor and manage the whole change process and keep evaluating the impact on value creation.

16. References

Papers


Books


Online


Turismo de Portugal. 2006. “Sol e Mar”.

Turismo de Portugal. 2011. “Plano Estratégico Nacional do Turismo”.

## Appendix I - Business Model

### Value Proposition

<table>
<thead>
<tr>
<th>Resource / Capability</th>
<th>V</th>
<th>R</th>
<th>I</th>
<th>O</th>
<th>Competitive Implication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality offered</td>
<td>✓</td>
<td></td>
<td>X</td>
<td></td>
<td>Parity</td>
</tr>
<tr>
<td>Advanced management system</td>
<td>✓</td>
<td></td>
<td>X</td>
<td></td>
<td>Parity</td>
</tr>
<tr>
<td>Operational efficiency</td>
<td>✓</td>
<td></td>
<td>X</td>
<td></td>
<td>Parity</td>
</tr>
<tr>
<td>Strong recognition of hotels mostly in the national market</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>Sustainable Advantage</td>
</tr>
<tr>
<td>Geographical location</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>Sustainable Advantage</td>
</tr>
</tbody>
</table>

### Blue & Green Business Model

#### Operating Model

- **Value Chain**
  - Human Resources
  - Management
  - Procurement
  - Operations

- **Cost Model**
  - Sales (9%)
  - Salaries (44%)
  - Other operational costs (47%)

- **Organization**
  - Motivated, Ambitious team
  - Altis Hotels

### Revenue Model

- 60% Accommodation
- 30% F&B
- 5% SPA

### P&S Offering

- Restaurant
- Bar
- SPA

### Target Segment

- B2C
- B2B: Seminars, Conferences
Appendix II- VRIO Framework

<table>
<thead>
<tr>
<th>Product/Service</th>
<th>Hotel providing it</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business service center- fax, copying…</td>
<td>Bellagio, Las Vegas</td>
</tr>
<tr>
<td>Deliver of newspapers and periodicals to hotel rooms with a charge</td>
<td>Blue Rainbow Apartment</td>
</tr>
<tr>
<td>Up sell: use dynamic packaging to tempt bookers</td>
<td>Nisbet Plantation Beach Club</td>
</tr>
<tr>
<td>Custom stocked mini-bar (shopping list prior to arrival)</td>
<td>The Lowell, New York</td>
</tr>
<tr>
<td>Gift Certificates completely customizable</td>
<td></td>
</tr>
<tr>
<td>A selection of DVDS, iPads, and game consoles available at the Front Desk</td>
<td></td>
</tr>
</tbody>
</table>

Appendix III- Recommended Products & Services

- Bicycles, virtual assistant at a rate of 20$ an hour, rent/ purchase a book (bestsellers)
- Co-produce with Apple an in-room entertainment system based around the iMac solution
- Special packs for 55+, Seniors rooms
- Curating a network of local service providers (babysitting, personal shopping…)
- Thematic weekends/activities (e.g. workshops, cooking classes of typical dishes)
- Chance to book multiple stays in a single visit
- Map the IP address with the browser language, differentiate new website visitors versus returning visitors
- Interactive screens with quizzes on Portugal
- Show a short video on the History of Portugal
- Fado nights

Appendix IV- Other possibilities