

Building a competitive strategy advantage for a national youth hostel chain

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Abstract

This thesis examines the operational and strategic enhancements for Pousadas da Juventude. It begins by exploring the evolution of hostels and their significance, by looking at current trends such as sustainability and technology. Relevant future trends such as wellness and hybrid accommodations are also discussed to understand its potential impact. Next, a thorough competitive analysis of Pousadas da Juventude within its market. Utilizing SWOT analysis and strategic mapping, the current position of Pousadas da Juventude is assessed as of lower quality when compared to the competition. Subsequently, proposed solutions and implementation strategies are provided, such as focus on event planning and social media improvements. The conclusion emphasizes the findings that may shape the future landscape of hostels.

Keywords : Hospitality - Hostels - Pousadas da Juventude - Marketing - Analysis - Trends - Customer preferences - Operations - Positioning

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Chapter 1: Problem statement and objectives of the study

The travel and tourism sector is a fundamental pillar of the worldwide economy, exerting significant influence and substantially affecting many regions and societies. Within the Portuguese setting, the industry has had a notable upswing, positioning itself prominently in the realm of economic dynamism, especially in the thriving urban centers of Porto and Lisbon. The implications of this rise extend beyond the increase in demand from travelers, encompassing the notable expansion of the industry's offer.

The intense competition not only signifies a rise in choices for travelers but also represents a transformation in the fundamental nature of hospitality, characterized by the emergence of innovation, creativity, and distinctiveness as distinguishing characteristics. Within this ever-changing environment, every newly established entity has a purpose beyond mere accommodation. Hence, the industry is not simply experiencing growth but undergoing a transformative process driven by a culture of ingenuity and pursuit to rethink the fundamental nature of the hospitality sector.

Pousadas da Juventude recognizes the industry's dynamic nature and accepts the necessity to implement innovative approaches and adjust its strategy accordingly. Not just focusing on increasing the number of tourists but rather on developing a captivating storyline that profoundly connects with the sophisticated contemporary explorer. It holds the potential to offer experiences that surpass basic lodging arrangements, guaranteeing a transformative voyage that ignites creativity and leaves an enduring impact on every individual's mind.

The thesis aspires to understand the areas and measures that can be improved in Pousadas da Juventude to attract and retain more clients, offering a strategic approach that can enhance its current market position and promote sustainable growth and advancement. Hence, the principal objectives of this investigation are to delineate the trajectory of the hostel business, elucidate

the fundamental attributes that exert an effect on consumers' decision-making processes while choosing a hostel as their accommodation option, assess the intrinsic strengths and limitations of Pousadas da Juventude, while situating them the competitive framework of the market, and identify and elucidate actionable aspects and domains that may be enhanced or altered.

Chapter 2: Past, Present, and Future of hostel operations

2.1. Introduction

The objective of this literature review is to give a full scope of the world of hostels, from the past, present, and a look into the future. This journey through time will allow the reader to have an overall perspective of the evolution of hostels, by shedding light on specific factors which have helped to develop this market. The literature will also delve into current trends that have paved the way to what we now know as modern hostels. Moreover, this review will look into future trends, technologies, and potential shifts in traveler preferences. The Portuguese hospitality market will also be reviewed to better understand the potential impact of the hostel market. Finally, a survey will also be conducted to better understand the opinion of respondents in certain relevant aspects of hostels. The literature review will consist of five different sections. The first section will help to introduce the topic and research approach for the literature. The second section will delve into the history and evolution of hostels, highlighting important and relevant innovations that have shaped the industry. The third section will look at the current situation of the industry and examine the current trends in the hostel market. The fourth section will explore future trends and innovations that could affect the hostel industry. It will offer a glimpse of how hostels are adapting to the ever-developing consumer demands. The fifth section will highlight the current state of the the Portuguese market. Finally, this section will be ended with a conclusion which will point out the most relevant points.

2.2. Literature review

The first step is to gather and examine scholarly articles, trustful sources, and academic content so that a foundation can be created. The literature review will look at the evolution of hostels through time. Some research will also be done to find out about the current trends and future innovations that could affect the industry. Various sources will be used to provide a well-rounded understanding of the topic. The utilization of online resources will be vital. Information will be extracted from industry reports, reputable websites, forums, and academic articles. The second step is to create a comparative analysis to connect the findings with the right context. After gathering the information, patterns, and correlations can be discussed and analyzed.

2.2.1. The History of Hostels and their Evolution

The history and concept of hostels have a very deep and rich past that dates back plenty of centuries. Hostels have now evolved into a very successful business and industry, as they serve millions of travelers every year. Let us look into the origin and deep history of hostels.

Early evolution: The creation and origin of hostels can be found in various moments in history. According to Britannica (2023), the earliest example dates back to the Roman Empire ages, back when travelers and merchants were accommodated in what was known at the time as mansions. In the Middle Ages, the rise of commerce encouraged the construction of establishments and hostels. Establishments were also built to accommodate pilgrims who were marching along Santiago de Compostela. These kinds of hostels were very simple and provided the most basic type of accommodation (Britannica, 2023).

Youth hostel creation: By the 20th century, hostels had developed into more comfortable and clean infrastructures. The concept had become more modern. In the early 1900s, a German man called Schirrmann came up with the idea of Youth hostels. The concept was created in 1909 when this German teacher wanted to accommodate students in affordable establishments

(Lizzy, 2019). According to Gabara (2021), Richard Schirrmann created the first-ever youth hostel in 1912. As the project was quite successful, Richard decided to create the German Youth Hostel Association in 1919. By 1930, Germany had constructed over 2000 hostels (E. Gabara, 2021). In 1932, The International Youth Hostel Federation was established. This consolidated hostel associations all across the globe (Nagy, 2016).

Evolution of modern hostels: The hostel industry went through many different changes and adaptations throughout the years. After the Second World War, the International Youth Hotel Federation expanded into regions such as Asia, Australia, and South America. The US and Canada were also becoming major players in the hostel market. By 1966, hostels started to focus more on the backpacker (young travelers) market. This kind of hostel mostly focuses on budget-friendly offerings for backpackers. By 1970, the Hostelling International (HI) network was created to promote a standard of service around the hostel world (E. Gabara, 2021). By the 1990s, hostels had diversified their offerings, as some would start providing private rooms for example (Nagy, 2016).

Hostels as we know: By the 21st century, the hostel industry had grown into a massive business. With the help of the development and evolution of technologies such as the Internet and smartphones, hostels were now able to provide online booking (E. Gabara, 2021). Hostels are now also able to connect with travelers thanks to social media and website creation. Hostels have also developed their design and services, as many hostels now offer amenities and social spaces (Nagy, 2016).

2.2.2 Hostel Market Today: Current Trends

Today, hostels have expanded into offering diverse accommodation options to a broad market of travelers. This expansion into broad targets shows the ability of the hostel industry to adapt and evolve, but most importantly to respond to changing demands and preferences. According to Market Data Forecast Ltd. (2023), the market of hostels globally was worth about 4.2

billion (USD) back in 2022. It is now estimated that the market will reach an impressive value of 7.6 billion (USD) in 2028 (Market Data Forecast, 2023). This growth is mainly due to the recovery from COVID-19, as it posed a major challenge to the overall hospitality market. When it comes to the demographic, hostels have witnessed an increase in spending by the generation of millennials. (Market Data Forecast, 2023). According to Market Data Forecast Ltd (2023), in fact, it is estimated that about 70% of hostel travelers are millennials.

Variety of accommodations: Nowadays, hostels offer a wide variety of accommodation types, as it has surpassed the traditional shared dormitories into more complex and catered offerings. Hostels now provide private rooms, or group rooms for families and friends. This allows for a higher level of comfort and privacy which can appeal to a broader audience. Hostels have adapted their offerings to the current trends of the market, as they try to cater to the specific needs of the ever developing global traveler. In fact, hostels have started to target digital nomads and Bleisure (Weisskopf, 2023). There has been a big surge in solo traveling, which was encouraged by the COVID-19 pandemic (IMF, 2023). This has caused many companies to adapt and create a hybrid working approach. Hostel brands such as Selina or Clink Hostels have embraced the concept of digital nomads and solo traveling and found plenty of success. These kinds of hostels have now started to provide guests with working spaces that they can use to stay productive while traveling. Amenities such as strong wifi connections, plug sockets, coffee machines, and meeting rooms are now more common to be found in hostels (Whitley, 2021).

Focus on Social Spaces and Experiences: One of the most important and defining features of hostels is their focus on creating social spaces for their guests. Spaces such as common areas, kitchens, dining rooms, bars, and lounges, all create an environment that encourages interaction between guests. This especially applies to Youth hostels, as they tend to search for social experiences the most. Due to this, hostels have been investing in communal spaces as

they offer opportunities for travelers to meet and create experiences amongst themselves (Whitley, 2021). This is further enhanced with the help of the creation of social events inside and outside of the hostels. Since sociability has become such an important theme, hostels now try to emphasize on creating new experiences. These experiences are becoming very valuable and a focal point of many different hostel's identities. This shift from only providing accommodation to delivering a memorable and immersive experience has helped to create a unique and very appealing market for travelers (Research and Markets Ltd, 2022).

Focus on Sustainability: Sustainability has become a major point of focus for travelers, but also for the hostels themselves. Due to the world becoming more and more aware of unethical practices, sustainable awareness has become ever so relevant. Hostels need to address environmental and social challenges. Hostels also have been implementing eco-friendly practices to be more sustainable and cater to the traveler's needs. Things such as energy-saving lighting, waste reduction, and recycling have become common practices. Travelers have started to increasingly search for sustainable accommodations, as it makes hostels more appealing (Martinez, 2023). In fact, according to a recent study conducted by Hostelworld and Bureau Veritas (2022), it was discovered that hostels are 75% less carbon intensive than hotels. This data comes from research conducted in hostels and hotels around Europe (Financial Times, 2022). This study has also revealed that the average carbon emissions per bed (tCO₂e/bed) in hotels was 1.18 tCO₂e/bed, while hostels had a much lower amount of 0.30 per bed (Bureau Veritas, 2022). This ultimately positions hostels as the more sustainable solution for travelers. Furthermore, 82% of customers think that hostels are the most sustainable accommodation type. From these customers, more than half of them believe that sustainability is a major factor in their choices and decision-making process (Bureau Veritas, 2022). This study proves the growing importance of sustainability in tourism and hostels, and provides evidence of the growing awareness from travelers.

Technological and digital implementation: Technology advances have drastically affected the way that travelers find and book hostels. Online platforms such as booking.com, Trivago, and more have simplified the search process for the travelers. They are now able to discover hotels, read reviews, and make reservations all in one website or application. This is where social media and personal websites are very important and valuable. Hostels need to communicate their brand effectively and create a positive image to attract customers. Applications also have started to play an important role in managing guests. Things such as mobile check-ins, contactless payments, and biometrics are a few of the many examples (Weisskopf, 2023). When it comes to day-to-day operations, technology has also helped. With the implementation of systems such as IT (Information Technology), CRM (Customer Relation Management) or POS (Point of Sale), hostels are able to cut on costs, improve their efficiency and customer experience. IT focuses on using computer systems and software to efficiently collect and manage data or information. The use of this technology can help to manage reservations, or customer data. CRM systems aim in organizing and automating certain processes related to customer interactions such as managing guest communication and their preferences. POS systems are very useful for hostels as they help to manage transactions directly at the point of sale, as the name suggests. POS helps for processes such as tracking sales, managing inventory, and keeping track of transactions. POS is also important for managing bookings and check-ins (Umiten, 2022). These technologies try to meet the evolving needs and expectations of travelers.

Personalized Themes and Unique Hostels: Nowadays, hostels have become more and more unique, as the industry is highlighted by the array of themed hostels that cater to specific interests. Trends such as a higher focus on wellbeing, or Bleisure and Digital nomads have created personalized hostels which offer specific offerings to those demands. Moreover, art-centric hostels or adventure and event-based hostels have also allowed travelers to have a

more personal and unique experience. Themed hostels will help to resonate with different demographics. This also ultimately allows for better experiences and genuine connections among guests. Lets take the example of Yes! Hostel in Lisbon. (Whitley, 2021) This hostel is more known for its social atmosphere and amenities, as this establishment focuses on a more specific crowd. They want to target party oriented and social travelers. On the other side of the spectrum, Home hostel tries to create a more relaxed and comfortable environment for the traveler, with a more cultured and artistic approach (Whitley, 2021). Both of these examples further prove the point that there is not one specific model for hostels to follow, and that they can still be successful by targeting a more specific niche of travelers. Themed and purpose driven hostels will help to resonate with different demographics. This ultimately allows for better experiences and genuine connections among guests. (Whitley, 2021)

2.2.3. Hostels of Tomorrow

The hospitality industry keeps evolving and will keep on changing in response to the changes in traveler expectations. The hostel market needs to stay up to date, and keep innovating to stay successful. These following trends are more than likely to affect the hostel industry.

Hybrid Accommodations: The hospitality industry is under constant transformation and one of the recent trends under development is known as the hybrid model. Since hostels have started to provide private rooms, this trend is likely to continue and develop to the point where hostels might even be considered hotels. This concept combines the comfort of hotels with the community-oriented environment of hostels. By providing a hybrid model, hostels would most likely be able to accommodate a much wider range of travelers, which could include families or even couples (Ziliak, 2022). The hybrid style can still allow for social events and common spaces to exist, which can extract the best from both sides of the spectrum. This is ideal for the travelers who seek authentic experiences. This business approach provides flexibility for the hostels as they are able to diversify their offerings and

cater to different demographics. Examples such as Moxy, or Ace Hotels are some hotel brands that embraced the social aspect of their operations and created more social spaces for its guests to enjoy (Hall, 2021). Hostels have also transformed into more appealing and comfortable spaces, slowly removing the image of being low-budget. Locations such as Mama Shelter have embraced the concept of comfort and high-quality accommodation in hostels. Furthermore, the pandemic has encouraged hostels to adapt and innovate to make the most out of their spaces. This reinforces the fact that the hybrid model could become the new reality for hotels and hostels (Hall, 2021).

New Technological Integrations: Technology isn't just something that facilitates the operations of hostels. Technology has now become a vital aspect of hostels. Hostels must be able to efficiently implement technology to create a seamless guest experience. Things such as keyless door entries or applications that provide useful information for the guest are some of many implementations that will ultimately affect hostel operations (Valtr, 2023). Other innovations such as AI and smart systems can help hostels to efficiently manage their energy and resources. This ultimately allows for a more personalized and unique offering. The future of technology for hostels includes the implementation of Artificial Intelligence (AI), robotics, and Virtual or Augmented Reality (VR, AR). Let's first talk about robotics, as it could start to play an important role in hostel operations. Robots could be used to greet guests and do other tasks around the hostels. Hostels are expected to automate basic tasks such as housekeeping. This ultimately would improve the efficiency of operations and enhance the guest experience (Boston University, 2023). As for AI, it can be used to manage customer relations and interactions so that they get personalized service. The use of AI chatbots enables uninterrupted connection and communication with the customer. Other features of AI include the use of algorithms to efficiently improve room management (Boston University, 2023). The use of Virtual Reality could also open some opportunities in the future. Virtual Reality

allows the creation of simulated environments (Boston University, 2023). This technology could provide the potential guest with an experience inside the hostel before even going there, and allow for better judgment during the booking process. Augmented reality also can affect the way that hostels interact with their guests. Hostels can use AR to help guests with guidance through the establishment or highlight the various amenities and features that are provided. This kind of technology can help to facilitate the booking and overall staying process of the guest (Martinez, 2023).

Embracing Sustainability: Hostels are set to continue their focus on sustainability, as they should embrace eco-friendly practices. Many different measures can be implemented to improve the sustainability of a hostel. The first point of focus is the implementation of recycling programs. The aim would be to efficiently manage waste and recycling when possible. By cutting on the use of plastic or reducing food waste, hostels are more sustainable. Things such as minimizing the use of polluting materials and providing good alternatives such as soap bars, personal water bottles, and adequate packaging are all good solutions (Martinez, 2023). The following implementations include energy-efficient measures. Thanks to the introduction of technology in the hostel operations, it is much easier to track things such as energy or water consumption. The use of renewable energies such as wind, solar, and more are all valuable to the improvement of the environment (Weisskopf, 2023). Furthermore, the use of smart thermostats or motion sensors can also improve the efficiency of management. Finally, the incorporation of LED lighting around hostels along with sensors which detect the presence of guests could also help optimize the energy consumption (Martinez, 2023). Finally, considering the current situation of the planet, a major point of focus for hostels should be water conservation. Hostels must implement measures to minimize the overall consumption of water in their establishment. By incorporating timer-based shower hoses or faucets, or low water usage toilets, hostels can improve water consumption. Depending on the location of

the hostels, some could also consider the collection of rainwater. Furthermore, practices such as waste management, local sourcing, community volunteering, and transparent communication are also good examples of sustainable measures (Martinez, 2023). The hostel industry has shown eagerness to embrace eco-friendly practices, and show no signs of stopping (Valtr, 2023).

Unique and Personalized Experiences: Although this is a current trend that is being explored more by the hostel industry, this trend is likely to keep growing. The personalization and creation of unique experiences has become a major factor in hospitality. According to a study conducted by McKinsey&Co (2021), more than 70% of guests expect a personalized experience in hospitality. Furthermore, this same study states that companies which successfully implement personalization have 40% more revenue (Arora, 2021). This is a very important sign for future hostels. For example, they could include local culture into their operations, as it would help to provide a unique experience to the guests. By providing travelers with local foods, art, and traditions, hostels provide immersive experiences that could connect the guests with the location. Hostels must partner with cultural centers, artists, and chefs so that the guests feel engaged in the community. By creating promotions, providing recommendations, gathering client data, and tailoring their service accordingly, the guest experience can also be enhanced to feel more personalized and unique (Weisskopf, 2023). Furthermore, with the help of technology and big data, hostels are now able to leverage this to tailor their offerings to guests. This use of data and personalization can enhance the customer experience and create a competitive advantage. This ultimately makes the guest feel important, and encourages a positive stay (Weisskopf, 2023).

Higher Focus on Wellness: Wellness has become a major trend in the hospitality world. Both physical and mental health have become a major point of focus globally, affecting people's lifestyles. Ever since the pandemic, wellbeing has risen in popularity, but also in importance.

In fact, according to Mcgoarty and the Global Wellness Institute (2022), the overall expenditure in wellness tourism is expected to grow up to 1.3 trillion (US dollars) by 2025. Furthermore, this same study reports a forecast of more than 29 billion (US dollars) in wellness packages and health centered establishments (Mcgoarty, 2022). This trend does also impact the hospitality industry as potential customers want to seek experiences that also positively contribute to their health. Hostels should therefore implement wellness-related offerings such as fitness equipment, healthy foods, yoga sessions, and much more. As the well-being of guests has become a major point of focus, hostels must be able to meet those needs. Hostels can also aim at maximizing the comfort and relaxation of guests. By providing the best room setup and design possible for the guests, and having the best furnishment possible to ensure a comfortable sleep, hostels can create a competitive advantage. Hostels can also try to provide the most comfortable beds and setups for the maximization of the guest comfort (Saul, 2023). This will ultimately enhance the wellbeing of the guest. The pandemic definitely had a lasting effect on people's health awareness, and the importance of maintaining a healthy lifestyle. Hostels must be able to address the rising needs of wellbeing, and take this as a growing opportunity.

2.2.4. Implications for the Portuguese Market

For the past decade, Portugal has been acclaimed as one of the most appealing and interesting destinations around the world. Portugal's tourism industry has even been recognized by the World Travel Awards as Europe's leading Destination in 2022 (Graeme, 2023). Even though COVID-19 lowered the contribution of tourism to the GDP from 15% (2019) to 10% (2021), Portugal was able to recover almost up to 15% by 2022 (Graeme, 2023). The location that attracts the most travelers remains Lisbon, but Porto and Algarve both remain hotspots for tourism. The tourism market in Portugal is experiencing shortages in staff. The following can be explained due to the low wages in Portugal which cause many challenges. According to

Chris Graeme (2023), The sector is witnessing a shortage of about 20,000 workers.

There has been a shift in dynamics in the hospitality and tourism market, as there has been a surge in interest from China and the US. According to Francisco Sottomayor, the Chinese market has influence in Lisbon and Porto, but not as much in the south of Portugal in the Algarve. The US market has emerged as a top player as they have made a big impact in the main cities and even other regions of the country. As reported by Turismo de Portugal, between the start of 2022 and the end of 2023, overnight stays by US travelers have exponentially risen by 353%. The number of guests has also risen by an impressive 360%, as the total reached 1.1 million (Graeme, 2023). This rise in interest from these very valuable markets highlights the importance for hostels to keep tailoring their offerings to stay appealing to the market.

2.3. Methodology

This section focuses on the survey conducted and its methodology. The purpose of this survey was to better understand the opinion of respondents regarding hostels and their future, but also relevant features and more. The goal was to better understand the perception of respondents regarding the most relevant attributes and features of a hostel, through a blend of different styles of questions. This survey used both quantitative and qualitative questions. The different styles of questions included open-ended questions, multiple choices, yes or no, short answer, and Likert scale. Relevant points of focus included the respondent demographic, their price sensitivity, and the most relevant factors for hostels to be successful. The tool used was Google Forms, as it was the most familiar tool. The target for this survey consisted of students and relatives. However, to enhance the demographic of the respondents, survey-sharing pages were also used. In total, 197 responded to the survey. Out of this total, only 84 respondents were deemed as legitimate as the rest of the responses were incomplete or inaccurate.

2.4. Analysis of data

One of the most relevant questions in the survey addresses the key factors which can influence the guest satisfaction. The data from the survey identifies cleanliness (18 respondents) as the most relevant factor, followed by design (16 respondents) and value for money (12 respondents). On the other side of the spectrum, facilities and staff both had the least responses. This information can be found on the Table 1 of the appendix. After calculating the mean of each response, the responses change as now security and location become much more relevant. Even though cleanliness remains as the most relevant factor, both design and additional services lose relevance (check table 1). It is also worth mentioning the level of priority by age segment. According to table 2, the most represented age group segment was 18-22 (51.2%). This younger segment values design, atmosphere and cleanliness the most, while the second most represented segment (23-27) prefers staff, security and value for money. As for respondents beyond 28, they prioritize cleanliness, location and security. Another segment worth mentioning is the gender segmentation. As seen on table 2, there is a high percentage of female respondents (69%). As for the preferences of female respondents, they consider cleanliness, value for money and location the most relevant. Males however prioritize atmosphere, design and facilities.

The other main question which will be focused on asks the respondent what he perceives as the future of hostels. This is an open-ended question, so this analysis tries to summarize the most relevant and frequent points. Here are some trends in the responses extracted from the following. The most prominent response was that hostels would evolve into community-based establishments. More than 30 respondents see hostels as ideal locations for social interaction. This confirms the current and future trends being already discussed and analyzed in this section. Another highlighted response was the affordability that hostels already provide, and respondents feel like this will continue in the future. Over 20 respondents share this opinion.

However, another group of respondents feel concerned by the fact that these low prices could easily increase in the future. Over 10 respondents feel that hostels have room for improving their quality, but this ultimately can mean an increase in price as well. It is also worth mentioning that some respondents felt that competition would pose a serious threat in the future, especially Airbnb. However, a bigger group feels that hostels will provide a competitive solution in the future, which could pose a threat to Airbnb itself. There also seem to be concerns in the future regarding privacy, as many respondents highlight its importance (over 15 respondents). Respondents feel that hostels should provide private bathrooms, showers, or even gender-specific rooms. Some respondents felt that sustainability would be key in the future of hostel operations, while others felt that innovations such as capsules or hybrid-style hostels would be the solution. There also seemed to be a small group of respondents who felt pessimistic and thought that the hostel industry had no future. This might relate to the fact that most of these specific respondents had negative experiences in hostels. Another small group of respondents felt that the housing crisis (mostly in Lisbon) could create a potential market for hostels. Other trends in the responses highlight the importance of technology in the future, as well as rising demand uncertainty. To summarize, the responses were mostly positive, with a quite small amount being negative about the future. There seem to be some legitimate concerns such as price changes, the housing crisis, and demand uncertainty. However, a lot of growth potential is highlighted in the responses, as technology sustainability, community building, and more innovations can help create a promising future.

2.5. Conclusion

This literature review explored the hostel dynamics and its industry. This review covered the deep history and evolution of the hostel industry, and its current trends, as well as the future that lies in front. All these different sections allowed for a better understanding of the

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landscape of the hostel market and its customers. It all started with a look at the historical past of hostels and highlighting the evolution through time. Following this section, the analysis of current trends highlighted the importance of sustainability and technology in the hostel market

It also showed the need to create unique and exciting experiences for travelers. This shows the eagerness and adaptability of the hostel industry, as it keeps evolving. As future trends were then discussed, technology and sustainability were once again very relevant. Other aspects such as the rising importance of wellness, hybrid accommodations, and personalized experiences are set to affect and redefine the hostel market. The Portuguese market showed potential to grow, as higher percentages of US travelers are set to visit the country. The survey also provided some insights on the mind of the respondents, as their preferences were discovered. Features such as cleanliness, atmosphere, security and location were all highlighted as the most relevant. To conclude, this complete review provides a broad perspective of the hostel industry and can serve as a guide for hostels. This review ensured that it would cover the varied perspectives and expectations that both customers and hostel brands have in their decision-making process.

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Chapter 3: Supporting Pousadas da Juventude redesigning strategy

3.1 Introduction

In the context of Nova SBE's Corporate Challenges initiative, Pousadas da Juventude launched a challenging task to develop a competitive strategy that would support its future growth and establish its position in the market. The task involved thoroughly examining various approaches and strategic frameworks to enhance the brand's attractiveness and operational efficiency. This would result in a maintenance of market relevance and an increase in the brand's appeal to target consumers.

This chapter includes all collaborative efforts with the brand, incorporating information on the individual components of this study. It will initiate with an analysis of the hostel market, along with an analysis of its competitors, providing a solid basis for industry insights. Later a comprehensive examination of Pousadas da Juventude is done, providing all information found about Pousadas da Juventude, as well as a thorough assessment of the brand's performance and position in the competitive environment by utilizing strategic tools such as the SWOT analysis and Position Map. Expanding on earlier knowledge, the following text focuses on the identified changes and proposed actions, offering a variety of practical strategies and interventions to enhance the market position of Pousadas da Juventude. Finally, a succinct overview of the study is provided, consolidating the concluding reflections and understandings acquired.

3.2. Hostel market in Portugal

The tourism sector in Portugal holds considerable importance in the nation's economy, as evidenced by estimations suggesting its contribution of 8.9% to the GVA and 12,2% to the Gross Domestic Product (GDP) in the year 2022 (Turismo de Portugal, 2023). Additionally, based on the latest Economic Impact Research data presented by the World Travel & Tourism

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Council (WTTC), it is anticipated that by the conclusion of the present year, 2023 is expected to surpass its previous pinnacle achieved in 2019.

In 2022, the hostel sector corresponded to around 13% of all establishments associated with the tourism industry (Tomé, 2023), and it is projected to sustain its expansion owing to a rise in consumer demand for this particular form of accommodation. The rise occurs mainly because the lodging option enables individuals to interact with others with comparable interests, offering an inclusive and diverse experience accessible to all. All because it provides diverse activities and services, along with communal areas that facilitate social engagement. Also, hostels emerge as the optimal choice for travelers who emphasize financial efficiency while desiring a satisfactory level of comfort during their trip since they provide cost-effective solutions.

Upon closer examination of the evolution of the hostel sector in Portugal, using data provided by Travel BI by Turismo de Portugal, it becomes evident that there has been a notable rise in both demand and supply. Starting with the demand, in 2019, before the onset of the global pandemic, the total number of tourists amounted to around 1.1 million individuals, resulting in an estimated 2.3 million overnight stays. The majority of these visitors were located in the cities of Lisbon (40.7%) and Porto (16.7%). The previously mentioned numerical value grew 17.4% throughout the year 2022, resulting in a total of 2.7 million overnight stays. Notably, this gain occurred while maintaining the presence of the key urban centers, namely Lisbon and Porto. Moreover, there is anticipated to be a more significant increase in 2023, as the figures for April through August are more prominent in comparison to those for the corresponding months in 2022.

A corresponding increase in supply accompanied the increase in demand, due to the hostel's widespread appeal. Consequently, this has led to the emergence of new establishments in locations throughout the country, resulting in an increase of 8% from 437 spots in 2019 to 472

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spots in August of this year.

Despite the notable growth in tourism within Portugal and the growing favorability of hostels as a viable accommodation choice, the current abundance surpasses the optimal threshold. This is because the maximum bed occupancy rate in Portugal throughout the period spanning from January to August 2023 stands at a modest 60%, indicating a comparatively diminished figure, transforming this sector into a very competitive one.

3.3. Competitors

Pousadas da Juventude considers various brands as their competitors. Most of them are hostels since they are the ones with a strategy more similar to them. Inside this sector, the principal rivals are Destination, Selina and WOT. Destination Hostels operates in Portugal, boasting a total of eight establishments. Its defining characteristic is their meticulous balance between personal privacy and collective interaction, all the while ensuring a high level of security through technology. In addition, the hostel offers a variety of interactive events and activities, providing visitors with a genuine and immersive experience while simultaneously ensuring a feeling of familiarity. WOT is a notable entity within the hostel and hotel sector, boasting a total of 13 properties located in Portugal. Like Destination, they demonstrate a significant commitment to crafting exceptional client experiences, achieved through a meticulously curated itinerary of activities that they effectively promote via social media platforms and WhatsApp groups. WOT's meticulous attention to detail distinguishes itself, particularly in interior design, amalgamating comfort, innovation, and a favorable atmosphere. Selina manages a global network of accommodations, with a total of seven establishments located in Portugal. The consideration of décor is essential for them since their interiors are often influenced by local culture and aesthetics. Additionally, it emphasizes integrating lodging, coworking, wellness, and involvement in the community.

Pousadas da Juventude also considers some budget hotels as their competitors since the prices

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of private rooms are similar. Inside them, Ibis, B&B, and EasyHotels are the most threatening. Ibis is a globally recognized brand with a significant international footprint, with 19 properties in Portugal and renowned for its unwavering commitment to excellence, provision of pleasant lodging options, and competitive pricing. It endeavors to accommodate the diverse requirements of its patrons by providing a range of amenities, like versatile eating alternatives. B&B Hotels is a well-established European company with 11 locations in Portugal. It is known for providing affordable lodging options that prioritize comfort without compromising quality. Its dedication to delivering a pragmatic and simplified stay experience is characterized by its careful focus on the necessities and concentration on digital services. EasyHotels is widely recognized as a distinguished hotel company with one unit in Lisbon. The brand is renowned for its minimalist approach, deliberately situating its establishments in various urban areas, focusing on convenience and central positioning to accommodate the preferences of sophisticated yet cost-conscious patrons.

Furthermore, it also considers hotels with a substantial budget that exhibit a strategy similar to that of hostels, particularly regarding their communal areas. Two notable establishments under this category are Mama Shelter and Moxy. There are two facilities of the brand Moxy located in Portugal. Its primary aim is to prioritize the satisfaction and well-being of its patrons, fostering a sense of familiarity and facilitating interpersonal connections among them. To fulfill this goal, the hotel reception area also serves as a multifunctional space, including a bar and restaurant, accommodating various activities such as occasional parties, table games, and other events. Mama Shelter is a boutique hotel company with one location in Lisbon. It is renowned for its dynamic and non-traditional approach to the hospitality industry, with a primary objective of fostering inclusivity. The establishment strives to offer cozy lodging options while cultivating a communal atmosphere. The business often organizes events and places particular emphasis on its restaurant.

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3.4. Pousada da Juventude

3.4.1. Overview

Pousadas da Juventude, also named HI, is a renowned Portuguese brand under the guidance of Movijovem, a non-profit association, and it comprises a network of 42 youth hostels (Figure 1), some of which have outsourced their management to other entities. It offers affordable and convenient lodging choices around the entirety of the continental territory of Portugal, located in carefully chosen well-known tourist locations, urban areas, and natural environments, ensuring convenient accessibility for travelers. The company's primary goal is to offer distinctive and intellectually stimulating opportunities through a comprehensive network of accommodations that accurately reflect the nation's characteristics. Additionally, the agency strives to foster young tourism and allow the sharing of cultural knowledge among visitors. In this particular environment, the organization perceives itself as a globally collective community that fosters genuine interactions, emphasizing education, togetherness, and sustainability. (Pousadas da Juventude).

Similar to traditional hostels, the organization offers a variety of services and amenities to provide a satisfactory experience for its visitors. The accommodations offered encompass a variety of room types, such as dormitory-style with bunk beds and shared bathrooms, as well as individual rooms with private bathrooms, with breakfast included during their stay. Additionally, shared cooking facilities are provided, along with common areas designed for social interaction, complimentary Wi-Fi access, and laundry facilities. Certain hostels within their accommodation offerings may also provide supplementary amenities, including swimming pools and structured activities. Nevertheless, these hostels distinguish themselves from typical accommodations by providing targeted promotions for specific groups, including Portuguese and Spanish schools, summer camps organized by public and non-profit private organizations, Portuguese and Spanish sports teams, and associations registered in the RNAJ.

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3.4.2. Analysing Pousadas da Juventude

To get further insights into the network, many visits were conducted at individual facilities, namely Pousadas da Juventude Lisboa, Parque das Nações, and Viana do Castelo. It was given the possibility to interview the managers of the different places and a comprehensive range of questions encompassed installations, customer experience and community engagement, staff and operational aspects, security measures, sustainability practices, and supplementary services.

Despite its ideal geographical position, impressive sustainability measures, and friendly crew, HI Lisboa falls short in providing travelers with a suitable degree of comfort due to the evident presence of old facilities that have not been refurbished since 2005. The lodgings resemble hospital wards, the eating facilities conjure an ambiance reminiscent of a jail, and the communal areas lack a welcoming environment for leisurely activities. Additionally, there exist concerns that warrant attention, such as plumbing infrastructure and the necessity for ceiling refurbishment.

While displaying a more hospitable ambiance, the Viana do Castelo location had antiquated furnishings and a poorly utilized living area and outside space. Certain inefficient operations were observed, however without any discernible impact on customer satisfaction. These include the provision of laundry services within the entity and the operation of a bar outside of the reception area, overseen by a single individual. The personnel exhibited a kind and helpful demeanor, and upon careful evaluation, no significant deficiencies were identified. Nevertheless, no noteworthy aspects were identified that would stimulate a desire to revisit.

The Parque das Nações exhibited a high level of hospitality and boasted a contemporary aesthetic, consequently fostering the utilization of communal spaces and facilitating social interaction. The inn's advantageous positioning within a sports complex proved beneficial, as it allowed for many events, although not directly organized by the inn, while also providing a

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fully operational bar.

Upon examining these three locations, it has been determined that there exists a lack of uniformity concerning the amenities provided. This incongruity does not align with the organization's overarching vision, purpose, and values. Besides, the hostels exhibit a deficiency in creating a sense of warmth and a hospitable environment, which are crucial for accommodating backpackers and travelers. Additionally, they fail to foster a sense of community and interaction typically associated with youth hostels, as well as the concept of cultural exchange prominently highlighted on the website.

In light of the limited number of establishments visited compared to the vast number of sites in the network, an additional research endeavor was pursued. The research thoroughly examined customer evaluations accessible on the popular online booking platform booking.com. A thorough comprehension of these unique accommodations was achieved by extensively examining a wide range of perspectives from more than 1,300 evaluations of various places.

The feedback frequently emphasizes three positive aspects: the location, staff, and breakfast. The guests frequently express satisfaction with the breakfast's simplicity, highlighting its sufficiency and integration into the entire pricing framework. Furthermore, there is a notable prevalence of positive feedback on the staff, as tourists often express their appreciation for their kind and helpful attitude. The advantageous aspect of the hostel's location, mainly when it is situated in city centers such as Guimarães and Braga, is consistently seen. However, the benefit above is not limited to metropolitan areas, as scenic beauty becomes a notable characteristic in many places like Foz Côa, Almada, and Alcoutim. In addition, amenities such as swimming pools and parking spaces have a good impact on customers' overall image of the facility, even when they are not being utilized, and visitors highly value the affordability of the hostel.

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On the other hand, specific establishments like Oeiras, Ovar, Alcoutim, Almada, Almogrove, Areia Branca, and Abrantes have been subject to frequent criticism due to their infrastructure circumstances. Guests pointing up issues such as outdated infrastructure and deficiencies in maintenance as significant areas of concern. Another disadvantageous characteristic is the absence of electrical outlets near the beds in most Pousadas da Juventude, which contemporary tourists see as essential due to their heavy reliance on technology. Finally, the hostel's late check-in policy has also become one of its weaknesses. The stipulated check-in time of 6:00 PM poses an inconvenience for guests, primarily due to the inability to securely store their belongings within the hostel premises until the designated check-in hour. This timing constraint impedes guests' flexibility and causes inconvenience, leading to dissatisfaction among clientele.

3.4.3 Pousadas da Juventude performance and position on the market

3.4.3.1 Position Map

Methodology

The current section has a positional map, accompanied by an examination of the ranking of Pousadas in many essential criteria that were studied in previous sections, such as staff, facilities, location, cleanliness, value for money, and atmosphere. Just these criteria were studied since they are the only ones that possess numerical value when looking at the online reservation websites. The primary aim of this study is to gain a comprehensive knowledge of the market position of Pousadas da Juventude compared with their perceived competitors. Furthermore, it serves to identify the specific areas that require prioritization in the implementation strategies. The data utilized to create the map and rankings are sourced from Booking.com and Hostelworld.com. Using the provided data, the following methodology was used to produce an Excel spreadsheet:

- Data on the classifications and ranking was gathered on the 27th of September.

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- Only consider the facilities in Europe and that have received over 30 reviews on at least one of the online booking platforms.
- If there is a significant number of establishments in Portugal, consider only them.
- When a brand has a significant number of establishments, a random selection process is employed to choose some of them.
- Booking.com was used to collect information for hotels, and for hostels, it was utilized HostelWorld.com.
- When the number of evaluations for a particular hostel on the HostelWorld network is less than 30, Booking.com was employed as an alternative.
- Topics such as Atmosphere and Security focused exclusively on the hostels' evaluation.
- The prices were gathered in mid-July, specifically for a one-night stay during the initial week of September.

After collecting data on all places affiliated with each brand and entering it into an Excel spreadsheet, calculating the mean value was carried out. The process entailed the consolidation of ratings for each category, followed by dividing the total by the number of establishments. Furthermore, we took into account the maximum and lower limits of each brand within each category and the discrepancy between these values to get a more profound comprehension of the existence of a service standard. Subsequently, the acquired output is utilized to assess the relative rankings of all the brands and get insights into their market position and positioning map.

Results and conclusions

Anticipated before conducting an analysis, it was believed that Pousadas da Juventude would occupy lower positions in the rankings due to their competition with esteemed hostel brands and well-established hotel and low-budget hotel chains within the market. Despite their

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placement in the lower tiers, the ratings exhibit a notable level of satisfaction. The installations, with an average rating of 7.7 (Table 6), and the atmosphere, with an average rating of 7.1 (Table 7), represent the lowest scores. The primary contributing causes to these statistics are the antiquated infrastructure, characterized by basic and old furnishings, and the wrongful exploitation of communal spaces within some establishments. On the other hand, the staff received the highest rating, achieving an average score of 8.8 (Table 8). The majority of comments about this aspect regularly recognize the personnel's friendly attitude and their willingness to assist. The only aspect in which they exhibit a comparatively advantageous position in the rankings is value for money, securing the fifth spot with an average score of 8.4 (Table 9). This occurrence can be primarily attributed to the significantly lower pricing strategies adopted by Pousadas da Juventude in comparison to other companies.

However, throughout the study, it was noted that Pousadas da Juventude had a significant discrepancy ranging from 3.5 to 5 points across its many facilities regarding the greatest and lowest ratings assigned to each respective category. In contrast, the other corporations have a maximum discrepancy of 2.9, with several entities displaying values below 1.5 in most categories. The presence of these noticeable patterns highlights a worrisome reality: Pousadas da Juventude exhibits an inconsistent standard of service, leading to a significant deviation from the typical performance reported among similar establishments. As a result, the mean values derived from this dataset fail to adequately represent the chain's comprehensive performance and service quality, rendering them unreliable as indicators of the chain's overall standing. Even though these values remain the sole means of comparing the various chains, they will continue to be employed in subsequent stages.

The positioning map, in a meticulous manner, incorporated the comprehensive allocation of punctuations to each different category, in addition to the overall average ratings (Table 10). Conceived as a graphical depiction, the horizontal axis effectively symbolizes the perceived

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level of service quality, while the vertical axis accurately reflects the range of pricing. Significantly, within this strategic context, Pousadas da Juventude provided a pricing structure of 86 euros for a private room and a cost-effective dormitory option priced at 21 euros. Although it falls just short of the criterion for being categorized as a high-quality service, it is worth noting that the final quality score is 7.9. The parameters above converge to situate the brand within the dynamic boundaries of the third quadrant (Figure 2), characterized by a specific combination of lower price points and a slightly diminished perception of quality.

In addition, these thorough investigations provide essential insights into the leaders of the hostel sector. This exploration is highly advantageous as it reveals exemplary practices and benchmarks established by industry leaders. It offers a strategic roadmap for prospective improvements that Pousadas da Juventude might implement across several operational areas, ultimately guiding them towards achieving higher quality and competitive advantage in the hostel industry. Indeed, an analysis of the hostel industry reveals the emergence of prominent organizations like Destination and Selina, who demonstrate exceptional expertise in various operational fields. The Destination is particularly distinguished in various aspects, including its personnel's competence, outstanding value proposition, and the establishment of a lively and hospitable environment. However, Selina sets itself apart by offering high-quality facilities, advantageous locations, and a steadfast dedication to guaranteeing robust security protocols. Nevertheless, within this admirable demonstration of exceptional service, a conspicuous association emerges—these institutions, despite providing unmatched quality, are accompanied by comparatively higher price models. There is a clear association between the higher cost incurred by customers, the provision of premium services, and the painstaking attention to detail in these specific domains. This statement is consistent with the concept that obtaining and preserving excellent standards frequently involves a higher cost, which signifies the expenditure necessary to uphold such superior services. However, these entities are

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believed to be a valuable source of inspiration for Pousadas da Juventude. This is because certain cost-effective measures can always be used, which can significantly impact the perceived quality of the services provided to clients.

3.4.3.2. SWOT Analysis

Through the implementation of a SWOT analysis and the comprehensive utilization of previously collected data, it was discovered that Portugal is now a top destination globally for different demographics, such as digital nomads, bleisure, solo travelers, and more. This presents an opportunity for Pousadas da Juventude to adapt its offering to these diverse segments and capitalize on this popularity. Afterward, it offers budget-friendly accommodation, attractive to the youth and backpack demographic. However, they need to consider that travelers are now less price-sensitive than they used to be, focusing more on the overall value and other factors when deciding. The following could pose a threat since one of the main strengths of the chain is the price. Additionally, the increase in popularity also provoked a significant rise in the number of hostels in Portugal, as seen in the fourth chapter of the thesis, posing a major threat to Pousadas' market share. The scenario gets even worse with the existence of hotels such as Moxy, that have started to implement social aspects within their operations and have found success, having a hybrid style.

The creation of new technologies such as AI and big data can both affect the operations and their efficiency if used correctly, which can be an opportunity for the brand. Another convenience is that more and more people now seek unique experiences, encouraging the exploration of non-mainstream locations that previously had no attention. Pousadas da Juventude has a great advantage because of its presence all across Portugal, as it benefits from a strong network of establishments.

One of the brand's strengths is the supportive staff, it is known and recognized for its friendly

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and knowledgeable staff that provides a positive guest experience, and all the necessary information. Plus, it also possesses flexibility in providing offerings to groups, like sports teams, cultural groups, schools, and pilgrims. However, taking that strength away, it faces the challenge of setting itself apart from the competition. This happens mainly because the brand possesses some weaknesses. Starting with a lack of community/events that can create a more enjoyable stay for guests. Another one is the limitation of amenities due to the budget constraints that Pousadas de Juventude has. Pousadas also have problems related to inconsistencies in the design across the locations, and maintenance. Some locations are outdated or aesthetically unappealing, and budget accommodations tend to wear and tear due to the high turnover associated with them. This poses a challenge as Pousadas could struggle at times to maintain consistent cleanliness in all hostels, which can negatively affect a guest's perception since it causes a backlash from low ratings/reviews.

3.5 Solutions

After analyzing the hostel market, evaluating the brand of Pousadas da Juventude and its operations, and comparing them with the competition, solutions can now be discussed. The approach for the solutions is to reflect on the analysis that was previously made and introduce implementations that could help Pousadas improve. The best qualities of the competitors are benchmarked in order to come up with successful solutions. In total, there are seven points of improvement that Pousadas da Juventude can focus on. Each of these solutions has its levels of cost and importance. The first solution to be discussed is Event planning.

3.5.1. Event Planning

Travelers nowadays don't only seek accommodation or a place to stay. In fact, they want to create memorable experiences and make the most out of their travels. Events have the power to turn a normal experience into a memorable stay and journey. By creating social interactions

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between guests and encouraging a sense of community within hostels, the traveler's experience is sure to be enhanced. These events not only improve the overall experience of guests in the hostel, but they can also encourage better reviews and recommendations. It is for the following reasons that this solution has a high level of importance.

To plan and create successful events, Pousadas da Juventude must be able to diversify and try new ideas to cater to different interests. There are many options to consider in this case. Events such as cultural workshops, outdoor trips, and themed parties can all improve the experience of a guest. Furthermore, Pousadas can also create unique experiences through collaborations with local performers or businesses. Collaborations also allow for the costs to be split or shared. Now Pousadas needs to leverage its digital platforms to increase the visibility of its events. This would therefore increase the interest of its target market. If the budget of Pousadas does not allow for the necessary investment to create these kinds of events, then the focus can switch to more simple activities. For example, ice-breakers, card or board games, and karaoke or movie nights also can create a positive experience for guests. It is also vital for feedback to constantly be collected from guests so that Pousadas can understand their preferences.

Every solution has its limitations, and Pousadas needs to identify the challenges that come with this. The coordination process of events poses some managerial challenges as the logistics have to be accounted for. The allocation of resources has to be managed efficiently. For example, Pousadas must allocate the correct materials and equipment for an event, and place the right amount of staff in charge. If there was to be a collaboration, the hostel also must make contact with the potential collaborator and negotiate.

Importance: High. Events enhance guest experiences, foster community, and contribute to positive reviews and recommendations. The costs can therefore be considered as moderate to high depending on the event.

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Inspired by: WOT (WoT Lisbon, n.d.), Destinations (Destinations Hostels, 2023), Moxy (Lobo, 2021), (Hostelz, 2022), (Lacalle, 2023b)

3.5.2. Hostel Design

The design of a hostel plays a relevant role in affecting the guest experience and perception. A successful design improvement can create an aesthetic and visual appeal to the potential guest. It is therefore important for Pousadas to create captivating and welcoming spaces in which guests can feel comfortable. The design can change the perception of a guest, and that makes it a very important solution.

Some implementation measures for this solution include an efficient budget allocation to implement the right design. It is also important to identify which are the areas of improvement that need a redesign, whether it is the toilets or the social spaces. Pousadas could try to integrate a consistent design throughout the hostel to align with their brand for example. Other implementations can include the use of more versatile furniture which could help to improve the space usage. Pousadas can also include more local culture into their design and decoration to create a more unique environment. Other implementations could include the creation of welcoming and comfortable common areas by using adequate seating and cozy colors. Pousadas should try to create adaptable spaces which would allow for more versatility, but also functionality.

It is however imperative to understand that design improvements come with significant costs. Even though the positive impact on guest experience can be substantial, the costs of furniture, renovations, and decoration can all be quite considerable. Pousadas should therefore be able to balance the costs and benefits to maximize efficiency. It is also worth noting that some modifications can affect the overall operations of the hostel, as some areas might need to be closed off to guests. This can ultimately affect the hostel operations. This implies that this solution has high costs.

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Inspired by: (Peterson, 2019), Selina (Friedman, 2018), WOT (WoT Lisbon, n.d.), Destination (Destination Hostels, 2023), (Oyindamola, 2022)

3.5.3. Brand Enhancement

Maintaining standards and keeping a consistent image throughout all the hostel locations are both very important for creating guest satisfaction. Having a strong brand identity not only ensures guests what they should expect but also it also allows for effective branding communication. A consistent and strong brand image also helps to create brand loyalty and most importantly trust. This implies that this solution has a high level of importance.

Implementation measures include the evaluation and potential improvement of the current logo to ensure it fits the essence of the brand. It is also vital to ensure the consistency of the brand image and logo across different platforms such as the website, social media, and physical signs. The messaging should directly reflect Pousadas and its brand values, and it should be communicated in a way that can resonate with the target market. This can involve the adjustment of slogans or statements to better communicate the values that set Pousadas apart from the competition. The hostel can also use storytelling to create a narrative and highlight attributes. It is also quite important to get feedback from both guests and staff as both insights will help set the right identity.

However, some costs and risks have to be taken into consideration. There is the potential risk that the brand does not resonate with the audience, which could then affect brand satisfaction and loyalty. Furthermore, execution must be consistent across all touchpoints. If it were to be inconsistent then the brand image and reputation would be negatively affected. The budget constraints that Pousadas struggles with also would affect the effectiveness of the refinement overall. Even though the costs when compared to other solutions can be considered moderately high, it is still an investment to be made.

Inspired by: (Desygnier, 2023), (Brainito, 2022), (Jones, 2021), (Brandsmen, 2023)

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3.5.4. Social Media

Social media is a very useful tool that can be very efficient in promoting and marketing hostels. Platforms such as Instagram or Twitter (known as X) offer a creative space that allows one to reach a very broad audience through online content such as videos, pictures, and more. Social media also helps to create and develop communities, as well as strengthen brand loyalty. If Pousadas can nurture this online community successfully, they can sustain more interest in their hostel offerings. Social media also provides Pousadas with a lot of useful data, such as the demographic of the target audience, and their preferences. Pousadas should use this data to their advantage so that they can have a strong online presence. This is a high-level importance solution.

There is an array of different implementations that can be introduced to improve the social media strategy of Pousadas. Firstly, the visual content of social media should have a high-quality image. Along with this high quality, posts should be able to use storytelling to captivate the audience and create a narrative. The “Stories” feature should be used more as it is a great tool for creating interactions on social media. Things such as polls, links, and music can all be shared through short “Stories”. Pousadas should be active online and engage on social media. This would allow them to address any negative or positive feedback that comes their way so they can keep a positive online reputation. Other useful implementations include the use of specific hashtags to target the right audience and facilitate its discovery. These same hashtags can also encourage user-made content which can further promote the brand.

Promoting positive experiences and reviews from users can also be a good tactic if done right. Other ideas such as giveaways or contests can also incite engagement online, and attract the target audience. Pousadas must be consistent with their posts so that they can sustain engagements through time. An easy way to do so is by scheduling posts during high engagement hours to maximize the exposure. It is also important therefore to monitor the

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engagements and performance of these posts. Paid Advertising can be another interesting implementation as it can help to boost the exposure of posts. Other ideas such as collaborations, mentions, and tags can be mutually beneficial, and expand the visibility of Pousadas. Finally, it must be said that authenticity is very valuable, and even though hostels should stay up to date with current trends online, they should also stay true to their brand. Travelers want genuine and unique experiences, so Pousadas need to be authentic.

Social media management comes with costs, as expenses such as post boosting, higher image quality, and management tools can add up. There should be a fully dedicated employee who solely focuses on the online content and manages it. The main challenge is to be consistent throughout time and stay creative to have sustained engagement. Pousadas has to be committed to adapting to new trends and regularly assess its feedback so that it can keep a dynamic approach online. The costs when compared with the other solutions are moderate.

Inspired by: Selina (Friedman, 2018), WOT (WoT Lisbon, n.d.), Destinations (Destinations Hostels, 2023), (Lacalle, 2023), (M. Nicky, 2023), (Brainito,2023), (Brandsmen, 2017)

3.5.5. Website Enhancement

Pousadas's website is a very important storefront, as it acts as the main interface between the online audience and the hostel. For a successful digital marketing strategy to work, the website must communicate accurately the values and offerings that the hostel provides. The main objective for this section is for Pousadas to efficiently communicate the brand and provide a simple interface that users can easily navigate through. The importance of this solution is the lowest for the fact that the base website is already competent. The suggested solutions are for small improvements which can facilitate the experience of a user.

The first implementation measure that can be introduced is to add user comments and ratings to the website so that trust can be built between potential guests and the hostel. AI chat support is also highly recommended as it can help the users in answering any lingering doubts

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or questions. The reservation system is already well set up and should be displayed clearly to encourage visitors to start their booking process. Another point to improve is the communication of group booking and programs. Even though this information can be found on the website, it is not clearly communicated and hard to find. By providing that information in a more well-presented and clear way, Pousadas can ensure that the target audience is aware of the offerings. Another important improvement is to better communicate the room configurations and details. Things such as bed types and amenities should all be presented more clearly. The quality of images can also be improved in some sections so that it can better convey the environment of the establishments. Another relevant improvement is to highlight ongoing promotions and offers on the website so that visitors are more encouraged to start their booking process. Pousadas could also add an itinerary that would highlight local points of interest, and add the distance from the accommodations along with a map or photos as a visual aid. Pousadas could also consider the creation of a mobile application. This application could incorporate many different features such as online booking, online check-in, membership points or a membership card, and a clear user interface to facilitate the process for visitors. This would most definitely be a costly project, but also could set Pousadas apart from its competitors.

The costs for the smaller improvements are moderate when compared with the other solutions. However, if the mobile application was ever to be developed, then the costs would be substantial.

Inspired by: Selina (Friedman, 2018), Hostelword (n.d)

3.5.6. Partnerships and Collaborations

As previously mentioned in the solution for event planning, the brand of a hostel can be enhanced through strategic partnerships and collaborations with local organizations and businesses. This approach can help to improve brand exposure and create unique experiences.

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This strategy creates many benefits, such as improved guest experience and an increase in visibility. This support of local communities would also create a positive image that Pousadas could definitely benefit from. This solution has a moderate level of importance when compared to the others.

The implementation process for this solution involves the identification of businesses and organizations that could complement the brand of Pousadas or the audience. There should be specific goals and objectives set to make an accurate evaluation of each partnership. Pousadas must build relationships and collaborate with businesses of interest for the success of the partnerships. Cross-promotion is also very valuable, whether it is online or offline, as it can create more interest for both parties. Moreover, Pousadas should regularly measure and adapt if necessary, so that the collaborations are successful.

Pousadas must also be aware of the limitations and costs that this solution brings. Some collaborations might not reflect the brand of the hostel, and therefore affect its image, or the costs of collaborating and marketing might be higher since they have to split the revenue with the collaborator. The main challenge is to find adequate partners that reflect the values and ideas of Pousadas and spark interest in the target audience. The costs are moderately high for this solution.

Inspired by: WOT (WoT Lisbon, n.d.), (Šomodi, 2020), (Lacalle, 2023)

4.5.7. Customer Journey implementations

To enhance the brand of the hostel, it is vital to keep improving the customer journey. Hostels must be able to identify the pain points in the customer journey, and promptly provide solutions that address those problems. This approach ensures that the guest experience is flawless and positive. This solution has high importance as the customer journey should always be taken into consideration.

One of the first pain points was the limited presence of drinks or refreshments in the Pousadas

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hostels. Establishing a bar or vending machine near the reception area could create a good first impression of the hostel. This also can contribute to an additional stream of revenue. Another pain point is the lack of community-building inside and outside of Pousadas. If the hostel brand were to create a membership or card system in which Pousadas can leverage its network of locations, this could become a very powerful tool that allows for community building. This could also contribute to higher brand loyalty and improved data collection.

Some limitations of these solutions include the limited space that some hostels might have, along with the setup costs that would be required for both bars and vending machines. As for the membership card, this would involve complex systems that would have to keep track of relevant client data. Furthermore, this would also involve the system development for the membership software, and data security implementations.

Inspired by: Moxy (Lobo, 2021), WOT (WoT Lisbon, n.d.)

3.6. Conclusion

To summarize, the results obtained from this study outline a path of rapid expansion in the hostel sector, both worldwide and nationally. The main reason for this growth may be ascribed to the increase in solo traveling, and the rise in affordable accommodation options that encourage more interaction among visitors. Given the unique characteristics of Pousadas da Juventude and their partial incorporation into the growing sector, it is meaningful to strategically assess their alignment and competitive position within the larger hostel market.

Although they have many parallels with traditional hostels, these unique organizations require a focused effort to create and execute a competitive strategy that enhances brand awareness and impact in this ever-changing environment. By examining literature, individual sections, and analyzing the performance of Pousadas da Juventude, it became evident that there are areas of potential that require strategic efforts to enhance many parts of their operations and guest services.

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By applying the offered techniques is expected to have a noticeable positive effect on the overall guest experience, leading to a sense of loyalty and encouraging customers to not only come back but also speak highly of the brand, thus enhancing its reputation and attracting a wider audience. This confidence arises from the proactive character of the suggested methods, which are carefully crafted to meet and exceed guest expectations, strengthen brand loyalty, and cultivate long-lasting ties with the customers.

Nevertheless, this thesis has constraints due to the lack of current and updated material accessible to fully describe the key characteristics that define hostels in existing research. In addition, the limited number of visits, provoked by restrictions on availability and mobility, creates a possible bias in how the overall brand is perceived. To overcome this, it is necessary to use strategic measures in future research efforts. One potential approach entails visiting Pousadas da Juventude during low season, to obtain a more comprehensive understanding of these facilities. Alternatively, utilizing strategies such as implementing a mystery shopper technique or conducting extensive surveys might be effective methods to overcome limits associated with mobility restrictions.

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Group part

Chapter 5: Appendix

<i>What is the most important feature during your stay in a hostel? (Ibeing the most important)</i>									
	Atmospher e	Staff	Cleanlines s	Securit y	Locatio n	V.M	Desig n	C.S	Facilitie s
1	9	5	18	9	4	12	16	6	5
2	7	10	15	13	8	8	6	10	7
3	10	6	11	13	11	9	6	11	7
4	12	14	6	10	12	12	3	4	11
5	11	14	3	2	20	6	5	4	19
6	15	11	6	11	12	7	8	1	13
7	8	9	5	9	10	11	11	12	9
8	5	9	11	9	6	8	9	20	7
9	7	6	9	8	1	11	20	16	6
A.W	4.82	5.05	4.29	4.73	4.76	4.94	5.48	5.82	5.12

Table 1: Hierarchy of all respondents

Demographics of respondents	Number	(%)
Age		
18-22	43	51.2
23-27	25	29.8
28-32	7	8.3
33-37	3	3.6
38-42	1	1.2
>42	5	6.0
Gender		
Female	58	69.0
Male	26	31.0

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Current situation		
Student	61	72.6
Employed	16	19.0
Self-employed	3	3.6
Unemployed	2	2.4
Retired	2	2.4
Companion when travelling		
Family	31	36.9
Friends	34	40.5
Solo	11	13.1
Nomad	2	2.4
None the above	4	4.8

Table 2: Individual's characteristics

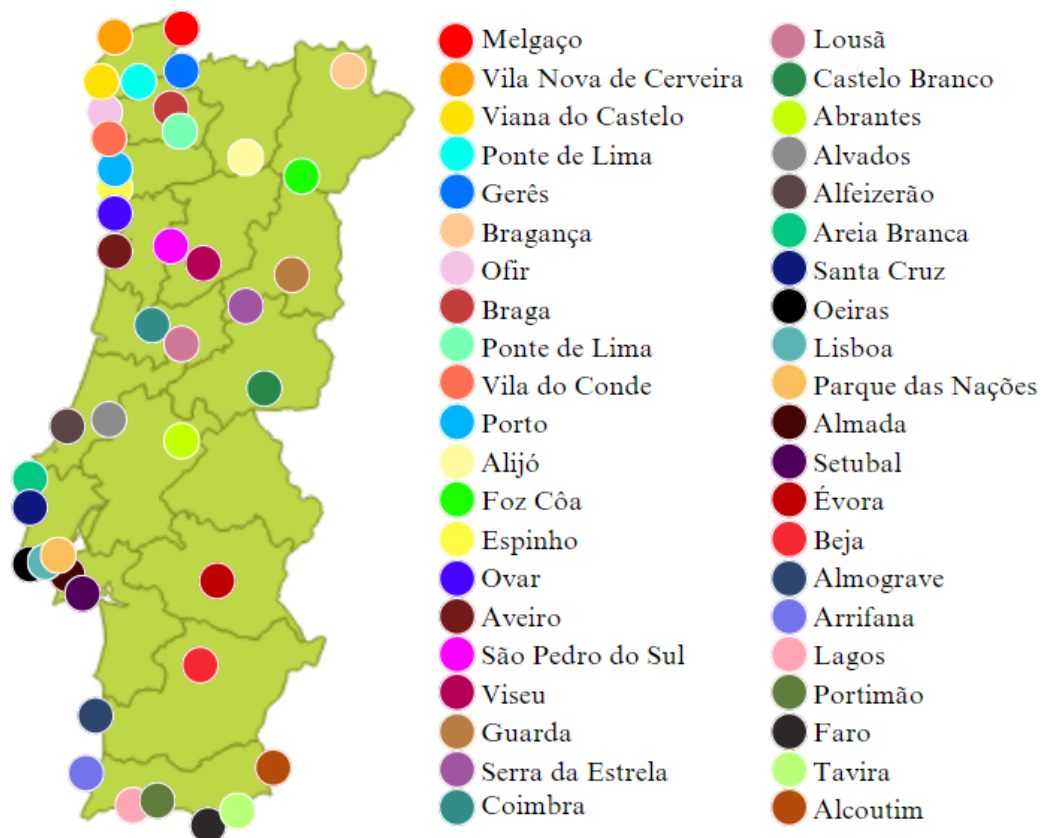


Figure 1: Map of the locations of Pousadas da Juventude

Hostel/Hotel	Punctuations of hostel/hotel chains on the online reservation platforms			
	Installations (mean)	Min	Max	Discrepancy
Selina	8.7	7.2	9.6	2.4
Destination	8.6	7.6	9.3	1.7
Mama Shelter	8.6	8.1	9.0	0.9
Moxy	8.6	8.0	9.2	1.2

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B&B	8.5	7.8	9.1	1.3
WOT	8.0	7.2	9.2	2.0
Ibis	7.8	7.1	8.3	1.2
Pousadas da Juventude	7.7	5.9	10.0	4.1
EasyHotels	7.2	5.8	8.2	2.4

Table 4: Ranking of hotels/hostel related to facilities

Hostel/Hotel	Punctuations of hostel/hotel chains on the online reservation platforms			
	Atmosphere (mean)	Min	Max	Discrepancy
Destination	9.0	8.5	9.7	1.2
Selina	8.7	7.6	9.5	1.9
WOT	8.2	7.5	9.0	1.5
Pousadas da Juventude	7.1	5.1	9.7	4.6

Table 5: Ranking of hotels/hostel related to atmosphere

Hostel/Hotel	Punctuations of hostel/hotel chains on the online reservation platforms			
	Staff (mean)	Min	Max	Discrepancy
Destination	9.2	8.3	9.7	1.4
Selina	9.1	8.7	9.6	0.9
Mama Shelter	9.1	8.6	9.3	0.7
Moxy	9.0	8.3	9.5	1.2
B&B	8.9	8.4	9.2	0.8
WOT	8.9	8.3	9.3	1.0
Pousadas da Juventude	8.8	6.2	9.7	3.5
Ibis	8.7	8.3	9.3	1.0
EasyHotels	8.6	7.8	9.2	1.4

Table 6: Ranking of hotels/hostel related to staff

Hostel/Hotel	Punctuations of hostel/hotel chains on the online reservation platforms			
	Value Money (mean)	Min	Max	Discrepancy
Destination	8.8	8.0	9.6	1.6
Selina	8.6	8.0	9.4	1.4
B&B	8.4	7.9	8.9	1.0
Pousadas da Juventude	8.4	5.7	10.0	4.3
Moxy	8.3	7.9	8.8	0.9
Mama Shelter	8.2	7.7	8.9	1.2
WOT	8.1	6.8	9.2	2.4
Ibis	7.8	7.3	8.2	0.9
EasyHotels	7.7	6.4	8.5	2.1

Table 7: Ranking of hotels/hostel related to value for money

Hostel/Hotel	Punctuations of hostel/hotel chains on the online reservation platforms			
	Overall (mean)	Min	Max	Discrepancy
Destination	8.9	8.3	9.3	1.0
Selina	8.8	8.1	9.4	1.3
Moxy	8.5	8.1	9.0	0.9
Mama Shelter	8.5	8.0	8.9	0.9
B&B	8.4	7.8	8.9	1.1

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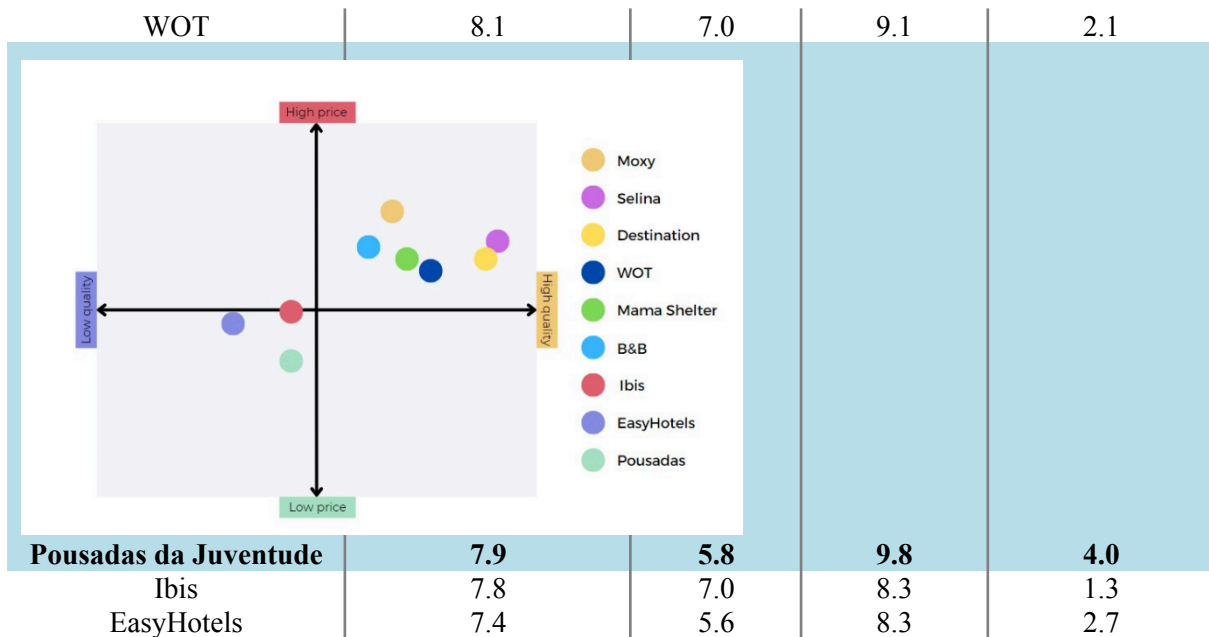


Table 8: Ranking of hotels/hostel overall

Figure 2: Position map

Strengths	Weaknesses
<ul style="list-style-type: none"> ● Affordable Accommodation ● Supportive and friendly staff ● Wide array of locations ● Group-Friendly 	<ul style="list-style-type: none"> ● Lack of community/Events ● Limited Amenities ● Design and decoration ● Lack of brand differentiation ● Maintenance issues
Opportunities	Threats
<ul style="list-style-type: none"> ● Diverse target audience ● Higher interest in niche locations ● Boom in the portuguese tourism market 	<ul style="list-style-type: none"> ● Backlash from low ratings and reviews ● Tourist focus on other factors than price ● Creation of hotels with a hybrid style

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<ul style="list-style-type: none">• Technological innovations connected to hospitality sector	<ul style="list-style-type: none">• Increase in the number of hostels
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Figure 3: SWOT analysis