



Dipartimento di Economia e Finanza

Cattedra Management

New Business models in the hospitality industry

RELATORE
Prof.
VICENTINI
FRANCESCA

CANDIDATO VITALE ANDREA
Matr. 184491

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INTRODUCTION

The hospitality industry is one of the most important and profitable industries in the world. It contributes to almost the 10% of the world's GDP (Boella,2000). As being one of the most profitable industries with an annually growth of circa 4% the competition is relevantly high. The aim of this thesis is to provide an overall view of the hospitality industry in all its main components focusing on the ever more importance that the B&B business is acquiring in the last decades and to provide a business plan for the opening of a new B&B. In the first chapter the attention will be focused on analyzing the main components of this industry (Hotels,Motels,B&Bs) stressing the importance of new business model that should be take into account in order to inhance the profitability and efficiency of the businesses belonging to the hospitality sector. In particular we will analyze the “ customer centered with a service-oriented focus” business model, the importance of a “Mobile marketing strategy”, and the potentiality of the “Franchise” through a SWOT analysis. At the end of the chapter it will be done a PEST analysis of the hotel sector in order to understand the Political,Economic,Social and Technological factors that drive this sector. In the second chapter we will focus the attention on the level of competition that characterize the hospitality industry. In order to do so we will use the “Porter's five forces of competition model”, which is a model created by Michael Porter mentioned in his book “*Competitive strategy: Techniques for analyzing industries and competitors*”. This model is a framework that attempts to analyze the level of competition within an industry and business strategydevelopment. It draws upon industrial organization (IO) economics to derive five forces that determine the competitive intensity and therefore attractiveness of an Industry. We will analyse the level of the threat stemming from producers of substitute goods, the level of the threat stemming from new entrants in the industry, the level of the bargaining power of buyers and the one of suppliers and at last we will evaluate the level of rivalry among existing competitors. Taking into account that the hospitality industry is composed by different types of businesses(hotel,B&B,motels) with different characteristics, we will notice that porter's analysis will give sometimes different levels(high,medium,low) of the threat we are analyzing for each business considered.For example we will notice that for what regards the threat of new entrants, for hotels the threat is of low level,for motels is of medium level and for B&B is of high level. In the third chapter it will be done a business plan for the opening of a new B&B in Rome. At first it will be described the business and its

aim. It will be defined the type of infrastructure that will be used, the partners composing the business and the main laws regulating it. Next it will be described the product and the services offered by the business. The sequent step will be the analysis of the sector the B&B is competing in and in order to do so it will be done a local porter's five forces of competition model analysis which will be not general as the one did in the second chapter but more detailed focusing on the level of threats present in the territory nearby the B&B. We will also analyse the key success factors of this type of business. We will then derive a strategy in order to be successful based on the analysis of the data obtained by researches that will be shown in the chapter. We will then estimate the sale potential. Then it will be explained the structure and management of the B&B and at last it will be done a costs quantification and will be done provisional income and cash-flow statements for four years (from 2017 up to 2020)

CHAPTER 1: NEW BUSINESS MODELS IN THE HOSPITALITY INDUSTRY

1. OVERVIEW OF THE HOSPITALITY INDUSTRY

The hospitality industry is characterized by a high competition due to the fact that there are many competitors and different types of businesses (hotels, b&b, motels). The hospitality sector is one of the fastest growing sectors of the whole economic world; The sector has benefited from the process of globalization and from the constantly falling relative costs of travel. In 1950 the travel industry recorded 25 million international tourist arrivals while there were 277 million in 1980, 438 million in 1990, 684 million in 2000, 904 million in 2007 and 922 million in 2008 (see figure 1). Since 1990, international arrivals have increased by 4.3 per cent annually and the UNWTO expects them to rise by 4 per cent per annum over the next 20 years. Moreover in the last years with the spread of social networks the importance of consumer satisfaction has become more and more important. For this reason new business models arose as “customer centered with a service-oriented focus” business model. Economic progress, new technology and globalisation have forced firms to seek new market opportunities and to provide new solutions for customers. Services and technology are the two crucial strategic factors in the modern transformation of hospitality businesses. Technological advances will continue to nurture new services in the hospitality industry; simultaneously, technology can make services more user-friendly to both internal and external customers. Well-organised internal coordination provides the firm with the ability to demonstrate its efficiency through superior service performance.

2. CUSTOMER CENTERED BUSINESS MODEL

A customer centered with a service-oriented focus business model is a new type of business model whose main objective is to utilise information technology in order to enhance the firm’s efficiency and in order to augment the value received by customers. This framework is divided in three phases:

2.1) *Phase 1: corporate intent*

The firm’s long-term aim and its core belief should be to place the customer at the center of all its thought. This means that the firm’s offer will satisfy the customer far better than anyone else in the market. The relationship with the customer plays so a crucial role in this framework. A customer-centred and service-focused orientation ultimately provides the

modern hospitality firm with the best package that the market can offer, which is gaining both customer loyalty and market leadership.

2.2)Phase 2:strategic direction

The firm should follow a customer-centred service strategy in order to ensure that its offer demonstrates value,efficiency and distinctiveness to the customer The firm's efficiency in service, and in its ability to solve service problems, will convince the customer of the firms' unmatched service competency and superiority. In the hospitality business, efficiency represents productivity. How the firm thinks and acts on behalf of the customer (in advance of that customer's request) represents the distinctive benefit to the customer.

2.3)Phase 3:core capabilities

The firm's succes will depend primarily on the firm's core capabilities that are technology,networks,relationship and empowered employees. The inter-dependence of these four core capabilities will enable a firm to become customer-centred and service-oriented making it gaining the market leadership and profitability

3. MOBILE MARKETING STRATEGY

As more and more people in the world are using social networks and media on their phones a new and efficient marketing strategy that is getting more and more important through the years is the mobile marketing strategy wich connsiders how to promote an hotel brand in mobile platforms and how to be connected with smartphones' and tablets' traffic. This strategy states that first of all there should be created a responsive and fully functional mobile website(infact almost 40% of iphone users access internet from their phone and not from their desktopo computers,as a Neilsen research found out).Then the firm should deliver marketing messages to their target group. In order to create a killer social media campaign, you have to strike the right balance of timing, audience and message. Nowadays is hard to find anyone not addicted to Facebook or Twitter and the marketers need to come up with great campaigns to catch the eye of these masses.

Inviting guests to post reviews about the hotel on TripAdvisor or Yelp. Encouraging them to post pictures of the hotel on their Facebook page could be an effective marketing strategy. Interesting and funny videos work better than conventional approaches. Another important success factor is to provide a high responsive and effective customer service in order to fidelize the customers.

4. FRANCHISE

Another possible strategy for the Hospitality industry is the one of starting a Franchise. Business system franchising is particularly appropriate in sectors where uniform products are sold in high volumes, where strong brands confer competitive advantages, where capital barriers to entry for franchisees are not prohibitive, and where labor intensity is fairly high. Conversely, businesses that specialize in providing bespoke services to clients, and those where large capital expenditures on productive assets are needed in order to win scale economies, are poor candidates for franchising. Also, businesses where value-added transactions can be completed online, and which therefore do not benefit from a multiplicity of physical locations, are not suited to franchises. The following generic SWOT analysis relates to a typical hospitality company, such as Wyndham or Choice Hotels, that operates primarily via franchising.

Strengths: strong brands, diverse geographies, established franchise model, technology

Weaknesses: often company specific. For example, Wyndham is rather exposed to US market conditions compared to its more diversified competitors. IHG and Starwood Hotels had relatively high levels of debt in FY2013. These are not necessarily related to the franchising business model.

Opportunities: emerging markets. By establishing a presence in emerging markets where economic growth remains robust, the major hotel chains can weather domestic economic storms more successfully.

Threats: franchisees must be managed, may have difficulty accessing credit, weak intellectual property protection

5. PEST ANALYSIS FOR THE HOTEL INDUSTRY

Tourism nowadays has a global meaning and for analysing the hotel industry is important to think globally about it. There is variety of factors affecting hotel industry, but they can't

be concentrated just in one country, because the consumers of the hotels can be people from the entire world, not only from the country where the hotel is situated. There is inside and outside tourism existing in each country, so there are so many potential customers, who can book a hotel. Political and economical factors of other countries can influence the hotel industry of the country where the hotel situated, this influence level depend on how popular is a tourist destination for outside tourists. If it is popular, this means that outside tourism is very developed on this place and hotels there just makes their profit on foreign visitors as well as local travellers. Tourism is a global activity since its beginnings, from the moment a passage was made from travels (reserved for people with money) to using the spare time of the worker in order to produce profit. In order to explain the factors that drive this industry it will be used a PEST analysis.

Political and economic factors: Tourism industry is a fast growing industry. Hotels exist for giving the tourist a possibility to stay at the place where they are not living. Schengen agreement has given for tourists a chance easier to move from one country to another. This agreement has increased the number of potential customers of the hotels. This agreement removes border control between 25 EU countries. 6 countries from EU use the same currency, which is euro (€). This fact makes tourism safer and favourable between those 16 countries. Tourists, for example travelling from France to Spain, do not lose their money on foreign currency exchange. These factors give some advantages for those countries. But more advantageous are countries where the currency of this country is cheaper comparable to other currency. If the tourism and hotel services are developed in this country, this might mean a big popularity of this country among tourists. And if country is popular among tourists, the hotel industry can definitely take an advantage of this fact. Economical changes in any country can affect the hotel industry, because they will affect the tourism industry. For example if in some countries there will be too high level of unemployment and too low level of income, people will not have money for booking a hotel, they will prefer to stay at home rather than traveling.

Social factors: People are inquisitive, this is their nature. Lots of them want to travel in spare time, to visit new places. If somebody decides to travel he will anyway need to stay somewhere; that the hotel is for. In today's life people are very busy, they working hard and definitely will need a time to rest. They will need it to change scenery, to see something new, to visit some interesting places and to have some new experiences. All

this affect hotel industry in positive way, just because people will travel and use the hotels as accommodation to meet their wants.

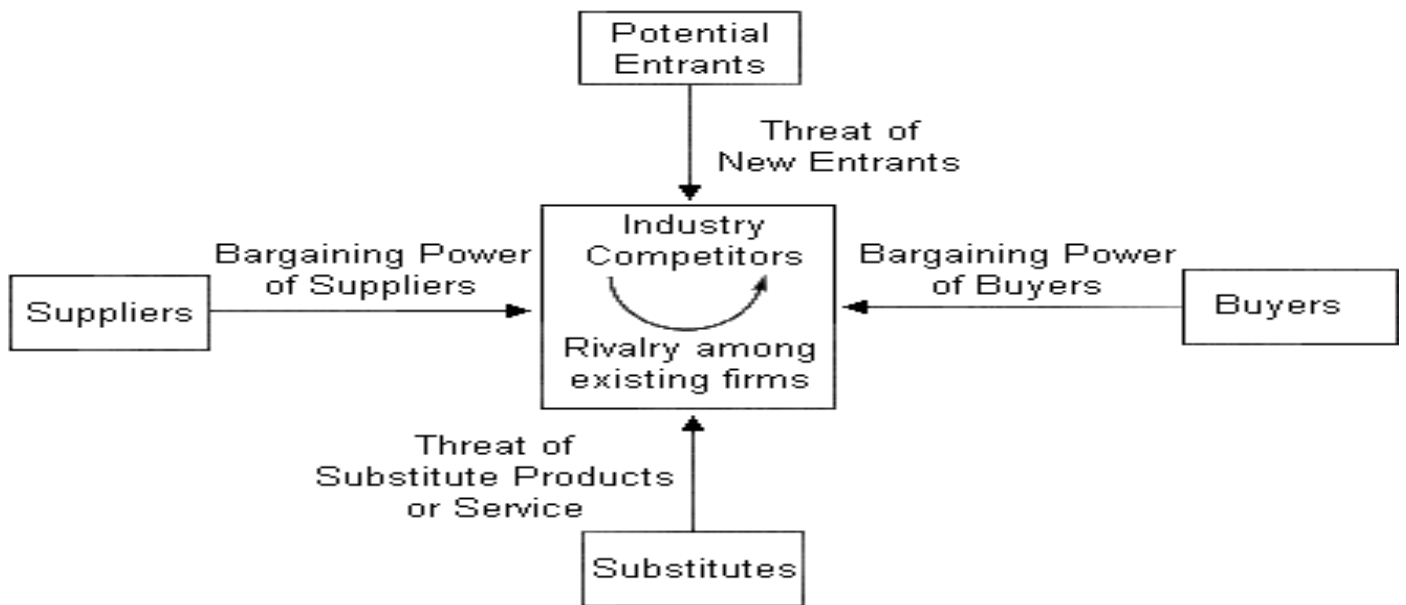
Technological factors: The hotels offer a good service to their customers. Service is actually the product which they sell. Hotels are a complex of variety of services. They are not only a bed space and breakfast. Lots of hotels have sport facilities, swimming pools, GYM, beauty centres, golf clubs, massage rooms and so on. All this facilities are working to attract the customers. Moreover, there is the information about tourist destinations, attractions and entertainment available in tourist hotels. Some hotels, especially situated in tourist resort destinations, have a night program of guests' entertainment. All of these factors favourably influence the hotel industry.

CHAPTER 2: PORTER 5 FORCES OF COMPETITION MODEL FOR HOSPITALITY INDUSTRY

The concept of hospitality is an extremely old concept that had to do with the religiosity. Ancient people believed that hospitality to strangers was necessary to their religious well-being. Early travelers were either warriors or traders or people in search of knowledge and there were no hotels. Warriors and conquerors pitched their tents for accommodation while traders and persons traveling for knowledge placed a high value on hospitality and sometimes traded their merchandise for lodging. Inn keeping can be said to be the first commercial enterprise and hospitality one of the first services for which money was exchanged. Inns of the Biblical times offered only a cot or a bench in the corner. Guests stayed in large communal rooms with no sanitation and privacy. Early travelers were either warriors or traders or people in search of knowledge and there were no hotels. Warriors and conquerors pitched their tents for accommodation while traders and persons traveling for knowledge placed a high value on hospitality and sometimes traded their merchandise for lodging. Inn keeping can be said to be the first commercial enterprise and hospitality one of the first services for which money was exchanged. Inns of the Biblical times offered only a cot or a bench in the corner. Guests stayed in large communal rooms with no sanitation and privacy. The term 'Hotel' was used in England in about 1760. British law defines hotel as "a place where a bonafide traveler can receive food and shelter, provided he is in a position to pay for and is in a fit condition to be received". The hotel is an establishment that welcomes people temporarily and for a fee, providing accommodation and services. Among the benefits that may be made available we can notice restaurants, lounge rooms, game rooms, pools and entertainment for adults and children. In big cities and beyond, structures of this type are very numerous, so that the needs of the tourists can be met. To simplify the understanding of the quality of the hotel there is a classification based on the number of stars assigned to it, from a minimum of 1 to a maximum of 5; the assessment depends on the decoration of the rooms, the type of property, the services provided and the location. The provision generally always offered by hotels is room cleaning and change of towels and sheets. Very often hotels are home to conventions and conferences, with catering and hostess services. The buildings housing the prestigious hotels can boast a great architectural importance and the use of vanguard technologies. With the name "Bed

and Breakfast", we identify that particular receptive Anglo-Saxon formula, now widespread in many countries, consisting in offering paid hospitality at one's own home. It is, therefore, a type of tourism service that will offer guests, basic services such as accommodation and breakfast. The modern Bed & Breakfast operator, usually the owner of the House, has a completely different attitude and involvement from simple suppliers of rooms for tourists: he/she warmly welcomes guests at arrival, provide them with general information about the local culture and territory and sometimes shares with its customers interests and hobbies. The bed and breakfast, then, allows tourists to experience a country from within and to deepen their knowledge thanks to direct contact with the locals. The limits of this type of business are due to the familiar character that this type of business takes and that won't allow the company to grow in terms of organization and planning, being bound to the private and domestic appearance. The name "**Motel**" first appeared in 1926 (the "Milestone Mo-Tel" in San Luis Obispo, California). The concept had developed steadily for almost a quarter of a century. The history of the motel is directly linked to American car culture and fastly spread in many other countries. One of the main charecteristic of this type of business is and its usual location(near highways,train and gas stations)and its low fares that lure tourists looking for a convinient place to sleep. We can notice that the Hospitality industry involves a large number of different types of business and in order to analyse it we may use the "Porter's five forces of competition model".

The essence of formulating competitive strategy is relating a company to its environment. Although the relevant environment is very broad, encompassing social as well as economic forces, the key aspect of the firm's environment is the industry or industries in which it competes. Industry structure has a strong influence in determining the competitive rules of the game as well as the strategies potentially available to the firm. Porter's five forces of competition model is an useful framework that help us to understand the intensity of competition in an industry.



(Porter,1981)

In order to take forward a precise and correct analysis of the environment of a specific industry we should analyse each one of the factors that drive the industry external environment(Threat of substitute products, threat of new entrants, bargaining power of buyers, bargaining power of suppliers and the rivalry among existing firms in the industry).

1. THREAT OF SUBSTITUTE PRODUCTS OR SERVICES

All firms in an industry are competing, in a broad sense, with industries producing substitute products. Substitutes limit the potential returns of an industry by placing a ceiling on the prices firms in the industry can profitably charge. The more attractive the price-performance alternative offered by substitutes, the firmer the lid on industry profits. Identifying substitute products is a matter of searching for other products that can perform the same function as the product of the industry.(cit. COMPETITIVE STRATEGY:Techniques for Analyzing Industries and Competitors by Michael E. Porter). In the case of the hospitality industry we should take into consideration that it includes different types of businesses(hotels,B&B,motels,hostels, serviced apartments) and each one of these offer products and services different from the other performing the same function. For example an hotel offers services and products as swimming pools,spas,luxury treatments,restaurant services; a B&B instead allows tourists to experience a country from within and allows to deepen their knowledge thanks to direct contact with the locals. Both the hotels and the B&Bs anyway perform the same function: overnight stay. The difference between the two is that hotels are generally more costly than B&B since they offer ancillary services that may attract more the tourist and the

rooms may be more “luxurious”, B&Bs instead offer hospitality for a cheaper price offering of course less services than hotels. We can so notice that within the same industry there are businesses that offer different type of services and products performing anyway the same function so we can conclude that the threat stemming from producers of substitute goods is high

2. THREAT OF NEW ENTRANTS

New entrants to an industry bring new capacity, the desire to gain market share, and often substantial resources. Prices can be bid down or incumbents' costs inflated as a result, reducing profitability. The threat of entry into an industry depends on the barriers to entry that are present, coupled with the reaction from existing competitors that the entrant can expect..(cit. COMPETITIVE STRATEGY: Techniques for Analyzing Industries and Competitors by Michael E. Porter). Taking into consideration the wideness of this industry we should consider three different types of businesses in the hospitality industry; **1)** businesses that are characterized by high capital costs and a high proportion of fixed costs as the hotels and the resorts. These types of businesses see high capital requirements infact the building of an hotel requires an architect or an architectural firm, a knowledgeable contractor, a team of subcontractors, and a cooperative developer/owner to get the job done in a reasonable time frame. According to Hawkins Research, Inc., most hotel projects should use materials and techniques that fall under the "Best" classifications to keep wear and tear or replacement costs low. Such a building would run at an average of \$22.2 million to complete. This does not include acquisition of the land or any demolition costs, however. The optimum size for a hotel in metropolitan cities is around 500 rooms and so even the supply of suitable location for the hotel is limited. The barrier to entry is very strong even because of the limited supply of suitable locations and so the threat of new entrants is low. **2)** businesses that are characterized by medium capital costs and a medium proportion of fixed costs as the motels and hostels. If we take into consideration one of the most known Motels in the United States, “Motel 6”, we can understand what are the opening cost for a Motel. The initial investment is between two and three millions of dollars plus a royalty fee of 4%. The opening costs are not so low but anyway are much lower than the ones of an average hotel (3 millions against 22.2 millions). For these reasons the barrier to entry is not very strong and so the threat of new entrants is of medium strength. **3)** businesses that are characterized by low capital costs and low

proportion of fixed costs as the b&b and the serviced apartments. Taking into consideration the case of B&Bs we can notice that the opening costs for such a business are extremely low; the operating license for example in Italy costs approximately 1100€ and the establishment is usually a residential house and for this reason the supply of these type of establishments is almost unlimited. For these reasons the barrier to entry is weak and so the threat of new entrants is high

3. BARGAINING POWER OF BUYERS

Buyers compete with the industry by forcing down prices, bargaining for higher quality or more services, and playing competitors against each other, all at the expense of industry profitability. (cit. COMPETITIVE STRATEGY: Techniques for Analyzing Industries and Competitors by Michael E. Porter). Taking into account that the greater part of the customers accommodation industry are not companies that may bargain on the price of the room due to the high number of customer they may take to the accommodation business, but is mainly composed by individuals the bargaining power of buyers is low.

4. BARGAINING POWER OF SUPPLIERS

Suppliers can exert bargaining power over participants in an industry by threatening to raise prices or reduce the quality of purchased goods and services. Powerful suppliers can thereby squeeze profitability out of an industry unable to recover cost increases in its own prices. (cit. COMPETITIVE STRATEGY: Techniques for Analyzing Industries and Competitors by Michael E. Porter). The key suppliers for the accommodation industry are labour and real estate. For hotels, suppliers have usually low bargaining powers since the most of them are little businesses that have not the strength to bargain contracts with big businesses as the hotels. For smaller businesses as the hostels motels and B&B real estates agencies may have a little more power of bargaining but due to the high availability of real estates the bargaining power of suppliers is moderate. High skilled labourers with a greater bargaining power may be required for hotels but not for the "low-cost" accommodation businesses. The overall bargaining power of suppliers is for this reason low on average.

5. RIVALRY AMONG EXISTING COMPETITORS

Rivalry among existing competitors takes the familiar form of jockeying for position using tactics like price competition, advertising battles, product introductions, and increased customer service or warranties. Rivalry occurs because one or more competitors either feels the pressure or sees the opportunity to improve position. In most industries, competitive moves by one firm have noticeable effects on its competitors and thus may incite retaliation or efforts to counter the move; that is, firms are mutually dependent (Porter 1981) The competition in the accomodation industry is very high and because tourism is strictly increasing making the demand for accomodations higher and higher and because low cost accomodation businesses are becoming more and more required. With an annual growth of almost 4.5% this industry sees a high competition and while for hotels there are some companies that hold a huge part of the market share as hilton hotels, marriot international, intercontinental hotels, for B&B and motels the market share is highly fragmented.

CHAPTER 3: ANALYSIS OF B&B AND BUSINESS PLANNING

1. DESCRIPTION OF THE BUSINESS

In this chapter it will be done a business plan for the opening of a new bed and breakfast. The main idea is to open a new bed and breakfast with the aim of providing and hospitality services and services useful to the tourist/traveller/worker in order to optimize his/her journey in Rome. The infrastructure used to provide these services is a family house located in "infernetto" (a residential district near the sea and at only half an hour from the center of Rome). The house took into consideration is big 150 squared meters, subdivided in three levels with a total of three bedrooms. These three bedrooms are all double rooms and are located as follows: one double room (standard room N1) with a bathroom is located in the first floor, the remaining two (superior room N1, superior room N2) are located in the second floor and all of them have got a private bathroom. Each day the rooms and the bathrooms will be cleaned and hygienized. The partners of the business are Andrea Vitale and Anastasia Pirchio and will provide a sum equivalent to twenty thousand euros each in order to sustain the initial costs. Granting a familiar ambience for workers and tourists that look for a quiet holiday far away from the daily stress, the two partners believe that this business could give them an extra income and the possibility to be involved in a new and important business experience. We can reasonably say that, in order to be successful, we need to be able to operate in this area with a sense of welcome and hospitality, combined with a natural inclination to relate with people. In particular we want to build a structure of "bed & Breakfast" different from the structures of Guesthouses that are defined by law as "structures composed of no more than six rooms, located in no more than two furnished apartments in the same building, where they provide accommodation and possibly complementary services". The bed and Breakfast is not only a system with accommodation rates more contained than the structures mentioned above, but constitutes a true alternative formula, in a context that is based on the hospitality, the exchange of experience and dialogue between host and guest. The modern bed and breakfast operator, must have a philosophy and an involvement other than those of the suppliers of a room to sleep: he should welcome guests at their arrival, provide general information upon the territory, in particular upon tourism and upon what may positively affect the guest; he should be available for any need and sometimes should share with the guest interests and hobbies. The availability and concern in respect of the customers are bound to discretion and to respect that the owner of the "Bed and Breakfast" should give for the customer's freedom. The Bed & Breakfast, therefore, allows travelers to experience not only a place of tourism, but enables the guest to deepen its experience thanks to direct contact with local customs and traditions.

2. DESCRIPTION OF THE PRODUCT AND SERVICES OFFERED

The “Bed and Breakfast” will offer the following services: independent heating, air conditioning service, telephone, television with decoder, free wifi service, free private parking service, the bathrooms will be provided of hair dryer, shower gel and soaps, free luggage deposit, acceptance of pets with no additional cost. Other ancillary services will be offered: transfers from and to airports and train stations, possibility of buying tickets for Musei Vaticani and Teatro di Ostia Antica directly in the Bed and Breakfast, conventions with transports hiring businesses, bicycle hiring service, conventions with restaurants and bars nearby the establishment, knowledge of different languages to help and entertain the guest.

The two partners intend to evaluate this project in a four year time frame. The business will be created in January 2017 and in that same month will be done renovation works and will be provided the furnitures for each room. It will be created an internet site in which the B&B will be presented and in which guests may find informations over it. Andrea Vitale and Anastasia Pirchio will also present the request of funding referred to a regional funding announcement. In the months that will follow the activity will be booting

	2017	2018	2019	2020
ACTIVITY BOOTING	Business constitution, riderships, license			
ESTABLISHMENT RENOVATION	Renovation works and furnitures			Maintenance works
ADVERTISING ACTIVITIES	Creation of internet site, advertising on medias	Advertising	Advertising	Advertising
B&B ACTIVITIES	Breakfast services, cleaning services	Breakfast services, cleaning services	Breakfast services, cleaning services	Breakfast services, cleaning services
CAR HIRING SERVICE	To: Fiumicino airport, Ostia, Ciampino	To: Fiumicino airport, Ostia, Ciampino	To: Fiumicino airport, Ostia, Ciampino	To: Fiumicino airport, Ostia, Ciampino
REGIONAL FUNDING ANNOUNCEMENT	Request for funding presentation	Funding granted		

3. SECTOR ANALYSIS:

In order to evaluate the competitive position of the Bed and Breakfast we are going to use the porter's five forces of competition model. We are going to analyze our

• **EXISTING DIRECT COMPETITORS:** Bed and Breakfast, Guesthouse, Hostels, Microhotels

Alma resort B&B	Bed and breakfast	Via alessio olivieri	100
Villa axa	Bed and breakfast	Via ermesianatte	70
B&B villa greta	Bed and breakfast	Via nanno	53
Country House la gaura	microhotel	Viale gorgia di leontini	106
We in rome	Bed and breakfast	Via saffo	50
La villa di babbo		Via merano	60
Villa smeraldo roma	affittacamere	Via ernesto boezi	59
B&B notte romantiche	Bed and breakfast	Via attilio momigliano	66
B&B ai tre pini	Bed and breakfast	Via lauregno	80

Now we will analyze the main products and services offered by each one of these competitors,

Alma resort bed and breakfast:

- WiFi service
- parking free
- catering and barbecue

- rental cars
- paid shuttle service
- Shuttle surcharge
- areas (garden, Sun terrace, common room, shared kitchen)
- cleaning service
- Pets accepted



Villa axa:

- WiFi service
- parking free
- Shuttle transportation
- areas (garden, shared kitchen, common lounge tv area)

B&B Villa Greta:

- WiFi service
- paid shuttle service
- free parking
- Welcome Service luggage
- areas (garden and communal lounge tv area)



Country House La Gaura:

- WiFi service
- free parking
- seasonal outdoor pool
- catering services (restaurant, room service)
- bicycle hire
- shuttle service not free
- Welcome and luggage deposit
- areas (garden, terrace, library, common room, tv area)
- housekeeping



We in Rome:

- WiFi service
- free parking

- shuttle service not free
- luggage deposit
- areas (garden, common room, tv area)
- baby sitting service

La villa di babbo:

- internet connection unavailable
- free parking
- shuttle service not free
- reception services (check in/check out)
- luggage deposit
- daily cleaning service



Villa smeraldo Roma:

- WiFi service
- free parking
- areas (garden)

B&B notte romantiche:

- WiFi service
- parking not available
- catering services
- shuttle service not free
- luggage deposit

B&B ai tre pini:

- WiFi service
- free parking
- seasonal outdoor pool
- bikes available (free)
- luggage deposit
- areas (garden)

- daily housekeeping service

We can notice that the average price of our competitors is 71,40 euros. Our intention is to provide an average price of 62 euros for the first two years of activity and 66 euros for the following years.

Taking into consideration the main services that our B&B offers which are:

- WiFi service
- free parking
- shuttle service not free
- welcome and luggage deposit service
- daily housekeeping service
- areas (garden, breakfast room)
- bicycle, car, motorcycle hiring service
- conventions with museums
- acceptance of pets

We notice that we offer the same services of our direct competitors at a lower price. We use a cost advantage strategy. Our establishment is able to offer the same services of the other B&B but it focuses above all on the acceptance of pets and on the bicycle hiring service; these two services are offered only by three of our competitors and no one has both of them. The selling of tickets for cultural events and fairs is a service that differentiates our B&B since our competitors do not offer this product. In addition, as already mentioned, the price we set is 13% lower compared to the one of our competitors and so we can achieve even a price advantage. We are so in the case in which we can achieve both a cost leadership and a differentiation leadership. This is opposed to the idea of Porter that considers cost leadership and differentiation leadership strategies that are mutually exclusive. In fact, it has been shown that a cost benefit does not necessarily imply that the product or service is not differentiated (example: Ikea); the two strategies can accord

- **SUBSTITUTE PRODUCTS:** we are now going to analyse those businesses that offer a service other than ours but that satisfy the same need. In this case the businesses we are talking about are the one of the hotels.

Name	Street	Average price
Best Western i triangoli (4 stelle)	Via Ermanno Wolf Ferrari	72
Aris garden hotel (4 stelle)	Via aristofane	67
Hotel giulietta e romeo	Via eraclito di efeso	84

Usually B&Bs have a cost advantage on hotels, and this phenomena is respected in our case. On the other hand Hotels try to get a differentiation leadership using bigger and more complete infrastructures. Anyway the idea that Hotels offer more and better services in respect to B&Bs is not always true. In our case the Hotels took under investigation have got just two service more than our B&B which are the swimming pool service and a reception opened 24/24. For what regards more functional services anyway Hotels are not always so good furnished: breakfast is not always provided for example and the swimming pools are accessible only in specific periods of the year.

- **BUYERS ANALYSIS:** we are now going to analyse the type of customer our B&B refers to and even their bargaining power. Our B&B is targeting young people, couples, singles but also families, which require a service that is as close as possible to the hotel business but at the same time that departs from hotels for the economic aspect, the welcome and friendly relationship with the managers. This B&B in addition to hosting tourists and vacationers will be interested also to those customers who are in a work travel and look for a place cozy and not too expensive to stay overnight. We hope in fact to enter into agreements with companies that will also extend our car hiring service. In our case the customers are not big companies that may have a huge bargaining power. Anyway since we represent a B&B of not huge dimensions, our income depends upon few customers and so it is fundamental that our strategy focuses on their satisfaction
- **THREAT OF NEW ENTRANTS:** as the B&B is an always more emergent phenomenon and since in the last period (IV trimester of 2015) arrivals in Italy for tourism are increased by 2.9% (<http://www.istat.it/it/archivio/184322>), it is likely that the number of B&B in and nearby Infernetto district will increase. Since in our strategy, as we will see later on, advertisement (through internet above all) we may protect our business from new entrants becoming a well-known B&B.

• **SUPPLIERS ANALYSIS:** in our case there are no fixed suppliers of goods but we may consider as supplier the internet site through which we will get advertised which is www.booking.com ;since it is one of the most important internet sites that offer this type of service it has a high bargaining power and we have to respect its rules which are:

- no registration costs
- no fixed costs
- 15/17% of the room price for each reservation

KEY SUCCESS FACTORS

Accommodation in a ' bed and breakfast ' is becoming an increasingly used holiday solution: the flexibility offered by this type of accommodation allows an optimal use of time, not bound by established rules such as schedules, events, etc, plus a good cost saving compared to a hotel holiday. The guests decide day by day how to set their holiday, finding every day new ideas and activities to which turn to their interest. One of the strengths of the Bed and Breakfast is undoubtedly the familiarity that develops with the owners, always glad to advise their customers about the most interesting places to visit, restaurants, major historical areas, museums. We aim to create a welcoming environment where people carry out a function of our professionalism, and also make use of a wide range of services such as: breakfast, transport, excursions, conventions etc. always in a clean and comfortable environment where they can feel at home. In particular, the manager of the B&B will provide private bathrooms equipped with all the basic services and products.

Here are some elements to support this hypothesis of business:

- the number of tourist arrivals in Italy linked to these forms of residence are in growth in recent years;
- the attraction that this form of hospitality practices in the imagination of most tourists;
- the credibility acquired by the B&B formula, especially among foreign tourists, by virtue of tales of travel experiences at these establishments out of the most popular sites and social networks. In summary, one can describe the activity of bed and breakfast as a simple core business of overnight which binds various ancillary services, able to provide the real added value of the guesthouses formula.

In particular the services offered to ensure an unforgettable journey to our customers, that will also be useful to enable them to make the most of their days (given the vastness from the point of view of landscape, history, culture, and other activities that the city of Rome offers) are:

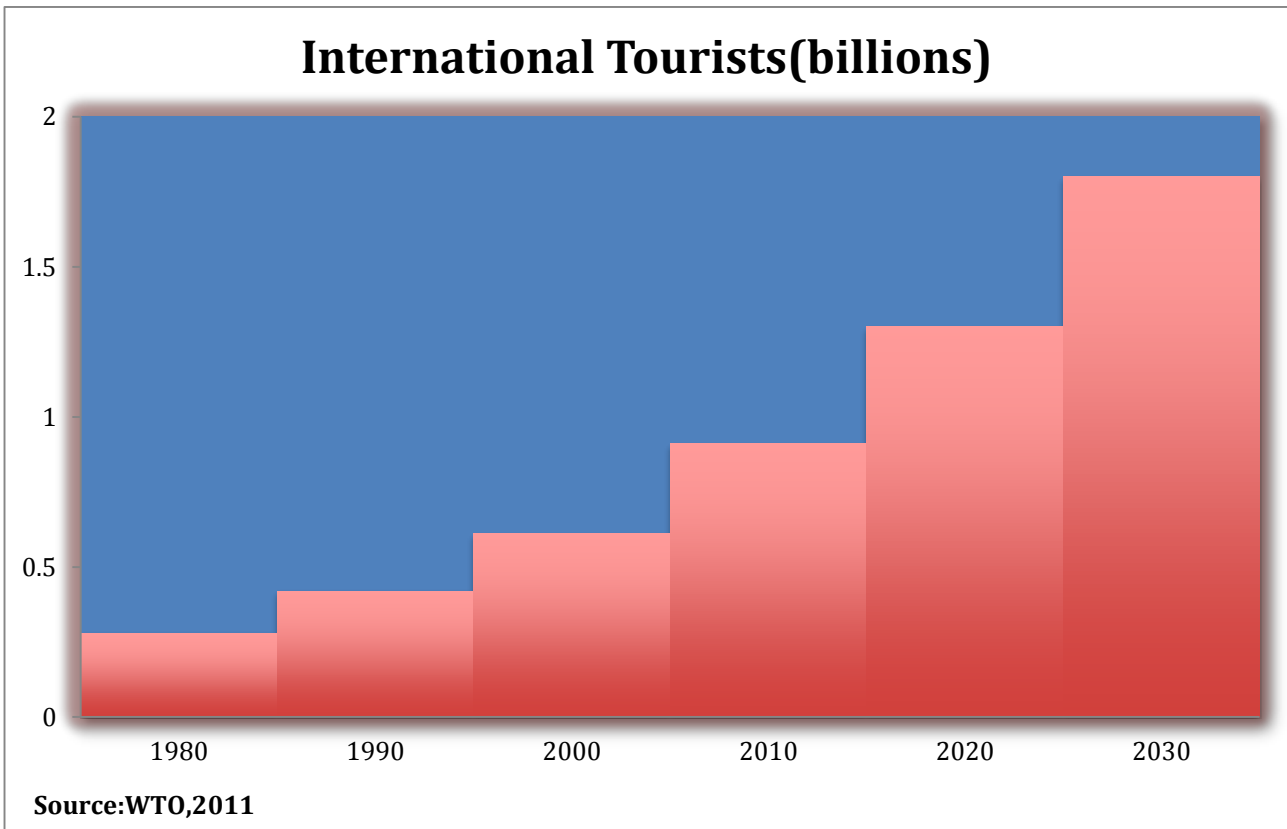
- the transfers, which is a service to and from: airports, train stations of Rome, Ostia (sea, porto and ostia antica) and Rome. We guarantee maximum availability for this type of transport, having entrusted to a specialised company this task;
- museums and theatres: chance of purchasing tickets including Vatican museums, theater of Ostia Antica directly at our Office. In this way the customer can evaluate where to go and buy a ticket for the show he wants directly in our office.
- excursions: excursions in the city and nearby, in this way, customers can take advantage of our knowledge about the territory, finding part of the holiday "organized"
- Transportation: Convention with car rental and scooter, a perfect solution for those who prefer to move in total independence. (Remember that we are equipped with private parking space)
- bikes: possibility to rent bikes on site for the duration of your stay, ideal for lovers of cycling. You can easily reach the coastal area approximately 5 km, with the option to switch to the pineta di Castel Fusano
- catering: Convention with restaurants, bars and clubs
- time Flexibility
- language Knowledge to help our customers

Other strengths are definitely the place where we will carry out the task which, as mentioned, is located in a strategic location, between the international airport of Rome Fiumicino "Leonardo Da Vinci", the archaeological area of Ostia Antica, the business centre of the EUR district and the city centre of Rome. Another important aspect is surely the green zone in which it is immersed, residential district, typically characterized by the complete and harmonious integration between its architecture and the natural environment. Rich in parks, far from pollution and is definitely a place where you can breathe clean air. The Green, which characterizes this area, is a fundamental element of ecological and environmental presence, which contributes substantially to mitigate the effects of degradation and the impacts produced by the presence of buildings and by human activities. The presence of green also helps to regulate the effects of the local microclimate thus adjusting thermal spikes. Another strength is giving the right importance to breakfast time focusing on the fact that the Manager can interact with the host being pleasant and helpful, offering an extensive and varied breakfast with fresh produce genuine and typical of the local area. In addition to these "extra-services", we should not forget that we are located in the beautiful city of Rome, rich in artistic treasures, museums, culture, entertainment and everything else being one of the most popular destinations sought by tourists from all over the world, and it is a big advantage.

DEVELOPMENTS AND CHANGES THAT DRIVE THE INDUSTRY

Taking into consideration Rome and Ostia tourist market well-known for the artistic, cultural and archaeological sites, as well as for museums, entertainment, nightlife and more. This is definitely one of the most popular destinations of the entire world scenario. Over the past decade one of the economic sectors that had the greatest growth globally is precisely that of tourism. In fact, the expense of tourists travelling abroad has doubled and is expected to increase over the next decade by a further 50%. In 2011, more than a billion people has made a trip abroad for tourism. International tourism is going through a decided, consistent and long-term growth period. This evidence is in place since 1980 and is expected to growth for the next two decades. From 280 million passengers of 1980 we moved to 900 of 2010, and for 2030 is expected that passengers will double, reaching 1.8 billion annually (World Tourism Organization, 2011). This implies an average growth rate in fifty years (1980 – 2030) of 4% per annum.

[OBJ]



The tourism sector, as said is still growing especially now that countries like China, Russia, Brazil, Africa, India that long ago were poor countries now provide the largest number of tourists visiting our capital. This also allows that the B&B are on the rise because the demand of tourists far exceeds the offer that existing structures can give. Istat data show that 22.3 million arrivals were recorded in B&Bs that is a big increase compared to the previous year (+5.1%) and 122.8 million (+0.7%) resulting in a reduction of the average stay 5.51 nights, -0.24%. This comforts us even on the business risk that we run which is practically null because there is great need for these new, affordable accommodations.

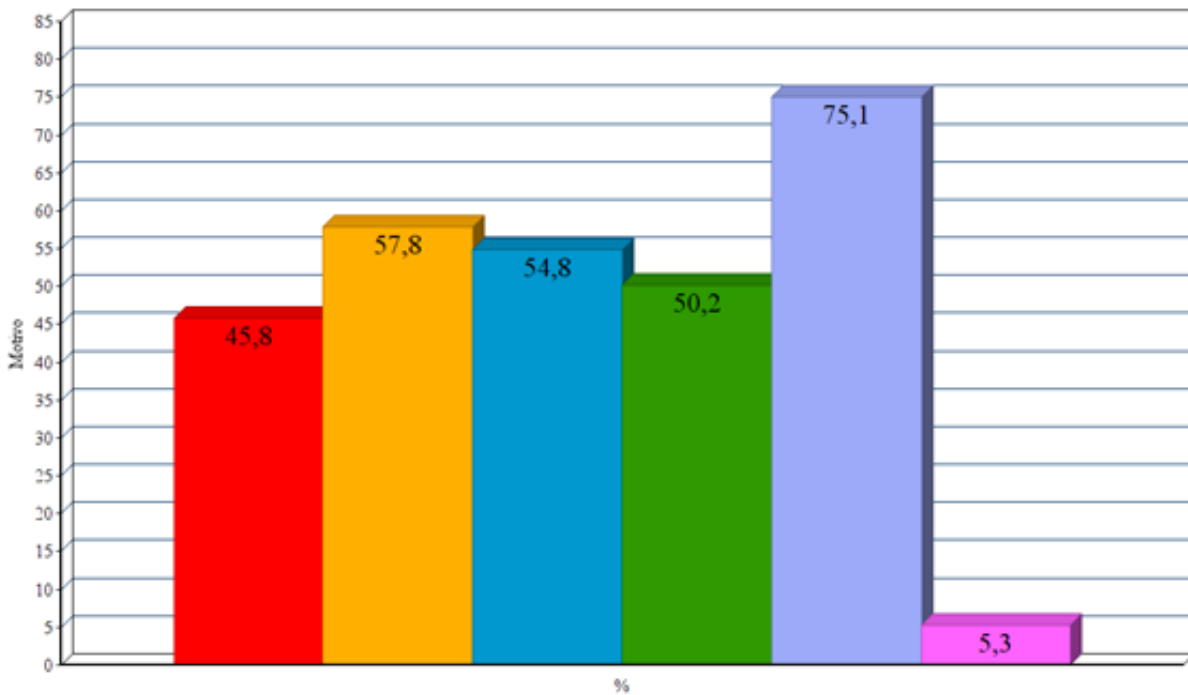
4. STRATEGIES AND POSITIONING

The number of bed and breakfast has been steadily growing in Italy. In particular, a recent report prepared by the site www.bed-and-breakfast.it shows a popularity ranking on what best meets the needs and desires of customers who use this service. In particular were involved 2,500 bed and breakfast. The "hospitality", with 74.00%, has been confirmed as the characteristic that garnered more votes. Hospitality is becoming increasingly one of the basic requirements of a formula of family accommodation: to the pleasure of the discovery of a territory is added the knowledge of the host the may give advice to the guests.

We notice a tie between the appreciation expressed for the type of accommodation and the value for money (60%). Following, the guests appreciate the location of bed and breakfast (53%) and breakfast who earned 49 percent of preference

Cosa gradiscono maggiormente gli ospiti?

■ La colazione ■ L'alloggio ■ Il prezzo ■ La collocazione
■ L'Accoglienza ■ Altro



<http://www.bed-and-breakfast.it/it/speciale/gli-ospiti-dei-bb-italiani-2016>

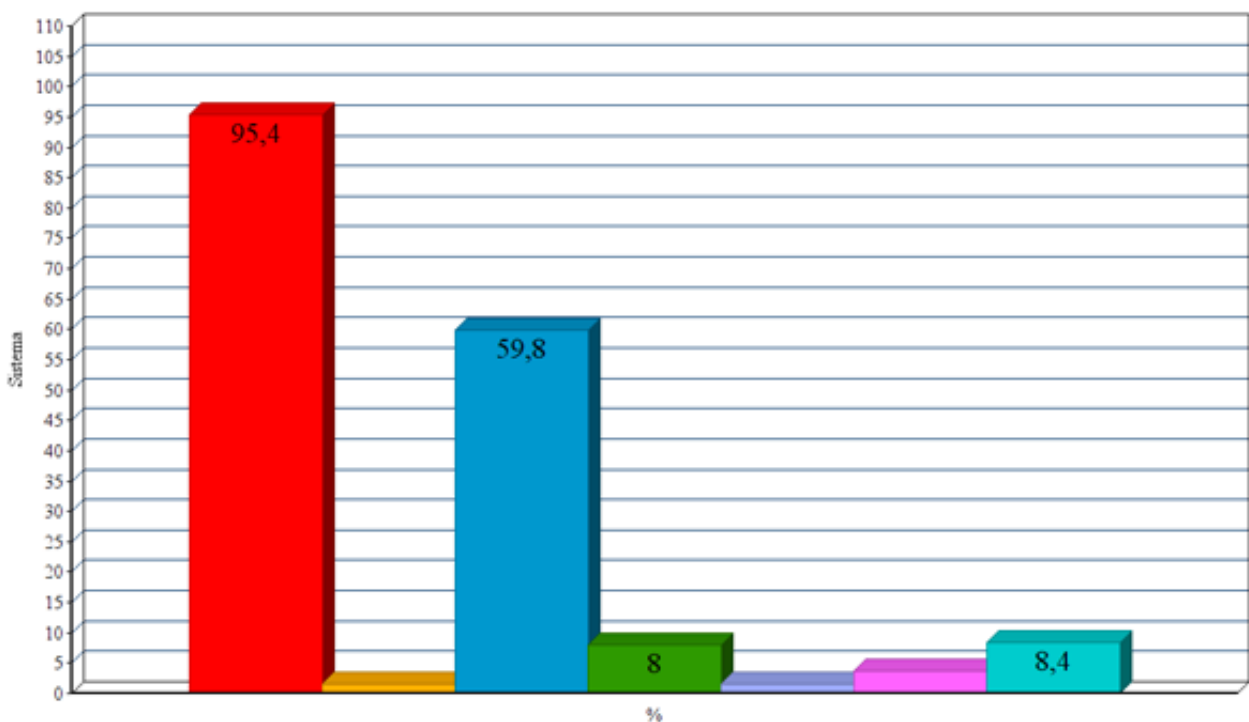
For this reason we decided to base our strategy on building a family dimension, which although characterized by an excellent quality in furniture, cleaning, and services offered, provides very competitive prices. Aware of the extent of the market to which we show our idea, and conscious of the cultural reality in which we live, we chose to create and maintain a website to publicize, promote and propose the best of our service, and to facilitate especially tourists in the phases preceding his journey; that is in the initial phase of research of the place that meets your needs, and in the phase immediately following that foresees the reservation, that can run in a few easy steps online (While keeping the classical telephone reservation service obviously active). We are convinced that the investment on the web is essential to reach our audience, because today the internet is the showcase for the achievement of the objectives of communication.

We also believe that the potential of the latter, may be important in the stage next to the

journey in our hotel, through the so called “word of mouth”. This, is obviously intended in the broadest sense and bound to the use of social platforms, the presence on blogs and forums of reviews and travel. This could give the structure a chance to star in a vast virtual marketplace, full of tips and advice for the traveler. To encourage word of mouth and transmit a positive feedback to the traveler who stayed at our B&B and who then advertised it, we decided to plook for the customer loyalty, considering to implement discounts and reductions in his subsequent journeys in our B&B.

Miglior sistema per promuovere un B&B

■ Internet ■ Pubblicità su riviste ■ Passaparola ■ Associazioni di categoria
■ Guide ■ Depliant e Brochure ■ Altro



<http://www.bed-and-breakfast.it/it/speciale/comunicazione-e-marketing-2016>

We also chose to give voice to our “green” vocation providing the structure and especially by guiding our clients through the respect of small steps that however guarantee respect for the environment. In particular we'll do waste collection and use low-energy light bulbs, organic products and biodegradable detergents

As mentioned above the breakfast in bed and breakfast got in recent years a greater

importance in the selection of “best” B&B for the average traveler. We elected to serve genuine and typical products of our culture, keeping both the presence of fresh products, and of packaged products to accommodate the needs of the wider customer base, and respecting all sanitation requirements needed to provide this service. Furthermore, given the growing number of intolerance developed, we are certain of being able to take into account the special needs of these guests. Our strategy is aimed at creating wealth in territorial terms, namely trying to reassess a zone and an unused home.

We want to propose and recommend restaurants, shops, car rentals, spas and other activities, either by distributing information material, or by advising our tourists in first person.

ESTIMATED SALES POTENTIAL

We believe that the most important aspects that lead a customer to choose a given structure are different and can be summarized as follows:

- Position
- Referral
- value
- Bed and breakfast services
- attention received according to special requests
- Cleaning
- expectations met

We think, therefore, that in the first year of life of the structure, at least initially, we will focus on a very good presentation of the structure and of our service in the market; we are going to join a vast market where some competitors have industry leadership

For this we estimate a lower room occupancy than we expect for the next years, maintaining a reasonable cost. This is obviously due to a lack of knowledge of the structure in the industry. In the second year, we expect an increase in sales, due to the greater knowledge of the structure and due to the effectiveness of advertising, and we plan to keep the prices of the first year. In this way, we are sure to expand our audience, and improve our service. For this reason we estimate to increase the price of the rooms in the years after the second, in fact we think that the property will reach a good fame, and keep the same quality of services, and therefore we believe that our loyal customers and

new ones, will be willing to pay a small fee to the service offered. For the first year members will not perceive any compensation or remuneration as they are starting a new business with investments and performance of work. It is expected from the second year a remuneration for the members. We suppose in addition to remunerate expert personnel in the field, for training and education about the Organization and everything related to the main activities for bed & breakfast, being the two members new in the field. We have shown this cost under "external human resources costs»

COMPETITIVE ADVANTAGE

We are certain to exploit the competitive advantage created, as it will be durable and non-perishable resource-based. So it is based on resources and expertise wired in the enterprise in which they were born, and so they are not transferable or repeatable. This limitation protects our skills from imitations.

5. STRUCTURE AND MANAGEMENT

For the management of this business the intent of Andrea Vitale and Anastasia Pirchio is to create a Limited Liability Company where Andrea Vitale and Anastasia Pirchio will be co-owners with a 50% share each.

For what concerns the management of the business, for which the remuneration of each member will begin only after the first year of the business boot, Andrea Vitale will deal with the administration and organization of the bed and breakfast. He will also manage the promotion and communication aspects. Anastasia Pirchio will deal with the cleaning and cooking service. She will also be responsible for the welcome and the reservations.

The two co-owners will provide 20,000 euros each as share capital in order to face the first costs and investments.

6. COSTS QUANTIFICATION

HUMAN RESOURCES COSTS

DESCRIPTION	2017	2018	2019	2020
EXTERNAL CONSULTING (TUTORING)	€5,500.00	€0	€0	€0
MEMBERS REMUNERATION	€0	€16,000.00	€20,000.00	€24,000.00

OPERATING LICENSE

DESCRIPTION	2017	2018	2019	2020
LEGAL FEES OF THE ESTABLISHMENT	€3,500.00	€0	€0	€0
RENOVATION WORKS	€39,000.00	€0	€0	€0

STARTUP COSTS

DESCRIPTION	TECHNICAL FEATURES	ESTIMATED EXPENDITURE
B&B LICENSE	The license is released by the major of the municipality in wich the B&B is located	€1,100.00

INVESTMENTS ON FURNISHMENTS

DESCRIPTION	TECHNICAL FEATURES	ESTIMATED EXPENDITURE
N.3 MINI-BAR	Five mini-bar will be bought and put in each room in order to let the guest eat or drink something at any moment without leaving the room	€600.00
N.3 SAFETY DEPOSIT BOXES	Each room will be provided of a safety deposit box	€750.00
BATHROOMS FURNISHMENTS	A cabinet with drawer and a towel hanging conveyor will be put in each room	€4,000.00
ROOM FURNISHMENTS	The rooms will be furnished of cabinet drawers and garment drawers	€7,000.00
KITCHEN FURNISHMENTS	All the items useful to make up a kitchen will be bought(sink,oven,monoblock,exctractor,hob)	€4,000.00
N.3 TV	There will be installed in each room a television with a decoder	€1,500.00

INVESTMENT ON MACHINERY AND EQUIPMENT

DESCRIPTION	TECHNICAL FEATURES	ESTIMATED EXPENDITURE
POS	Machinery useful to accept payments through credit/debit card	€110.00
N.3 AIR CONDITIONING	Air conditioning will be put in each room	€3.300.00
COMPUTER,HUB,WiFi ROUTER	3 Sony computers and a tp-link router	€1,300.00
FRIDGE, WASHING MACHINE, DISHWASHER		€3,600.00
KITCHEN FURNISHMENTS	Coffee machine, micro-wave ,electric slicer,dishes	€1,500.00
N.10 BICYCLES	Ten bicycles will be bought to guaranteed one of the ancillary services offered by our B&B	€1,000.00

MANAGEMENT COSTS

DESCRIPTION	2017(starting from may)	2018	2019	2020
Administrative expenses	€2,500.00	€2,500.00	€2,500.00	€2,500.00
Commerce chamber	€100.00	€100.00	€100.00	€100.00
Rental fee	€0	€0	€0	€0
Property conveyancing fees	€5,000.00	€6,450.00	€6,450.00	€6,450.00
Logo, internet domain, e-mail	€1,000.00	€1,000.00	€1,000.00	€1,000.00
Advertising expenses	€2,000.00	€2,000.00	€2,000.00	€2,000.00
Web site	€3,000.00	€3,000.00	€3,000.00	€3,000.00
Chancellery	€500,00	€645.00	€645.00	€645.00
Legal expenses	€1,000.00	€0	€0	€0
Expenses on consumables	€3,000.00	€3,870.00	€4,200.00	€5,000.00
Pay TV and internet	€500.00	€500.00	€500.00	€500.00

7. ESTIMATED REVENUES

REVENUES	2017 starting from may)		
	DAYS OF ROOM OCCUPATION PER YEAR	PRICE PER UNIT	REVENUE
ROOMS			
STANDARD ROOM N.1	90	€50.00	€4,500.00
SUPERIOR ROOM N.1	150	€70.00	€10,500.00
SUPERIOR ROOM N.2	150	€70.00	€10,500.00
TRANSPORTS			
Percentage (10%) on a service offered by an external company		€170.00	
TOTAL REVENUE			<u>€25,670.00</u>

REVENUES	2018		
	DAYS OF ROOM OCCUPATION PER YEAR	PRICE PER UNIT	REVENUE
ROOMS			
STANDARD ROOM N.1	150	€50.00	€7,500.00
SUPERIOR ROOM N.1	200	€70.00	€14,000.00
SUPERIOR ROOM N.2	200	€70.00	€14,000.00
TRANSPORTS			
Percentage (10%) on a service offered by an external company		€500.00	
TOTAL REVENUE			<u>€40,000.00</u>

REVENUES	2019		
	DAYS OF ROOM OCCUPATION PER YEAR	PRICE PER UNIT	REVENUE
ROOMS			
STANDARD ROOM N.1	100	€55.00	€5,500.00
SUPERIOR ROOM N.1	260	€75.00	€19,500.00
SUPERIOR ROOM N.2	260	€75.00	€19,500.00
TRANSPORTS			
Percentage (10%) on a service offered by an external company		€1,000.00	
TOTAL REVENUE			<u>€45,500.00</u>

REVENUES	2020		
	DAYS OF ROOM OCCUPATION PER YEAR	PRICE PER UNIT	REVENUE
ROOMS			
STANDARD ROOM N.1	150	€55.00	€8,250.00
SUPERIOR ROOM N.1	288	€75.00	€21,600.00
SUPERIOR ROOM N.2	288	€75.00	€21,600.00
TRANSPORTS			
Percentage (10%) on a service offered by an external company		€2,000.00	
TOTAL REVENUE			<u>€53,450.00</u>

8. REGIONAL FUNDING ANNOUNCEMENT

In order to start the business the €40,000.00 of share capital invested by Andrea Vitale and Anastasia Pirchio are not enough since in the first year of exercise the net income will be negative for more than €50,000.00. For this reason we have decided to exploit a “non-repayable funding” offered by region Lazio for the youth entrepreneurship. For this reason we are intended to participate at the next public announcements for the entrepreneurship creation that for this type of activity, the B&B, provide on average a contribution of €25,000.00 per individual up to a maximum of three individuals. We will be able so to acquire €50,000.00

9. PROVISIONAL INCOME AND CASH FLOW STATEMENTS

If we consider the first year of exercise we should take into account that the two owners of the business are going to face different expenses, some of which should not be taken into consideration in the income statement as for example the renovation works. These type of expenses will be considered in the cash flow statement. We can notice in fact that in the first year even though the net income of the business is expected to be positive the cash balance will be negative. In the following year instead we expect to have a positive result and in the income statement and in the cash flow statement.

In the next pages we are going to see the provisional income and cash flow statements.

The cost in the first year of all the tangible and intangible assets is:

legal fees of the establishment, renovation works, external auditing(tutoring),b&b license,n.3 mini-bar,n.3 safety deposit boxes,bathrooms furnshments, room furnishings,kitchen furnishings,n.3 tv,pos,n.3 air conditioning,computer,hub,wifi router,fridge, washing machine, dishwasher,kitchen furnishings,n.10 bicycles. The total cost of these assets is €77,650.00

PREVISIONAL INCOME STATEMENT
(2017)

COSTS		REVENUES	
Administrative expenses	€2,500.00	OPERATING REVENUES	€25,670.00
Commerce chamber	€100.00		
Rental fee	€0		
Property conveyancing fees	€5,000.00		
Logo, internet domain, e-mail	€1,000.00		
Advertising expenses	€2,000.00		
Web site	€3,000.00		
Chancellery	€500,00		
Legal expenses	€1,000.00		
Expenses on consumables	€3,000.00		
Pay TV and internet	€500.00		
TOTAL COSTS	€18,600.00	TOTAL REVENUES	€25,670.00
<u>EXERCISE NET INCOME=€7,070.00</u>			

PREVISIONAL CASH FLOW STATEMENT
(2017)

<u>CASH FLOW FROM OPERATING ACTIVITIES</u>	€7,070.00
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>	€0
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>	
Outflow for investments in assets	(€77,650.00)
Inflow from regional funding and share capital	€90,000.00
<u>CASH BALANCE AT 31/12/2017</u>	<u>€19,420.00</u>

PREVISIONAL INCOME STATEMENT
(2018)

COSTS		REVENUES	
Administrative expenses	€2,500.00	OPERATING REVENUES	€40,000.00
Commerce chamber	€100.00		
Rental fee	€0		
Property conveyancing fees	€6,450.00		
Logo, internet domain, e-mail	€1,000.00		
Advertising expenses	€2,000.00		
Web site	€3,000.00		
Chancellery	€645.00		
Legal expenses	€0		
Expenses on consumables	€3,870.00		
Pay TV and internet	€500.00		
Members remuneration	€16,000.00		
TOTAL COSTS	€36,065.00	TOTAL REVENUES	€40,000.00
<u>EXERCISE NET INCOME=€3,935.00</u>			

PREVISIONAL CASH FLOW STATEMENT
(2018)

<u>CASH FLOW FROM OPERATING ACTIVITIES</u>	€3,935.00
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>	€0
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>	
Outflow for investments in assets	€0
Inflow from Share capital	€19,420.00
<u>CASH BALANCE AT 31/12/2018</u>	<u>€23,355.00</u>

PREVISIONAL INCOME STATEMENT
(2019)

COSTS		REVENUES	
Administrative expenses	€2,500.00	OPERATING REVENUES	€45,500.00
Commerce chamber	€100.00		
Rental fee	€0		
Property conveyancing fees	€6,450.00		
Logo, internet domain, e-mail	€1,000.00		
Advertising expenses	€2,000.00		
Web site	€3,000.00		
Chancellery	€645.00		
Legal expenses	€0		
Expenses on consumables	€4,200.00		
Pay TV and internet	€500.00		
Members remuneration	€20,000.00		
TOTAL COSTS	€40,395.00	TOTAL REVENUES	€45,500.00
<u>EXERCISE NET INCOME=€5,105.00</u>			

PREVISIONAL CASH FLOW STATEMENT
(2019)

<u>CASH FLOW FROM OPERATING ACTIVITIES</u>	€5,105.00
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>	€0
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>	
Outflow for investments in assets	€0
Inflow from Share capital	€23,355.00
<u>CASH BALANCE AT 31/12/2019</u>	<u>€28,460.00</u>

PREVISIONAL INCOME STATEMENT
(2020)

COSTS		REVENUES	
Administrative expenses	€2,500.00	OPERATING REVENUES	€53,450.00
Commerce chamber	€100.00		
Rental fee	€0		
Property conveyancing fees	€6,450.00		
Logo, internet domain, e-mail	€1,000.00		
Advertising expenses	€2,000.00		
Web site	€3,000.00		
Chancellery	€645.00		
Legal expenses	€0		
Expenses on consumables	€5,000.00		
Pay TV and internet	€500.00		
Members remuneration	€20,000.00		
TOTAL COSTS	€41,195.00	TOTAL REVENUES	€53,450.00
<u>EXERCISE NET INCOME=€12,255.00</u>			

PREVISIONAL CASH FLOW STATEMENT
(2020)

<u>CASH FLOW FROM OPERATING ACTIVITIES</u>	€12,255.00
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>	€0
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>	
Outflow for investments in assets	€0
Inflow from Share capital	€28,460.00
<u>CASH BALANCE AT 31/12/2019</u>	<u>€40,715.00</u>

CONCLUSIONS

This work was aimed at demonstrating the importance of having and developing innovative business models in order to be efficient and profitable in a such huge industry as the one of the hospitality. In the chapter one we have seen in fact that a “customer centered with a service-oriented” business model could be a key success factor for a business entering the hospitality sector. Moreover in order to combine the theory with the practice it has been tried to implement this type of business model to the business plan made in chapter three. One of the main aim of this thesis was to explore in deep the hospitality industry and in order to do so it has been done a detailed analysis of the hospitality industry. As written in chapter two we can notice that the hospitality industry is composed by different type of businesses and the level of competitiveness differs in some cases from business to business. The Porter 5 forces of competition model revealed the fact that for businesses that are characterized by low capital and fixed costs (as B&B) the competitiveness is higher than in business characterized by high capital and fixed costs (as hotels). This model underlined anyway the high competitiveness that characterize this sector and for this reason to enter in this market is very important to have a solid and as innovative as possible business plan in order to differentiate the service offered. In the last chapter we can notice a deep focus in the practical side of the thesis. A very important aim of the thesis was to try to understand if and how is possible to enter in the hospitality sector without investing a huge capital and still differentiating and achieving a competitive advantage. The focus was done over the opening of a B&B since it is a business that may be started with a little-medium investment (in the sense of thousands and not millions). The use of a low-cost provider strategy is one of the main key success factors for the B&Bs and what it has been tried to do in the business plan in fact was to offer a qualitative service at the lowest cost possible. The analysis of the external environment made through a local Porter 5 forces model analysis allowed us to set low fares (especially with the analysis of our competitors) and provide services that not all of our competitors had. In the business plan it can be noticed the focus made on offering a service centered on the customer needs basing our strategy on the fact that the satisfaction of the customer is the main key success factor of a B&B together with a competitive price. Seen the services offered by this B&B and the low fare achieved (13% less than the one of our competitors) we can argue that we can achieve both a cost leadership and a differentiation leadership. This is opposed to the idea of Porter that considers cost leadership and differentiation leadership strategies that are

mutually exclusive. In fact, it has been shown that a cost benefit does not necessarily imply that the product or service is not differentiated (example: Ikea); the two strategies can accord. After the cost quantification, it has been decided to make provisional cash flow and income statements in order to evaluate the profitability of this "investment" and we have noticed that the business is potentially profitable, infact in four years the provisional cash flow statement show us a positive cash balance of more than 40'000 €(which equals the sum invested in 2016) without taking into account the personal remuneration which amount is 56'000 € that in 2020 is expected to be in Andrea Vitale and Anastasia Pirchio personal bank account. So taking into account the initial sum of 40'000€ invested by the two partners of the business the profits that this business could give amount to almost 28'000 €. Concluding it can be stated that opening a B&B using a strategy as the one described in the business plan could be a profitable investment

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