

ESHTE - Escola Superior De Hotelaria E Turismo Do Estoril

FLUL - Faculdade de Letras da Universidade de Lisboa

IGOT - Instituto de Geografia e Ordenamento do Território



Recruitment agency “Applause, s.r.o.” -

- searching Slovak animators for hotels in Algarve

(Business plan)

Alexandra Kundračiková/7820

Final project

Master degree of Tourism and Communication

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DECLARATION

Hereby I declare that this thesis is representing my own work and that it has not been previously included in a thesis, project or dissertation submitted to this University or to any other institution for a degree, diploma or other qualifications.

Thesis submitted to the University of Lisbon for the degree of Master of Tourism and Communication held under the professional supervision of Ph.D. Maria de Lurdes Santana Calisto.

Signed: _____
Alexandra Kundračiková

To the most precious person in my life, my dear Diogo, because he is sometimes my only support, but the greatest I can wish...because he listen me, help me, care for me, believe in me (sometimes even more than I do)...and he never let me give up!...Thank you for everything!

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Preparation of dissertation work requires a lot of time and patience. For a student who does not have a lot of experience in practice, it is a matter of developing evidence-based information that might be later practically applicable to cooperate with experts, researchers and practitioners who have high knowledge in areas that the project is aimed at.

Firstly, I would like to extend my gratitude to my supervisor, dear Ph.D. Maria de Lurdes Santana Calisto, who was very patient during our long-lasting meetings.

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I feel really blessed to have experience of this intellectual, mental and psychological journey, which was one of the hardest goals I have ever achieved. My special thanks go to everyone whom I met along the way and made my project more valuable.

Nothing gorgeous, nothing pretty and nothing noble have not been formed yet without some sacrifice. Wimp is who is too weak to make sacrifices. But noble soul is the one who even step on fire to make sacrifices, because every passed challenge is turned to its power. This is what makes a soul really strong.

(Ludovít Štúr, 1846, p. 13)¹

¹ Ludovít Štúr (1815 – 1856) - Slovak politician, liberal, nationalist, romantic writer, poet, journalist, publisher, author of the petition “Requirements of the Slovak Nation”, philosopher and important representative of struggle for Slovak autonomy.

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ABSTRACT

The main purpose of this thesis was to create a business plan for a recruitment agency in Slovakia looking for suitable animators for hotels in Algarve and providing educational and training courses for young people who are interested in work as a hotel animator.

To accomplish this task, it was necessary at first to analyze existing theories about related topics, such as hotel animation/entertainment and entrepreneurship in Slovakia based on the literature review. There was applied PESTLE analysis determining political, economical, social, technological, legal and environmental factors.

After this analysis, it proceeded to a study of the market in Algarve as place where animators will be posted. It was studied existing competition and potential customers through information collected in face-to-face interviews with animators, Algarve hotel managers and with managers of animation agencies operating in Algarve. This method was also applied on analysis of potential human resources and competitors in Slovakia. Then were collected some interviews with the manager of one Slovak animation agency and some former hotel animators from Slovakia.

It continued with Porter's six forces analysis and subsequently with the Business plan. In the first part of the Business plan was elaborated Business model consisted of nine building blocks. The following step was a Marketing plan starting by SWOT analysis, based on which it was determined company's strategy. Then there was defined the target and positioning that should be used. It continued to the marketing-mix that was delineated in terms of the previously studied service marketing four P's; product, price, placement and promotion. Afterwards, there was predetermined life cycle of the company, as well as the key success factors for the market. Additionally aspects such as name, vision, mission, logo and slogan were chosen.

Key words: Hotel Animation, Entertainment, Algarve, Slovakia, Recruitment agency, Business Plan

RESUMO

O principal objectivo desta tese foi criar um plano de negócios para uma agência de recrutamento na Eslováquia, procurando animadores adequados para hotéis no Algarve e oferecendo cursos de educação e formação para jovens que estejam interessados em trabalhar como animador em hotéis. Para realizar essa tarefa, foi necessário em primeiro lugar analisar as teorias existentes sobre temas relacionados, como animação nos hotéis / entretenimento e empreendedorismo na Eslováquia com base numa revisão literária. Foi feita uma análise PESTLE aplicado determinar fatores políticos, económicos, sociais, tecnológicos, legais e ambientais. Após esta análise, procedeu a um estudo de mercado do Algarve como local onde os animadores serão colocados. Estudou-se a concorrência existente e potenciais clientes através de informações colhidas em entrevistas face-a-face com animadores, gerentes de hotéis do Algarve e com os gerentes de agências de animação que operam no Algarve. Este método também foi aplicado na análise de recursos humanos potenciais e concorrentes na Eslováquia. Em seguida, foram colhidas algumas entrevistas com o gerente de uma agência eslovaca de animação e alguns ex-animadores de hotéis com nacionalidade Eslovaca. Continuou-se com análise de seis forças de Porter e posteriormente com a realização de um plano de negócios. Na primeira parte do plano de negócios foi elaborado um modelo de negócio que consistia em nove partes. O passo seguinte foi fazer o plano de marketing, com análise SWOT na qual foi determinada a estratégia da empresa. Foi definido o alvo e posicionamento que a empresa deverá ter. Em seguida foi delineado o marketing mix em relação aos termos de serviço previamente estudados, comercialização de quatro P; produto, preço, colocação e promoção. Depois foi aplicado o ciclo de vida da empresa, bem como os principais fatores de sucesso para o mercado. Adicionalmente aspectos, tais como nome, visão, missão, logotipo e slogan foram escolhidos.

Palavras-chave: Animação nos Hotéis, Entertenmento, Algarve, Eslováquia, agência de recrutamento, Plano de Negócios

LIST OF ABBREVIATIONS

APECATE	Associação Portuguesa das Empresas de Congressos, Animação Turística e Eventos
BM	Business Model
CIPD	Chartered Institute of Personnel and Development
CR	Customer Relationships
CS	Customer Segments
CS	Cost Structure
CH	Channels
DSL	Digital Subscriber Line
EAS	Enterprise Estonia
EU	European Union
EURES	The European Job Mobility Portal
FIL	Feira Internacional de Lisboa
FDI	Foreign Direct Investment
FttX	Fiber to the X
GDP	Gross Domestic Product
HICP	Harmonised Index of Consumer Prices
HRM	Human resources management
HSPA	High Speed Packet Access
ICEP	Investimento Comércio e Tourism Portugal
IP	Intellectual Property
INE	Instituto Nacional de Estatística
KA	Key Activities
KP	Key Partnerships
KR	Key Resources
LLC	limited liability corporation
LTE	Long-Term Evolution
MNVOs	A mobile virtual network operators
NRP	National Reform Programme
PAS	Podnikateľská Aliancia Slovenska (eng. Business Alliance of Slovakia)
P&L	Profit and Loss Statement
PR	Public Relation

R&D	Research and Development
RNAAT	Registo Nacional dos Agentes de Animação Turística
RS	Revenue Streams
RTA	Algarve Regional Tourism Board
SARIO	Slovak Investment and Trade Development Agency
SEO	Search Engine Optimizer
SMEs	Small and medium-sized enterprises
SR	Slovak Republic
s.r.o.	Spoločnosť s ručením obmedzeným (eng. Limited Liability Companies)
ŠÚSR	Statistical Office of the Slovak Republic
TA	Turismo do Algarve
TP	Turismo de Portugal
UNWTO	The United Nations World Tourism Organization
URSO	Network Industries
VP	Value Propositions
WOM	Word-of-mouth
WTO	World Tourism Organization
WTTC	World Travel & Tourism Council

PREAMBLE

Introduction

As Andras and Rodrigues (2010, p. 761, my translation) claim "tourism is one of the world's largest and fastest growing industries", being also key driver for investment and economic growth globally (UNWTO, 2013). However, organizations operating in tourism and hospitality are currently facing many challenges. According to Alvarez (2012, my translation) as globalization grows, the level of competition between tourism companies increases as well. In parallel to this trend there is no more possible to compete within the same parameters as before, and new paradigms and concepts are emerging.

Tourism sector plays an important strategic role in the Portuguese economy. It is visible through its weight in the national economy, accounting for significant growth of GDP, employment opportunities and movement of people, goods and services. Tourism in Portugal, is growing above the average registered both in Europe and globally and the continuous growth of demand in Portugal is based also on the creation of a multi-purpose destination image and on offering various tourism products, when tourists are increasingly looking for new experiences, according to data presented by UNWTO (2014).

Performances and the activities of providers during the service encounter are creating customers' experiences too. It is important to understand that the customers buy not only a hotel room but purchase a hotel experience (hotel atmosphere, comfortable treatment of customer by personnel and other psychological or emotional benefits such as enjoyment and happiness). The entertainment offer is an important part of services in hotels particularly located in sun-and-sea destinations (Poon, A., 1993, my translation).

However, as Pearce (2008, p. 159, my translation) warns: "Many tourism audiences are becoming more experienced and potentially more critical of older forms of entertainment". Therefore, tourism entertainment requires regular stimulations by innovative marketing factors that will force progressive changes and evoke the enhancement of this sector (Pearce, 2008).

Although, according to INE (2013), Algarve recorded the highest number of foreign overnight stays in the country in 2013, as the main summer destination in Portugal, many hotels there do not correspond with high-quality entertainment offer as hotels in competitive international summer destinations usually do. There might be opportunities for new entertainment providers that may enrich the current standard of Hotel Entertainment in Algarve.

The main intention of this work is to analyze the market of Tourism Entertainment in Algarve in order to identify if there is any potential market for a new company providing

animation services to hotels-

This company would search for human resources (i.e. animators) in Slovakia, the entrepreneur's homeland, drawing from the accumulated experience and know-how of many animation agencies in Slovakia, and the availability of trained animators in that country willing to know Portugal better, meet Portuguese people and get in touch with the charming beauty of its nature and culture.

Scope of the topic

The aim of the project is to analyze the market viability for and animation services agency in Algarve. Based on the literature review and the results of the market research we develop the Business plan. Therefore, the process for the elaboration of the business planned rested on three different topics:

I. Hotel Animation/Entertainment in Algarve

Almeida and Araújo (2012) describe the current hotel animation as an absolute necessity of hotels that have to adapt to the changes in society and meeting a clientele which is no longer interested only in a comfortable room or apartment, but they want to occupy their free time without pressure and to be free to choose what to do. Animation is also a factor of a differentiated image. Almeida and Araújo (p. 59, my translation) say: "The animation is the set of social actions an hotelier carries out, that are planned, organized and then evaluated in order to complement its customers' well-being." Animation should never be considered by the guest as an obligation or a responsibility, but rather as pleasure, spontaneity, fun and interrelation.

II. Specific area – Entrepreneurship in Slovakia

According to Doing Business 2015 issued by the World Bank, Slovakia has improved its economic position, from the 45th position into the 37th place, among 189 countries. It has overtaken neighboring countries such as the Czech Republic (44th place), Hungary (54th place) and Ukraine (96th place). Slovakia has even better conditions for entrepreneurship, than Belgium (42nd place) or Russia (62nd place). World Bank appreciated the fact that Slovakia facilitated the establishment of a company, reducing the time required to register with the court and eliminating the need for signature verification by a notary and related taxes. World Bank also positively emphasized the new law on personal data protection.

III. Business plan based on qualitative research

A business plan is seen as a tool to describe and present a business model. The business plan is a formal written set of goals and it lets a business owner have clear indication of the direction and progress of the business, as well as it gives a measuring tool of the probable success or failure to reach the business goals. To create an effective Business plan it is necessary to analyze the market through appropriate research methods. We decided to apply qualitative research methods

Research problem

The formulation of research issues is the most important step of the research process and this conceptual stage is crucial. In 2007, Moreira (cited in Peres 2012, my translation) referred that "By formulating a problem we mean the entire production process, ranging from the initial idea to investigate something to converting this idea into a searchable problem". In this work we considered the following research issues:

I. Is Algarve a suitable market to start an animation agency?

- ✓ How does hotel animation work in Algarve?
- ✓ Is the Algarve market characterized by high competition between animation providers?
- ✓ Are there potential customers interested in animation services from Slovakia?

II. Is the Slovak economy suitable to establish a recruitment-agency?

- ✓ Do Slovak animators have interest in becoming animators in Portugal?
- ✓ Is there high competition levels between animation recruitment agencies?

III. Is it possible to develop a viable Business plan based on previous research?

- ✓ Would the Business plan for a Slovak animation recruitment agency working in the Algarve market be economically feasible?

Formulation of objectives

General objective:

- ✓ The main purpose of this work is to analyze the Slovak economy regarding the establishment new businesses and the market in Algarve from the perspective of tourism entertainment with the special focus on entertainment in hotels. On this basis we want to develop a Business plan for the recruitment agency in Slovakia that will look for talented animators and post them with end employers – hotels or other animation agencies in Portugal, in order to determine the economic feasibility of that business.

Specific objectives:

- ✓ Make a revision of the current scientific and technical literature on tourism entertainment;
- ✓ Analyze economic, social and legal background for establishing a new company;
- ✓ Identify the needs of hotels in Algarve in what concerns animation activities;
- ✓ Analyze the eventual gaps between those needs and the current offering of entertainment services;
- ✓ Search essential factors that influence hotel managers' decision to invest in animation activities in Algarve;
- ✓ Apply the results of the market research to a Business plan;
- ✓ Determine if the business is viable.

1. LITERATURE REVIEW

For any kind of research process it is very important and vital step to review previous research. Therefore, that would be the same for the domain of tourism animation. As Veal (2006, p. 121) stated: “The field of leisure and tourism studies comprises relatively new areas of academic enquiry which are wide-ranging and multi-disciplinary in nature.”

In this study, the primary aim of reviewing previous research is to establish sound theoretical foundations for the solution of practical management problems concerned with the design of a viable business model.

1.1 What is Animation/ Entertainment?

Definition of Animation/Entertainment

Simpson in 1976, cited in Almeida and Araújo (2012, p. 59, my translation) describes animation as follows: "Animation is to give meaning to a life full of social and professional commitments to a better understanding of local cultures, escaping the routine of obligations." A different definition is offered by Puertas (2004) who states that animation is understood as series of actions undertaken by one or more individuals or a group of people with two goals – the first is to develop communication, promote social life and culture within an ideal tourist environment, and the second is to boost and promote business. The author clarifies that tourist animators are responsible not only for performing tourist animation activities, but for establishing good relationships with the hotel guests as well.

According to Laloumis (2000, my translation), cited in Sotiriadis (2014, p. 692) “animation services in hotel could be defined as being the hotel’s special function that offers guests the opportunity and the means to communicate and interact with other tourists, to create, satisfy and entertain themselves during their holidays.” Animate is therefore transforming a normal situation into a fun, enjoyable and playful situation, through a set of planned, programmed and directed activities, in order to reinforce the group cohesion through sharing experience (Almeida and Araújo, 2012).

1.2 Evolution of Tourist Animation/Entertainment

Puertas (p. 35, my translation) states that: “The tourist activities are a relatively very new discipline with history dating back to only around the last five decades”. However, the first type of popular entertainment was introduced already by the Greeks and Romans in ancient times. Since the Middle Age entertainers like jugglers, minstrels, acrobats or actors became a phenomenon that was encouraging good atmosphere on the streets of urban centers. The arrival

of the “Golden Age of Spas” in the 19th century led to health activities in hotels and the main role of animators started to be concerned with aquatic sports. At the end of the World War II we can talk already about new era of tourism entertainment in which the most emblematic personality was Gerard Blitz who established a new company in France called The Club Méditerranée, offering clients a feeling of equality and harmony. Labollita and Farré (2005, my translation) describe that the French company was a pioneer in creating a new philosophy of vacation. Following the so-called “tourist boom” led by the growth of European economies after World War II and the development of tourist packages (travel + accommodation), the number of tourists particularly in Spain dramatically increased. This led hotels to provide better services to their customers, namely through hiring people of different nationalities to represent the hotel and work on Public Relation (PR). The socio-cultural animation became very important in Central Europe.

According to Labollita and Farré (2005) around 1978 the European economies had recovered from the previous crisis, hoteliers had become independent and that environment influenced animation activities.

Between 1985 and 1988 there was again a “tourist boom” but most tourists were staying in apartments during their holidays.

Labollita and Farré (2005) describes some characteristics of hotel animation that were developed at that time: a large majority of customers were seeking establishments offering animation; professionalism of the staff and usage of specialized facilities for animation activities increased; the importance of companies specializing in outdoor shows raised too; the number of training courses and the knowledge of other languages raised too. Torres (2004, p.15, my translation) says: “For those guests who have lack of language skills, it means limits in the full use of attractions and entertainment venues. In this case a multilingual animation team might present the most viable way to solve this problem.”

Puertas (2004, p. 39) notes: “The Med experience is repeated by several companies in the tourism sector who see this adaptation of the socio-cultural Animation as the great remedy to many of its ills.” The growth of the so-called sedentary tourism means tourists stay for a longer duration in one hotel and considering that, they require more activities to do.

1.3 Concept of Tourist Animation/ Entertainment

Hotel Animation is a relative recent service activity. In fact, the term “animate” entered European dictionaries only since in the 17th century. In the tourism context, its meaning was derived from the concept formulated by Club Méditerranée. Torres (2004) describes *tourist*

animation as a set of activities that aim to humanize the trips, offering tourists the possibility of active participation. The author describes an *animator* as the person responsible for animating, entertaining and guiding tourists with the effort to integrate them into that temporary community.

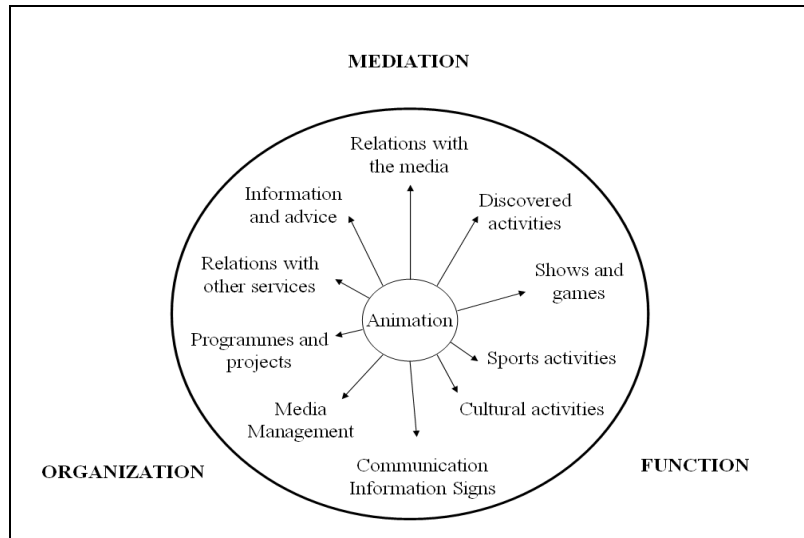
For the good development of holiday activities there should always be good interpersonal relationship between the animator and the staff of hotel. Almeida and Araújo (2012, p. 49, my translation) say: “The important feature of tourist activities is the ability to create satisfaction of visitors, contributing to their needs and generating increasing consumption, with the ultimate goal of loyalty.” The authors state the following characteristics of tourist animation:

- **Attractive** - should sought to draw attention and arouse curiosity;
- **Adequate** - should be targeted, with defined objectives and strategies, and technical support should always be above expectations;
- **Timeliness** - scheduled times should be defined in order to generate an ideal satisfaction;
- **Diverse** - Reach a plurality of stimuli, avoiding repetition or monotony;
- **Fun** - should bring joy, peace, pleasure.

1.4 Role of Hotel Animators/Entertainers

1.4.1 Functions of Hotel Animators/Entertainers

To understand the complexity of the definition of the entertainer profile, it is necessary to understand the role of entertainer within the tourist accommodation and why he has to comply with it.



Graph 1. - The scheme of relations of hotel animator’s functions

Source: Puertas, X. (2004, p. 51)

Puertas (2004, p. 51, my translation) says: “In order to meet the needs and expectations of all, the hotel entertainer has to meet three major groups of functions.” These are the following: *1. Mediation role, 2. Production role and 3. Organization role.*

I. Mediation role of hotel animator

“Mediation” represents the connection between a place, a culture, live settings, and a group of people who are on vacation. Mediation is the important role of the coordinator, who organizes the encounter of all those elements. Mediation also facilitates information exchanges and fosters relationships between members of the team.

II. Production role of hotel animator

The second group of functions is called “Production role” which focuses on the creation of all kinds of activities, shows, exhibitions, events and so on, which represent the most active part of these three roles. It is the implementation of the entertainment activities (including recreational activities, sports and cultural programs.) that are linked with the third group of functions – “Organization role”.

The animator can participate in animation as “the producer of activities” in two ways:

1. Participate in realization - animators who are creating and organizing animation programs.

2. *Participate in intermediation* - animators who provide all the essential elements, such as advice, support and assistance needed for the realization of animation events.

III. Organizational role of hotel animator

The organizational function is very important because the animator has to assure the prerequisites for the proper execution of animation services. The animation has the responsibility not only for the financial budget, but also for keeping good relationships with clients and hotel staff.

1.5 Business objective of a Hotel Animation/Entertainment

Puertas (2004) defines the essential business goals of animation that have significant influence on the economic profitability of the company.

- *1. Increase consumption from guests*

Whether night shows or different activities, the fact is that during the duration of the entertainment activities there is an increased consumption of goods. For instance, drinks offered at the bar are an ideal complement for the animation program representing also opportunity for social interaction.

- *2. Increase the use of available facilities*

Generally, it refers to recreational or sport courses and activities that are provided in specific spaces (e.g. court of squash or tennis) provided for some fee.

- *3. Differentiate hotel from competitors*

Animation is no longer a novelty in the hotel sector. Today hotel guests already expect high quality animation services with trained and educated professionals. Therefore, the promotion and sale of the product should not be focused on the animation itself, but it should be presented as unique, exclusive and original service of hotel that make the hotel competitive among its concurrence.

- *4. Obtain the loyalty of hotel guests*

The goal is to provide entertainment services that will meet the expectations of tourists and create very positive experience. This might lead to satisfaction with hotel service and to customer loyalty.

1.6 Operational management of Hotel Entertainment

1.6.1 Human resources

Wood cited in Nickson (1997) describes that global tourism and the hospitality industry are largely reliant on the so-called 'marginal workers', such as young and casual employees, students, part-timers and migrant workers. As Wood (p. 6) claims "the hospitality sub-sector has higher proportion of part-time employees (52 %) than most other industries."

Young people are an increasingly important segment of workers in hospitality, leisure, travel and tourism sector. A focus group study conducted at Manchester Metropolitan University in February 1999 has provided the evidence that lot of students look for an employment in tourism because of other advantages than just salary. Curtis and Rosemary (2001) argue that working in the tourism sector represents for young people a valuable work experience, the opportunity to meet people and to take on responsibility. At the same time, employers benefit from an easily recruited workforce of intelligent, articulate young people who are functionally flexible in their working patterns, conscientious, easy to control and already prepared to work for low wages.

1.6.2 Hotel facilities and technical environment

It is important that the tourist entertainment responsible is clear about the type of facilities available for animation activities which can vary according to the type of accommodation establishment. Mountaner in 1996, cited in Puertas (2004, p. 15, my translation), explains: "Tourist accommodation establishments are defined as commercial companies providing room or residence to persons for fixed price and with or without complementary services." Within this group of companies Puertas (2004) distinguishes two types of establishments:

- ✓ Hotel accommodation;
- ✓ Non-hotel accommodation.

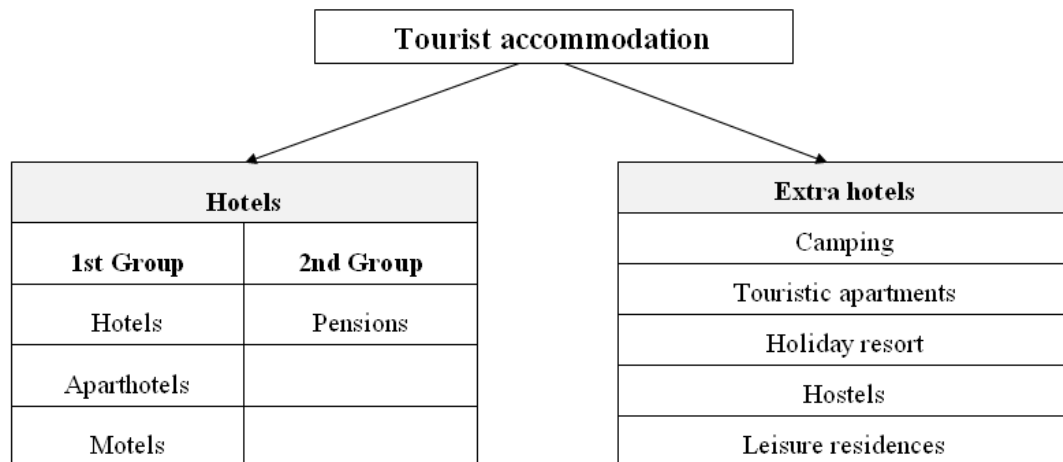


Table 1. – Types of tourist accommodation

Source: Puertas, X. (2004, p.15)

In what concerns the materials usually needed to develop animation activities. Table 2. describes a list of useful resources that an animator should take in consideration. There are several different departments of animation that have to manage the items for families, sport equipment, material for Mini-club, shows material, etc. Two the most common are following:

Animation material for adults:	Animation material for children:
Sport material.	Sport material.
Material pool.	Material pool.
Material for games.	Material for games.
Costumes.	Costumes.
Sound equipment	Material recording.
Decoration	Make Up.
Lighting Equipment.	Accessories
Informative material.	Computer Equipment
Merchandising.	
Audio-visual equipment.	
Material recording.	

Table 2. - Two the most common items of animation facilities

Source: Puertas, X. (2004, p. 16)

1.6.3 Promotion of Hotel Entertainment

"Advertising is any form of communication by a natural or legal, public or private, in the exercise of a trade, business, craft or profession in order to promote directly or indirectly the hiring of movable or property, services, rights and obligations." (Puertas, 2004, p. 98, my translation) This is broad definition, but applies equally to advertising in the field of tourist animation.

The purposes of advertising hotel entertainment are:

- a) **Engaging the public:** Attracting hotel residents to animation activities is the major purpose of hotel animation, leaving hotel guests the choice to take an active part in or just watch, relax and enjoy the program.
- b) **Make the brand:** In a competitive market such as hospitality animation might represent an added value that can be associated with the brand of the company and considered as a differentiator.
- c) **Improve the position:** Encouraging a better competitive position of the hotel company in its industry.
- d) **Create image:** The impression in the consumers' mind of a brand's total personality. Brand image is developed over time through advertising campaigns with a consistent theme, and is authenticated through the consumers' direct experience. See also corporate image.
- e) **Positive Word-of-mouth about the purchase:** If costumers have a positive experience and their needs have been satisfied, they will have a tendency to speak well about the company.

The main role of animation activities advertising is at first inform guests about the planned activities and motivate them to take part in, but always in ethical, respectful and dignified manner. Puertas (2004) explains six the most common means of advertising in tourist animation: 1.) Posters; 2.) Public Adress; 3.) Microphone; 4.) Flyers; 5.) Sketch; and 6.) Radio. This advertising media are ordered from those used more frequently to those used less frequently. The advertising content should not be very extensive. It is more recommended to use a concise and synthetic description with short phrases in order to not to disturb guests and in different languages to be easily understood by all (Puertas, 2004).

1.7 Consumer behavior in tourism

Torres (2004, p. 14, my translation) states: “The modern tourist has ambitions for more active participation. He would like to be the real protagonist of his holiday and he expects to find equipment and services that could provide him better use of free time and greater environmental co-existence.

In late the 70s a survey was conducted in European countries which was focused on tourists’ motivations for travelling. To the question "Why do you travel?" respondents replied with 72 different motivations, which were divided in 12 large groups in order to facilitate the analysis. Each respondent replied various factors. Therefore, the first column in the Table 3. represents percentage of respondents who reported corresponding factor as one of the reasons, why they travel. While the second column is the amount of responses in percentage. Source: Puertas (2004, p. 19)

Groups motivations	Repeated responses	Amount of responses
Climate	47,35 %	16,05 %
Landscape	40,08 %	13,58 %
Relationships	34,85 %	11,81 %
Environmental changes	29,76 %	10,08 %
Relax	27,44 %	9,30 %
Cultural Heritage	24,81 %	8,91 %
Receptive quality	21,78 %	7,92 %
Entertainment and fun	16,34 %	6,27 %
Accessibility	13,51 %	5,70 %
Economic	11,42 %	3,80 %
Sports	9,68 %	3,28 %
Various	12,53 %	4,24 %

Table 3. - Motivations of tourists to travel

Source: Puertas (2004, p. 20)

One of the important conclusions that can be reached with these data is that the tourist is a multimotivational being, not acting just for one motivation (Puertas, 2004, p. 20).

Valls (1999, cited in Puertas 2004, p. 20-21) identifies eight circumstances that have influenced the evolution of tourist motivations, values and social environment: 1. The peace and security in a country; 2. Equitable distribution of wealth; 3. The generalization of paid vacation; 4. Improved transport; 5. Widespread access to culture; 6. The pressure and stress of modern life, especially in big cities; 7. The higher availability of free time; 8. The diversification of

supply. Puertas (2004) argues that all these factors have led to the new tourism environment and to a new kind of entertainment consumer. This new consumer is defined himself as a multiconsumer, defined by the basic features: 1). Customers want to consume without wasting; 2). It is more difficult to meet with their expectations, they are more informed; 3). Customers want facts, not promises; 4). They want to be more active; 5). Tourism is the way how to educate, therefore they want to have different perspectives of the experience; 6). they have developed an awareness about environmental protection.

However, the motivations in tourism always depend on the subjective values of each tourist and his personality. According to Mathieson and Wall, cited in Almeida. and Araújo (2012) the reasons can be organized in various categories (see Table 4.).

Category	Motivations
Physical motivations	Relaxation of body and mind, health, sport, pleasure and fun, excitement, romance, entertainment, shopping.
Cultural motivations	Curiosity about destinations, places and people interested in art, music, architecture, folklore, monuments, national or international events, etc.
Personal motivations	Visits to relatives and friends, meet new people, seeking new experiences in different environments, religious views, trail to the social environment, desire for change, etc.
Motivations of Prestige and Status	Activities of education and learning, hobbies, business and professional goals, ego lifting, fashion, etc.

Table 4. - Motivations categories in tourism
(Almeida and Araújo, 2012, p. 52)

According to Rodrigues (1997), the motivations of participants in animation activities can be physical (well-being, rest, health, enjoy, sports, and so on), cultural (knowledge of other cultures, contact with the local way of life, music, art, folklore, dance, crafts. etc.), interpersonal (need to meet other people, search for new and different experiences, escape from the routine, escape to the domestic environment), intrapersonal (discovery, playful activities), and prestige (desire of attention of others, desire of educational continuity, personal development, etc.).

1.8 Conclusion of the literature review

The purpose of this review was to clarify the concept of the hotel animation and understand how hotel animation generally works. With our intention to create a company looking for young people who have suitable characteristics to work on hotel animation, it is important to understand what is the objective of the animation, what is the role of an animator, what the hotel guests expect from the hotel animation and to see understand how this could influence our business model. Furthermore, based on the obtained information we developed our market research instruments.

2. METHODOLOGY

The process of choosing appropriate research methods is part of the whole process of planning and designing a research project. Considering the large range of research methods and the fact that tourism research many times faces difficulties in the validity and reliability of data, especially in the measurement of attitudes and behavior, choosing appropriate research methods is clearly vital.

We decided to develop the research that will support our business plan based on qualitative methods, based on the advantages that Kelly (cited in Veal 2006, p. 195) identifies:

- 1.) The method corresponds with the nature of the phenomenon being studied - that is leisure is a qualitative experience;
- 2.) Quantitative methods tend to be very impersonal;
- 3.) The results of qualitative research are more understandable to people who are not statistically trained;
- 4.) Leisure, including tourism, involves a great deal of face-to-face interaction between people – involving symbols, gestures, etc.

In addition Peterson (cited in Veal 2006) identifies a few different potential uses of qualitative research among which the development of new product, service or marketing strategy ideas which matches our main aim.

2.1 Qualitative methods

Veal (2006, p. 98) reveals that “qualitative techniques stand in contrast to quantitative techniques. The main difference between the two groups of techniques is that quantitative techniques involve numbers - quantities - whereas qualitative techniques do not.” Berg (2001) claims qualitative research takes much longer and requires greater clarity of goals during design stages and that qualitative data are not so easily handled. To conduct the qualitative research, the first stage is to identify suitable participants in the research. Concerning the crucial items of a Business plan, we identified as data sources various different entities forming the external and environment of company. Therefore, we decided to interview the following group of participants:

1. Customer segment - *Animation agencies operating in Algarve* – interviews with some managers of animation agencies;
2. Customer segment – *Hotels in Algarve* – interviews with hotel managers;
3. Potential competitors - *Animators working in Algarve hotels*;

4. Potential competitors - *Slovak recruitment agency searching animators to work abroad;*
5. Potential employees - *Slovak animators with experience in hotel entertainment abroad;*

For collecting data we used a combination of different qualitative research methods: 1.) literature review; 2.) interviews; and 3.) observation.

In what concerns the interview process, we applied one of the most common qualitative techniques in leisure and tourism research that is *in-depth interview*. It is conducted with a relatively small number of subjects and is guided by a checklist of topics rather than formal questionnaire. Interviews were tape-recorded and verbatim transcript prepared and they took around 1 - 2 hours as is proposed for in-depth interviews. In what concerns observation, the researcher gathered information by being an actual participant with the subjects that are being studied, and by collecting photos and videos of some animation activities and animation equipment of some hotels in Algarve. In the next sections, we will describe these processes in detail.

2.1.1 Semi-structured in-depth interviews

An interview is a conversation for gathering information. A research interview involves an interviewer, who coordinates the process of the conversation and asks questions, and an interviewee, who responds to those questions. In terms of the interviews conducted for our project, we were in the role of interviewer and hotel managers, managers of animation agencies in Portugal and Slovakia, animators in hotels in Algarve, and animators from Slovakia were interviewees who responded our questions. Interviews were conducted face-to-face or via Skype call. We preferred to do interviews face-to-face, because of various advantages. One of them is that it provides the opportunity to evaluate the validity of the respondent's answers by observing non-verbal indicators.

We have visited five different hotels in Algarve from which we received positive response to our e-mail asking permission to consider the hotel entertainment activities in our research, through interviews with the hotel manager and animators working there. We scheduled meetings with hotel managers to obtain information in face-to-face interviews. In total, we met four entertainment department managers, 10 animators working in those four hotels and we scheduled meetings with four managers of animation agencies providing entertainment services in hotels in Algarve. We have designed semi-structured interviews for each group of participants which were based on predetermined questions and a checklist of topics. The interviewer also probed some areas based on the respondent's answers and asked supplementary questions for

clarification.

2.1.1.1 Interviews with managers of Animation Agencies operating in Algarve

To analyze our competitors we conducted interviews with managers of animation agencies who are responsible for appointing animators to hotels. According to the Registo Nacional dos Agentes de Animação Turística (RNAAT) we found that there are a total of 2136 active companies of which 1514 are tourist animation companies and 622 are tour operators. Lisbon and Algarve are the regions with the highest number of registered companies, with 33% and 22%, respectively. As we started to gather information on these companies we discovered that this register includes also companies such as travel agencies, some tourist guides, and companies organizing sports events or adventure activities as so on.

To identify the companies that are really specialized in hotel animation we searched in the register of the Associação Portuguesa das Empresas de Congressos, Animação Turística e Eventos (APECATE) that is available online. We identified a total of 90 companies and then we analysed the available information on each one. We identified five Portuguese companies that specialized in hotel entertainment, providing their service mostly in the Algarve region. Afterwards, we came to identified five more companies with the same concept (three were not Portuguese companies - British, Polish and Spanish, and two were Portuguese) due to information we obtained in the interviews. These 5 companies were not registered with APECATE.

In total we have identified 10 companies providing entertainment services to hotels in Algarve, including one that was closed at the beginning of this year. Therefore we contacted the managers of nine companies but only four of them accepted our request for an interview. With those who accepted we scheduled either a personal meeting or call via Skype. During meeting we interviewed each participant for around 1 hour and the questions were based on a semi-structured guide. (See the example of one of interviews with manager of animation agency in Appendix 1.)

2.1.1.2 Interviews with managers responsible for entertainment in hotels in Algarve

Based on the reviews of hotel guests published on www.tripadvisor.com in which hotel guests mentioned the entertainment program as a relevant topic concerning level of their satisfaction; we selected a group of hotels and contacted the managers. We added to this list, some contacts we already had from BTL – Feira Iternacional do Turismo in Lisbon. In total we

have sent 40 emails with the invitation letter to hotel managers in the Algarve region, specifically Faro, Albufeira, Portimão and Vilamoura Ten hotel managers responded to the email but only five accepted our invitation and scheduled a meeting. Each interview took at least 1 hour and some of them almost 2 hours. We followed around 25 predetermined questions, but because the responds were normally quite different as we expected, finally we let the conversation run spontaneously. Like that we probe also areas based on answers of respondents and we also asked supplementary questions. (See the example of one of the interviews with hotel managers of entertainment department in Algarve in Appendix 2.)

2.1.1.3 Interviews with animators working in Algarve hotels

We have interviewed hotel animators themselves in those hotels. We were trying to explore what is expected from animators working in Algarve hotels; what are their working conditions, their roles and the responsibilities of the animation agency towards them. In this case we needed shorter time than with the hotel managers, but it took also 1 hour because we spoke with them while they were working and we had to consider also short pauses when they were occupied with clients. We interviewed 13 animators in five different hotels, but just 10 interviews were considered as valid. Responses of 3 other animators were too short or incomplete. The animators had to pay attention to their clients and haven't time to finish the interview.

Although the animators were chosen by the hotel manager which might reduce a bit the validity of their responses, the interviews were conducted face-to-face without presence of other persons who might influence the interview. (See the example of one of the interviews with animators workin in Algarve in Appendix 3.)

2.1.1.4 Interview with recruitment agency for animators in Slovakia

According to data published by Azet katalóg (n.d.) we found that there are a total of 679 recruitment agencies in Slovakia of which 318 mediate work abroad. From those companies 33 mediate work in Great Britain, 66 in Czech Republic, 16 in Netherland, 62 in Germany, 53 in Austria and 8 in USA what makes in total 238 recruitment agencies mediating work beyond Portugal. We identified a total of 80 recruitment agencies that might mediate work in hotel animation in Portugal. We analysed the available information on each one. We found that there are 5 agencies looking for animators to work in international hotels. Any of those companies provides animation services in Portugal. We sent email to that 5 agencies in which we requested to interview the manager of the company. We have received the answer just from 1.

The interview with that Slovak animation agency was conducted on the same principles as the interviews with managers of the animation agencies in Portugal. The only difference was the channel, because this interview was done through Skype call and questions were formulated in order to understand how the management and organization of our company should run. This Slovak agency could be in future our competitor and that is why it was important for us to understand how they work and what we can learn from them.

We asked for information regarding its management team, organizational structure, recruitment process of animators and its revenue streams. (See the interview with one Slovak recruitment agency for animators in Appendix 4.)

2.1.1.5 Interviews with animators from Slovakia

We also interviewed some potential employees for our enterprise. We searched some experienced animators from Slovakia by social network. We received message from 3 different animators with experience in hotel animation abroad and scheduled Skype call with them.

Then we prepared semi-structured interview with questions related to the selection process of animators; their experience with hotel entertainment abroad and the conditions of their contract; their responsibilities and obligations; monthly wage, their motivation to do that kind of job, their expectations, etc. Each interview took over one hour. Interviews were recorded and then transformed to readable version. (See the example of one of the interviews with former Slovak animators in Appendix 5.)

2.1.1.6 Observation of animation activities in hotels in Algarve

Although observation plays a vital role, either formally or informally, in most of strategies in leisure and tourism research, it is a neglected technique. Only rarely is possible to base a whole project on observation and it is sometimes referred to as an unobtrusive method. Bergy in 2001 claims it involves *looking* which can be done with the naked eye or with the help of sophisticated equipment (e.g. photography, video, etc.). In our research we applied observation techniques to study the feedback of hotel guests. For this purpose we used two types of observation: 1. *unstructured or naturalistic observation* – observing the behaviour of hotel guests, their joy and satisfaction, the level of their passive or active participation, the communication of animators with clients, the effect of animation activities, overall atmosphere, and so on; 2. *participant observation* – we participated in some of activities to understand better the feelings of hotel guests themselves. We took classes of salsa and aerobic classes, and we watched some night shows.

3. CHARACTERIZATION OF THE RESPONDENTS

3.1 Characterization of interviews with managers of animation agencies providing services in Algarve

Totally we interviewed 4 managers from 4 different agencies specialized in the hotel entertainment operating also in hotels in Algarve region, 3 of them were Portuguese companies with the seat of company in Portugal. 1 was Spanish company with the seat in Spain which is providing entertainment service also in Portugal.

In one of the companies we conducted the interview with 2 managers, to complete all information that were not responded while interview the first manager, but we will refer to both of them as one company

The managers of the companies that participated in the study asked for anonymity, we will hereafter refer to them using code names

We used the following code names:

António (A) - Portuguese animation agency

The company develops animation activities - daytime or evening entertainment - designed specifically for each audience. It has been on the market over 8 years and besides hotel entertainment in Algarve, the company organizes sport events. It cooperates with around 15 hotel groups.

Bernardo (B) - Portuguese animation agency

The company with over 5 years of experience in hotel animation, offers various types of entertainment and leisure programs. It organizes events and provides tourist entertainment in Algarve and vocational trainings in Albufeira. The animation agency currently provides animation services in 5 prestigious hotel chains.

Cidália (C) - Portuguese company

The company has over 12 years of experience in this area and creates leisure projects with formation for future animators. Their clients are 6 hotel chains and 5 luxury hotels.

Daniel (D) – Spanish company

The company has been on the market 23 years working with hotel chains located in Andalusia, Madeira Islands (Portugal) and the Portuguese Algarve with cooperation of 16 hotel chains.

3.2 Characterization of interviews with managers responsible for animation in hotels in Algarve

We interviewed five managers of entertainment departments of hotels in Algarve. Because their names will be not published in our work, we decided to distinguish them using codenames, namely: **1. Red, 2. Yellow, 3. Blue** and **4. White.**

Brief description of the hotels and its animation activities

Red: The manager worked for seven years as animator in hotels and he has experience in different roles in animation sport animator, dance animator and kid's animator. He has been a hotel manager, including being responsible for animation as well, for the last six years. The hotel where he works today has a well developed animation infrastructure stage, tennis court, 2 animation clubs (Mini and Maxi club), outdoor swimming pool, indoor swimming pool, volleyball court, video projector, pool, target for darts, and so on. Their guests benefit from different services with no additional charge, such as Mini and Maxi club, aqua and some sport activities in team, daily activities for adults and children, night shows, some games and leisure activities. There are also some paid services such as aqua gymnastic for kids, private tennis lessons, lessons with private fitness instructor, canoeing, and babysitting. The hotel offers daily activities for children, adolescents and adults and also night shows with external artists or with the animation team that consists of eight animators. In low season (Winter) the majority of their clients are elderly people on long stays (55+, 1-2 months) and in middle (Autumn, Spring) and high season (Summer) the majority of clients are families on short stays.

Yellow: In low season (Winter) this hotel accommodates mostly elderly people, whereas in high season (Summer) the most common guests are families, but also elderly people. In the opinion of the hotel manager one of the reasons why the hotel receives mostly elderly people is the fact that is one of the oldest hotels in that area and it has already developed the loyalty of some of its guest. Usually guests are older than 40 years and they usually ~~to~~ come every year. Another reason has to do with the fact that the hotel is located exactly in front of the beach and elderly guests have easy access to the beach. In this hotel there are animation activities three times per week these are: night with Portuguese music (piano and accordion), night with DJ, and one karaoke night. These night shows are provided by external companies. The hotel doesn't have any animation team and it doesn't provide daily activities or babysitting for children.

Blue: This is an aparthotel with 34 apartments, where the majority of guests are German, French, British, Norwegian, Swedish or Russian. In this aparthotel there are suitable infrastructures for some animation activities. There are indoor and outdoor swimming pools, a forest near to the hotel, gym and indoor spaces for some fitness activities. There is just one animator doing some daily activities for guests. There are not-night shows.

White: This hotel has around 1800 rooms. In July or August it's usually fully booked. The type of guests in this hotel depends on the season. There are two different seasons. During low season (winter) the hotel accommodates mostly elder people (ove 50 years old), in medium and high season (spring and autumn + summer) the majority of clients are families. There is a quite well developed animation offer in this hotel. There are two kids clubs, four playgrounds, beach volleyball court, tennis court with available lessons, a stage for night show, equipment for water sports, available swimming lessons for kids and adults, available canoeing lessons, etc.

3.3 Characterization of interviews with animators working in hotels in Algarve

The responses must be kept anonymous Therefore we are using the following code names: 1. Miguel, 2. Bruno, 3. Diana, 4. Sara, 5. Jessica, 6. Tiago, 7. Filipa, 8. Laura, 9. Anna and 10. Lisa. Miguel, Bruno, Diana and Sara work together in hotel Red and each of them has a different role with different responsibilities. Jessica works in hotel Blue and is the only animator there. Tiago and Filipa work in one animation team in hotel White. Laura, Anna and Lisa are animators working together in hotel Yellow, they have different roles and tasks.

Brief description of each animator:

1.) Miguel – Chief animator

Miguel comes from Spain. He is 38 years old and he is the choreographer. He is the owner of dance studios in Madrid and in Gran Canaries islands. He dance since he was child. He participated as an choreographer in TV shows in Spain. His responsibility is to coordinate the animation program, do choreographies for the night shows and train the animators. It is his first experience in hotel animation. Miguel only speaks Spanish.

2.) Bruno – Lead-sport animator

Bruno has just finished his Master course of the Hotel Management. He studied sports before that. He is Portuguese and 24 years old. This is his first experience as an animator. Before he

was an instructor of several sports.

3.) Diana – *Lead-kids animator*

She is 22 years old. She is Portuguese and she studies Hotel Management with Bruno. She is working as an hotel animator first time.

4.) Sara – *Dance animator*

Sara is Brazilian. She is 22 years old and studied theatre design. She likes dancing, and she has been attended a various dance courses. This is her first experience as a hotel animator.

5.) Jessica – *Chief animator*

Jessica works as a chief animator for the first year. In fact, she is the only animator in the apparthotel. She is Portuguese and her studies were specialized in sports. She is 34 years old.

6.) Tiago – *Lead animator*

Tiago comes from Venezuela. He is 27 years old and he has already worked as an animator five times. Before he worked as an animator in Venezuela and in Spain. This is the third year that he works as hotel animator in Portugal and the second time as a chief animator.

7.) Filipa – *trainee kids animator*

Filipa is 21 years old. She works as a trainee in the hotel with Tiago. She studies hotel animation and this is her first experience in hotel animation. She is Portuguese.

8.) Laura – *Dance animator*

Laura is 35 years old. She is a dancer. She does dance classes in dance studios for kids and adults. She is the creator of a new project – dance with children in front of light projectors - that helped her enter hotel entertainment. She is portuguese and this is her second experience in hotel animation.

9. Anna – *Kids animator*

Anna is Portuguese too. She is 27 years old and has a lot of experience with animation. She has already worked as an animator eight times. She worked in many different hotels mostly as an kids animator. She has finished a course in hotel animation.

10. Lisa – *Chief animator*

Lisa is Portuguese. She is 27 years old and already works in hotel entertainment for six years.

She has experience in at least 10 different hotels. This is first year that she works as chief animator.

3.4 Characterization of interview with recruitment agency for animators in Slovakia

This company has been on the market for relatively short time – 4 years and therefore doesn't have a large number of customers. We have found that the company does not have any customers in Portugal, yet it works with two animation agencies and ten hotels in Spain. The objective of this company is to search animators from Slovakia and select the most talented and skilled ones invited then their customers – either hotel or animation agencies in Spain – to employ the chosen animators.

4. External Analysis

4.1 Entrepreneurship in Slovakia

Considering the fact that our project is aimed at developing a business located in but providing animation services for hotels in Algarve we must understand the macro-environment factors in both countries which will influence the establishment of the company and its operational processes.

Economies around the world such as Slovakia, have taken steps to make starting a business easier streamlining procedures by setting up a one-stop shop, making procedures simpler or faster by introducing technology and reducing or eliminating minimum capital requirements.

However, doing business in Slovakia continues to face a cumbersome public administration and insufficient infrastructure of quality. E-Government services for regular business operations are underdeveloped, business registers are not harmonized and there is no single point of contact for paying taxes. Although Slovakia showed significant improvement in the last five years, the country belongs to those EU Member States where an export takes the longest (16 days), mainly due to administrative barriers and poor infrastructure, which affects the preparation of documents as well as the handling of goods in ports and terminals. Reducing the time required for registration in the district courts and the abolition of the need verification of signatures by a notary facilitated starting a business. The government has pledged to increase support for start-ups

The business environment in Slovakia is composed mainly of small and medium-sized enterprises, which represent 99.9% of all companies- Small and medium-sized enterprises (SMEs) provide employment opportunities for nearly 75% of the active workforce and contribute to over 50% of the gross production and added value creation. Although SMEs in the Slovak Republic constitute 1.8% of the total number of SMEs in the European Union ("EU"), the Slovak Republic has a long recorded a high percentage of enterprise deaths. Enterprisers in Slovakia have to face various problematic factors for doing business, such as corruption, inefficient government bureaucracy, tax rates, inadequately educated workforce or inadequate supply of infrastructure (Appendix 6). Specifically SMEs have to cope with many difficulties while development, e.g. tax charges, frequent changes of regulation, difficult law justification or unavailability of loans (Appendix 7). According to Eurostat, cited in Olvecká (2013) the survival rate of businesses after three years since the establishment is only 41.7% (the EU average is 56.1%), which ranks Slovakia to the penultimate place within the EU.

4.2 External Analysis - PESTLE Analysis

The recruitment agency will search and select experienced and qualified animators with the intention to help them to find employer in area of the hotel entertainment in Algarve region. That is why it is important to consider the actual situation of the business environment in Slovakia and of tourism sector in Portugal.

Team FME (2013, p.2) explain: “The PESTLE Analysis is a useful method to use in order to identify the external factors that influence an organization.” A PESTLE analysis represents a business measurement tool, which helps to measure current situation and the potential of the market, detect relevant factors influencing the direction of the business, indicate growth or decline and apply them into the logical structure consisted of six principal perspectives: Political, Economic, Socio-cultural, Technological, Legal and Environmental factors. The PESTLE Analysis is a framework used to scan the organization’s external macro environment. It should feed into a SWOT analysis as it helps to determine the threats and opportunities represented by macro-environment forces that the organization usually cannot control.

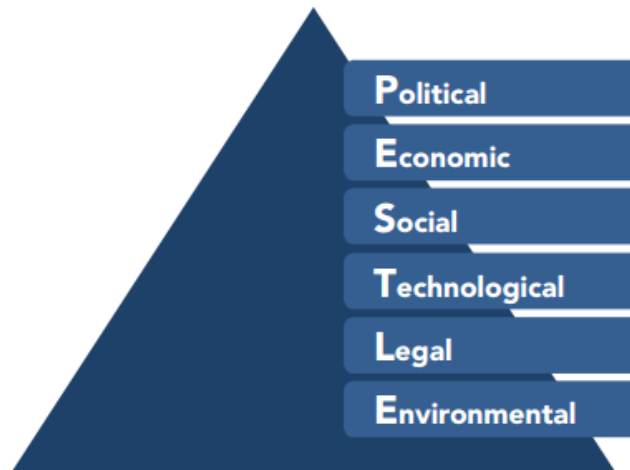


Figure 1. – PESTLE analysis model

Source: Team FME (2013)

4.2.1 Political context

Government stability

Political Stability and Absence of Violence/Terrorism index measures perceptions on the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically-motivated violence and terrorism. The index is based on a list of individual indicators and it might assume values from -2.5 (weak) to 2.5 (strong); The World Bank provides data for Slovakia from 1996 to 2013. The average value for Slovakia during that period was 0.9 points with a minimum of 0.54 points in 2004 and a maximum of 1.1 points in 2013.

4.2.2 Economical context

Since the establishment of the independent Slovak Republic it has significantly amended the legislation affecting business. In the beginning of the nineties a lot of opportunities arose from the fact that the market had many gaps. To be able to fill in these gaps, Slovakia had to create favorable conditions for business. These conditions were formed and basically, are still formed, by changes in legislation. (Masnica, 2011)

Business Alliance of Slovakia, cited in Ölvecká (2013) reported that “negative evaluations of entrepreneurs mainly caused by the increase of tax charges and changes in the Labour Code, which negatively affected the position of entrepreneurs as providers of employment.”, according to entrepreneurs, wrongly functioning justice is one of the main difficulties on a long-term basis preventing the improvement of the entrepreneurial environment. (Asociácia zamestnávateľských zväzov a združení, 2013)

The European Commission, cited in SARIO (2015) reported that the Slovak economy slowed down in 2013 but growth is expected to gather pace, reaching 2.3% in 2014 and 3.2% in 2015. The composition of growth is to become more balanced as the main driving force shifts from net exports to domestic demand. Employment is expected to grow only modestly and over the forecast horizon and inflation will remain low.

- *Macro-Economic Stability and Enhancement of Public Finance*

During the recent years, Slovakia’s debt was growing extremely fast. The deficit of public finances reached 4.6% of GDP in 2012. The debt is to reach 2.4% of GDP in 2014 and 1.9% of GDP in 2015. High level of public debt means that for the country to eliminate its debt it will

have to either increase taxes or cut some other expenses, which would result a decline of consumption and aggregated demand. If there is no consumption, sales decline, supply decreases, therefore the unemployment rate rises and again the wages fall; it all turns into a vicious circle.

- *Fiscal Legislation*

In 2015, the adoption of several measures, including: i) changes in depreciation rules and leasing assets that include limitations on the depreciation of cars, ii) rules on thin capitalization, restricting the tax deductibility of interest payments between related parties iii) extension of rules on transfer pricing (linked) domestic parties, iv) restrictions on the deductibility of losses v) limitations on the deductibility of expenditure declared as expenditure for personal use by changing the definition of "tax-deductible expenses". Although the promotion of research and development through to 150% deductibility of costs relating to research and development cause narrowing of the tax base, which could provide a useful tool to support business innovation.

- *Trade restrictions or reforms*

In today's globalized world, making trade between economies easier is increasingly important for business. Excessive document requirements, burdensome customs procedures, inefficient port operations and inadequate infrastructure all lead to extra costs and delays for exporters and importers, stifling trade potential. Globally, Slovak Republic stands at 71 in the ranking of 189 economies, regarding the ease of trading across borders.

One of the progressive steps was that Slovak Republic in 2010 reduced the time for trading across borders by introducing more electronic systems for customs administration.

- *Inflation*

According to Trading Economics global macro models and analysts expectations Inflation Rate in Slovakia is expected to be 0.10 percent by the end of 2015 and looking forward is estimated to stand at 0.55 in 12 months time.

- *Taxes*

Changes in the system of taxation, pension and health care have contributed to better public finances. But the tax collection and the tax administration still continue to be inefficient.

Measures taken so far for combating tax fraud markedly increase the cost of tax compliance for businesses. Obligation to fill electronic "audit tax returns" and the fact that businesses have to undergo a greater number of tax audits of VAT means that businesses perceive tax payments mechanisms as increasingly challenging. European Commission in 2015 reported that Slovakia

continues to rank relatively poorly on several indicators of business environment quality, including the ease of starting a business and the ease of paying taxes.

- *Unemployment*

The unemployment rate in 2014 declined slightly but remains above the EU average (12.5% compared with 9.9% in the EU-28 in December 2014), and is mostly structural, and long lasting. The main reason for poor labor market outcomes include low employment of certain groups of the population (e.g. Romanians, retired, disabled, etc.), the existence of dissuasive factors from work derived from the tax system and social benefits, poor capacity of public employment services to help the most disadvantaged jobseekers and relatively low internal mobility of workforce.

Looking forward, Unemployment Rate in Slovakia is to stand at 10.80 in 12 months' time and in the long-term, the Slovakia Unemployment Rate is projected to trend around 9.86 in 2020. Youth unemployment in December 2014 fell slightly to 28.9% (the lowest level since 2009), but Slovakia still has one of the eight highest rates of youth unemployment in the EU. In February 2014 it was adopted an updated plan of implementation guarantees for young people and has been implemented several reforms (such as the reform of vocational education and training).

- *Minimum wage*

Slovakia disposes of adequate labour force. In many cases, people agree to work for a wage that equals to the minimum wage. The level of minimum wage is determined by the Code of National Council of the Slovak Republic, No. 663/20)

Minimum wage increased in 2015 by almost 8% (to 380 EUR) and the net minimum wage (339 EUR) now exceeds the poverty threshold. The Government intends to introduce in 2015 a minimum pension, which is above the minimum subsistence level, but only for those citizens who have worked enough years. Looking forward, according to the econometric models of statistical institution Podnikateľská Aliancia Slovenska (PAS) Minimum Wages in Slovakia are estimated to stand at 406.11 in 12 months' time. In the long-term, the Slovakia Minimum Monthly Wage is projected to trend around 431.10 in 2020.

While the number of active self-employed since 2009 fell, the number of limited liability companies without employees during the same period increased. The share of limited liability companies (s.r.o.) without employees in the total number of companies moreover increased from 28% in 2011 to 36% in 2013.

4.2.3. Social context

Although the overall risk of poverty or social exclusion in Slovakia (19.8%) is generally stable and below the EU average, there are significant regional differences between the levels of poverty. Material deprivation remains above the EU average (19.5%) and has recently further deteriorated (to 23.4% in 2013).

Minimum income support is not based on the actual cost of living and not enough to help fight poverty, especially for households affected by long-term unemployment. Although universal child benefits are quite modest (€ 23.52), for low-income families these allowances represent an important benefit. Inadequate income support can lead to the fact that people will reach for loans from non-bank financial institutions with very high interest rates.

4.2.4. Technological context

As with other countries in the region, the economic crisis led to a drying-up of Foreign Direct Investment (FDI) inflows. The drop was particularly sharp for Slovakia with raised concern due to the country's high reliance on FDI. Besides harming capital formation, the fall in FDI is also likely to have adverse effects on technology diffusion, particularly given the very low levels of Research and Development (R&D) expenditure in Slovakia. (European Commission, 2015)

Slovakia is well below the EU average in term of innovation performance and company spending on R&D. It also lags behind considerably in terms of capacity for innovation, firm-level technology absorption, government procurement of advanced technology, cluster development and Intellectual Property (IP) protection.

Despite market liberalisation Slovakia's incumbent telco Slovak Telekom maintains a near monopoly of the fixed-line market. The company also dominated the Digital Subscriber Line (DSL) broadband sector, though this can partly be attributed to a pricing strategy which effectively prevented competitors from making a profit. Price gauging resulted in the company being fined by the European Union in 2014. Market competition has forced a number of mergers and acquisitions in recent years, meaning that the market is largely in the hands of a few dominant players. Following numerous delays, the government in early 2015 again acted on its plans to sell its 49% stake in Slovak Telekom. (Lancaster, 2015)

The author explains that Slovakia's broadband market has shown steady growth in recent years, with effective cross-platform competition. A fast-developing Fiber to the X (FttX)

infrastructure and wireless broadband options, particularly from the mobile network operators, add to the mix. Digital terrestrial TV has been launched, with the public service broadcaster STV the first to complete analogue switch-off.

The mobile market is served by three MNOs which each have a pan-European reach. Mobile penetration is relatively high, at about 119% in early 2015. The introduction of mobile number portability in 2006 has increased competition between players. All MNOs host MVNOs, and though the number of a mobile virtual network operators (MVNOs) is small the market is growing steadily. Mobile broadband access and content services are developing rapidly in line with operator investments in upgrading their networks with High Speed Packet Access (HSPA) and Long-Term Evolution (LTE) technologies.

High network charges set by the Regulator of Network Industries still hamper the competitiveness of Slovak companies. According to Eurostat data, network charges set by the Regulator of Network Industries for both industry and households are among highest in the EU.

4.2.5. Legal context

The enforcement of the law is one of the basic pillars of democracy, healthy economy and development of the society. Despite this well-known fact, the reality is far from ideal. It is very dangerous to issue an invoice, as the number of those who decide not to settle their invoices has been growing continuously, as they follow numerous examples that suffered no penalties. Slovakia is ranked as 140 out of 144 countries (Asociácia zamestnávateľských zväzov a združení, 2013). Lengthy procedures in the judiciary system and the lack of alternative dispute resolution mechanisms affect the private sector. Legal proceedings in Slovakia are lengthy and backlog.

- *Register with pension, sickness, and disability insurance and unemployment insurance at the local social insurance company (Socialna poisťovňa)*

For social security, the company must register itself as an employer within eight days following the day it started to employ at least one employee; it must also register all new employees with the Social Insurance Company before they begin to work. However, in practice, the Social Insurance Company will not accept an application for the registration of an employee if the company itself is not yet registered. As of January 1, 2013, the employer is further obliged to

register for social insurance certain categories of employees working on the basis agreements outside an employment relationship. The category of social insurance for which these employees must be registered depends in particular on the type of agreement and salary.

- *Tax regulations*

The government plans to abolish guarantee for VAT for starting companies and start-ups. In order to limit the insolvency of small and medium-sized enterprises government will propose cash accounting scheme in which the contractors assume fiscal responsibility up to the moment when their customers pay.

- *Tax payment and services delivery abroad*

For the type of entrepreneurs who provide services to customers in the EU regardless of the legal form, the law orders the compulsory registration of VAT as a "person who is registered pursuant to § 7 of the Act on VAT". The registered entrepreneur receives from the Tax Office the Slovak VAT number, which will be used in trade with non-EU partners and the reports and declarations of VAT. Together with that number they "receive" a package of obligations, which is significantly smaller than the obligation of 'full' VAT payer. Those rules are applied for entrepreneurs who deliver the service, not those who deliver goods.

- *Corruption levels*

Corruption is significant, notably in public procurement and health care. Many state-owned companies do not publish even basic information. Not with standing some reforms, the court system continues to be burdened by corruption, intimidation of judges, and a significant backlog of cases. Secured interests in property and contractual rights are enforced.

- *Legal form of the company*

Based on our vision about this company we may choose one of 2 legal forms - *the trade license* or business through *a limited liability company* which are the most common forms of business in Slovakia. According to articles published on portals dedicated to business in Slovakia we decided to determine as the "*limited liability corporation*" (*LLC*), which in Slovak is called *spoločnosť s ručeným obmedzeným* (s.r.o.) as a legal form of the company.

Then we identified the official list of business trades: 1.) free trade - free trade conditions for the operation is only fulfilling the general conditions; 2.) handicraft trade - conditions for operating craft trades, in addition to the general conditions and professional competence acquired apprenticeship, 3.) regulated trade - requirements for the operation of a regulated trade in addition to the general conditions and professional competence acquired differently than apprenticeship.

After the consultation with Slovak institution "Podnikajte" which is aimed at advisory

services for start-ups and starting enterprisers, we decided to determine the object of our company Applause, s.r.o. as the “*recruitment agency*” (sl. “sprostredkovanie zamestnania za úhradu”) is identified as regulated trade.

According to the Ministry of the Interior of the Slovak Republic regulated trade is one, where the Conditions for Trading clarifies general conditions such as: a) minimum age of 18 years; b) legal capacity and c) integrity; and acquired professional competence.

4.2.6 Environmental context

Environmental incentives remain weak in Slovakia. The country has one of the highest landfilling rates in the EU (In 2012, 76.7% of municipal waste was deposited in landfills), reflecting the low level of landfill gate fees. The amendment of the Act on fees for waste disposal, which came into force in 2014, introduced only limited increases for municipal residual waste rates. A draft of the new Waste Act was presented by the government in December 2014, but it remains to be seen whether an effective waste management system will be put in place to reach the Europe 2020 recycling target of 50%. The current price of water supply in Slovakia does not reflect the full costs in terms of extraction treatment and distribution. Also, Slovakia does not comply with EU air quality standards. Taxes on air pollution are relatively low and do not efficiently address the impact of negative externalities on the health status of the population. (European Commission, 2015, p. 31)

4.3 Market Analysis

Last report from World Economic Forum, cited in Schwab et al. (2015) ranks Portugal at the 15th most competitive tourist economy in the world. It also ranks Portugal as “one of the top 10 for tourist infrastructure, and in the top 20 for natural and cultural resources” and Portugal was reported at 14th for international openness, and in the top 10 for safety and security. Lastly, it says that “Portugal is the most affordable destination in Western Europe for travelers.”

4.3.1 The region of Algarve

According to data from the Employment Survey (INE) in 2014, the total population of the Algarve region is 440 400, with the active population standing at 228 400. The employed population is around 188 700 and rate of unemployment is 14.9%. At the end of January 2015 there were 29 222 people registered as unemployed with the region’s Employment Services,

4 416 fewer than in January 2014.

Men account for 50.5 % of the region's unemployed, with almost 37.5 % of those unemployed being young people with less than 35 years of age. It can mean a high demand of unemployed young people for work in hotel animation sector. Unemployment in this region has a heavily seasonal nature. In this respect, Algarve is the region of Portugal where fixed-term contracts of employment are most used, as they account for 18.2 % of the employed population. The economic structure of the Algarve is based on areas of activity associated with the region's natural resources: hotels, catering and tourism, construction, agriculture and fisheries. Most companies are involved in hotels and catering (which accounts for 18.8 % of regional employment), wholesaling and retailing, car and motorcycle repair (17.8 %) and construction (5.8 %), which emphasizes the significant weight of tourism; the business structure in Algarve consists almost exclusively of small and micro-enterprises with not very highly qualified human resources.

Notable in the last years has been the increasing rates of employment in hotel and catering industry, real estate, and other administrative and support activities. The pressure of hundreds of thousands of tourists arriving every year, particularly between June and September, normally boosts tourist activity bringing an increased demand for trade and services staff during this period, which contributes to an upturn in employment.

4.3.2. Tourism in Algarve

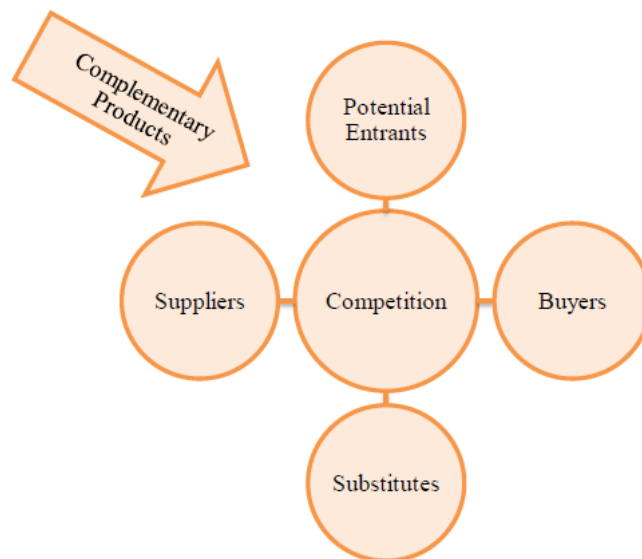
Algarve is Portugal region that is the most visited by stationary tourists (41%) (See Appendix 9). It is mostly chosen by tourists from the United Kingdom, while Lisbon tends to be visited by tourists from Nordic countries, German and British. (Appendix).

In Portugal there are different types of accommodation for tourists, such as motels, hotel apartments, tourist apartments, inns, guest houses, tourist villages, hotels, etc. From all of those our interest is focused on hotels, which are for animation the most attractive within the highest probability of suitable hotel equipment, facilities and available budget. On this basis, we are taking into account complete number of those establishments to recognize if Portugal has potential to apply this kind of services on the market. Compare with other Mediterranean summer destinations, according data conducted by portal www.pordata.pt in 2013 there is following number of tourist establishments in Portugal: 30 675 hotels, 5 002 hotel apartments, 3 138 tourist apartments, 2 289 guest houses, 1871 tourist villages, 828 inns, 798 lodging houses and 152 motels. Evidently, among all types of tourist establishments there is the highest number of hotels what makes this kind of establishment even more attractive for tourist animation.

Alargave leads among all Portuguese regions in terms of foreign overnight stays (35.2% of the national total) and is the 2nd in respect of overnight stay by residents of Portugal (21.1%). About 81% of half of the overnight stays originated in the foreign market (5.2 million overnight stays), which increased 1.5% over the 1st half of 2014. The foreign market gave an average stay of 4.7 nights, compared with the national 2.8. UK, Germany, Holland, Ireland and Spain were the top 5 in the region with 4.3 million overnight stays (+ 1.2% or + 51 100 overnight stays than in 2014). This group represents 82.2% of total foreign overnight stays. Apartment hotels recorded the highest occupancy rate (68.7%) and 5 * hotels and hostels reached the highest value of revenue per available room.

4.4 Industry Analysis - six forces model

To analyse the competition our company might have to deal with, we will use a model initially proposed by Porter (1991) – The Five Forces Model in its latest version (including the sixthforce).



Graph 2. - Systemic Approach through alignments in the SWOT Analysis

Source: Todo Bom (1999)

Marçal (2013) states that Porter Analysis is useful, as it allows for an understanding of the competition and a prediction of the alteration in profitability based on the changes in the industry structure, however it has been subject to several criticisms. For instance, according to Grant (2008) this analysis is static, as the structure of the industry may reshape itself at a fast

rate which the Porter Analysis does not consider. There are also studies which show that industry factors only account for less than 20% in profitability differences between companies. Another criticism is that there is no consideration of other relationships between products other than substitutes; However, recent revision of the model includes other relationships, such as complementary products.

4.4.1. Threat of new Entrants

Porter (1991) believed that the possibility of new entrants had a significant part to play in developing and changing the competitive dynamics of any industry. Porter's definition helped people see this threat as substantial and influential. According to his model, this threat changes the competitive environment and directly impacts the profitability of an existing firm. If there is a higher threat of new entrants, this means that there are low barriers to entry and there is high possibility that the industry profit potential will decrease as a whole. This is because more competitors will fight for the same amount of business.

In economies where many people are unemployed and struggle to find work, such as in Portugal and Slovakia, creating their own company might be an attractive idea and increases the potential for new entrants.

As far as we were able to investigate, in Slovakia there is not any recruitment agency looking for animators to work in Portugal. There are similar companies which are aimed at the market in Spain, Canary Islands and Balearic Islands, Italy and Malta, Greece and Cyprus or Turkey, but those companies do not offer job in Portugal. As a consequence there are not many Slovak animators who have experience with the hotel animation in Portugal. In addition, in Slovakia is very difficult to find courses of Portuguese. This is what makes Portugal quite unknown and unexplored country and the reason why Slovak enterprises are still very careful to trade on this market. This represents an opportunity for our company, because it might be the reason why our company will become unique on the Slovak market and interesting for young people seeking jobs as animators.

Another strong factor might be the fact that in Slovakia unemployment is above the EU average (12,5 %), while youth unemployment is around 28.9%. It makes Slovakia one of the eight countries with the highest rates of youth unemployment in the EU what might be for our company a favorable factor too. It can help the company easily attract young people who are looking for a summer job. Another attractive aspect might be the fact than in Slovakia theres a relatively low minimum wage. Although the minimum wage in Slovakia increased in 2015 by almost 8% (to 380 EUR), compared with the standard monthly wage of hotel animator (500 -

800 €, including dining and in some cases accommodation), it might be for young people very attractive salary, even if the price would be less than the standard salary of an animator. According to that is available on the website Zoznam skol (n.d.) there are two secondary schools in Slovakia offering the course of “Animátor voľného času” (eng. Leisure Time Animator). In the case that these schools would start to offer to their students internships in Portugal, that would not be favorable for our business. From another perspective, we can attract finalist students from those schools and give them opportunity to work for our company.

Conversely, in Portugal it is not difficult to enter the market as an animation agency. There are always more and more companies providing different types of entertainment to hotels in Algarve and in other Portuguese resorts. Managers of animation agencies complain about the high competition of many new companies which are not specialized in hotel animation, but they offer entertainment as an additional service of their primary product. In addition, the companies which have already captured the loyalty of their clients have advantage over those that are new. New company has a little experience in hotel entertainment and to gain the trust of clients may be really challenging. Even more if they work with experienced professionals with high quality of services and with who they have build a good relationship.

According to Employment Survey published by INE in the fourth quarter of 2014 the rate of unemployment in Portugal is 14.9 %, almost 37.5 % of those unemployed being young people under 35 years of age. This statistics show that the unemployment in Portugal is actually even worse that it is in Slovakia what raises a threat of new entrants on the market. Today is for young people in Portugal very difficult to find a job and the hotel animation is one of the attractive alternatives, because Portuguese hotels many times do not require a certificate of a course on hotel animation - their priority is Portuguese language, experience in working with children and having some hobbies like a dance, singing or practicing some sport. As we explained in chapter 1.6.1 : “(...) *only 12% of employees in hospitality, leisure, travel and tourism have a degree or equivalent compared to an all industry figure of 29%, with 15% of the workforce having no qualification compared to 11% of the total workforce.*” Anyway, in Portugal there are a lot of schools offering courses specialized in tourist animation and, of course, these students are favored over those who do not study tourist animation. Many times, what hotels consider advantageous is that students work for them for free, as interns, and the hotel offers them just free meals and in some cases accommodation, too. They do not even take any responsibility for the interns. There’s just a student’ supervisor who cares that his work will be well done.

4.4.2. Threat of Substitutes

A substitute product is one that may offer the same or similar benefits to consumers but that is a product from another industry. The threat of a substitute is the level of risk that a company faces from replacement by its substitutes. For more generic, undifferentiated products the threat is always higher than from more unique products. A company that has several possible substitutes that can easily be switched to, has little control over the prices it sets or how it chooses to sell the product.

While conducting interviews with hotel managers in Algarve we found that in the opinion of some managers it is not necessary to have entertainment in the hotels (such as kids club, sport for adults, night shows, etc.), because in the surroundings there are a lot of opportunities to take part in socio-cultural and recreational activities such as night shows, karaoke bars, discos, festivals, farmer's markets with local products, companies hiring equipment for aqua sports, walking tours, cruises, etc. These hotel managers find that non hotel animation is sufficient to satisfy the animation needs of their guests. In addition, some of animation agencies claim that there are always more and more companies from other industries which offer different types of animation as an additional service of their main one (e.g. the company providing birthday parties offer parades for kids or thematic parties). On the other hand, some hotels with no animation services had already experienced a situation where hotel guests with children asked for Mini club or some activities for children. In that case, the hotel usually recommends some entertainment activities near the hotel. The advantage of Mini and junior clubs placed in hotels is that if parents want to have free time without their children leaving their children with animators for short periods of time this is not possible.

4.4.3. Bargaining Power of Suppliers

An important force within the Five Forces model is the bargaining power of suppliers. Martin in 2014 explains that all industries need raw materials as inputs to their process. "This includes labor for some, and parts and components for others. This is an essential function that requires strong buyer and seller relationships. If there are fewer suppliers or if they have certain strengths and knowledge, then they may wield significant power over the industry."

As suppliers, we can identify dealers of some equipment that we would need for the training courses and for animation work (e.g. CDs, balloons, face-painting facilities, T-shirts, dance instructor services, etc.). On the one hand, there are many suppliers for these types of materials and we can choose the ones offering the best prices. On the other hand, we do not

anticipate that our company will have the capacity to bargain prices and conditions with these suppliers. However, all material aids are easily accessible on internet and their prices are quite cheap and stable.

4.4.4 Bargaining Power of Buyers

When a strong group of buyers is present in the market, it can significantly impact a company's product and selling decisions. The strongest power that buyers can exert is to lower prices, which in turn impacts the profit potential. Buyers can also demand higher quality of services or products, and increase competitiveness by forcing different companies into price wars. All of these factors end up decreasing the attractiveness of the industry by lowering its profitability.

In Portugal hotel animation is still not as much developed as it is in Spain for instance. Additionally, Spain is considered by many tourists as the country with the most similar culture, climate, gastronomy, mentality, and life style. This might be the reason why expectations of many tourists in Portugal are based on their experience with the hotel animation in Spain.

While conducting interviews with some hotel managers in Algarve, we found that for many of them hotel animation is not very important. They explained that in Spain entertainment in hotels is of much more importance as it does in Portugal. They consider Spanish as more temperamental nation while Portuguese are generally calmer and more conservative. Some of them say that tourists coming to Portugal look for something else and they are coming just because they look for relax and calm atmosphere. Some managers say that the reason is that hotel entertainment represents more costs than profits and the hotel doesn't have sufficient budget for that extra costs.

In our opinion, hotel animation can be profitable if it is well applied (e.g. increasing consumption of drinks in bars). Unfortunately, many hotels do not measure the growth of the consumption in bars caused by animation activities. This is one of the reasons why there is not a high demand for animation in hotels and such small budgets. Usually the budget is around 10 000 € to 30 000 € per month including costs for animation facilities, equipment, possibly some contribution for transportation and accommodation too. The budget depends also on the hotel's capacity.

Tourism in Portugal is growing year after year what strengthens the purchasing power of our potential customers (hotels in Algarve). On the basis of our analysis we can conclude that although currently the hotel animation demand in Algarve is not as high as it is in Spain, there is

high probability that it will grow.

One of motivations to buy services from Slovak animation agency might be relatively cheap labor in Slovakia and low minimum wages, what might effect that the managers will request cheap prices of services provided by Slovak company.

4.4.5 Intensity of Rivalry

The intensity of rivalry among firms that already belong to the industry is one of the main forces that shape the competitive structure of an industry. Porter's intensity of rivalry in an industry affects the competitive environment and influences the ability of existing firms to achieve profitability. High intensity of rivalry means competitors are aggressively targeting each other's markets and aggressively pricing products. This represents potential costs to all competitors within the industry. High intensity of competitive rivalry can make an industry more competitive and decrease profit potential for the existing firms. On the other hand, low intensity of competitive rivalry makes an industry less competitive and increases profit potential for the existing firms. The intensity of rivalry can increase because of several factors. Among them are the following: a high number of firms in the industry, not clear market leader, competitors are of equal size, the industry growth is slow, the products are just a little bit differentiated, and brand loyalty is not very significant. Hotel entertainment in Algarve is highly competitive sector and there are many "big players" and a number of small companies providing alternative entertainment activities in the hotels. In terms of brand loyalty, some companies have builded a strong loyalty of their clients guaranteed by providing extra benefits – such are free workers (trainees).

4.4.6 Complementary Products

Complementary products, the sixth force, are companies or entities that sell or offer goods or services that are compatible with, or complementary to, the goods or services produced and sold in a given industry.

In terms of the hotel entertainment we can consider as complementary products we can consider the companies which sell all equipment and facilities needed for animation activities in hotels (e.g. balls, papers, rackets, T-shirts, night show costumes, CDs, drawing material, music technique, fitness and aerobic facilities, etc.) or companies constructing and installing hotel environment suitable for animation (e.g. indoor and outdoor swimming pool, stage, tennis/volleyball/basketball court, music technique, light projectors, room for indoor games,

Mini club, etc.)

In the case of hotel entertainment in Algarve there are still many hotels that do not have enough developed conditions for providing animation services. Some managers of Portuguese animation agencies complain of low quality infrastructures of hotels in Algarve, where the basic elements needed for animation (e.g. at least two swimming pools – one for guests who do not like participate in animation activities and another one for active guests who want to take part in some games and activities; stage for night shows; courts for sport activities, an so on) are missing. Some of the interviewed managers of animation agencies say that the problem is that many Portuguese hotels consider the investment in animation as a waste of money. That is the reason why animation agencies in Portugal sometimes have to deal with a humble budget and look for alternatives which could offer almost equal quality. This makes the need to use complementary services more common.

5. BUSINESS PLAN

European Commission offers to the starting entrepreneurs a complete guidebook describing the first steps to develop a business plan and other instructions to achieve success in starting business. A business plan is a formal statement of business goals, reasons that are attainable, and plans for reaching them. It may also contain background information about the organization or team attempting to reach those goals. It is the starting point for the establishing of company and it allows the business founders to test whether the idea is viable.

5.1 Objectives of business plan

Developing a business plan reduces the risks and uncertainties that founders face when establishing a business. A business plan includes three main objectives:

I.) Feasibility analysis

It helps to analyze all variables that could affect the business and it provides necessary information to confirm the business viability.

II.) Management guide

When company is finally established, the business plan will work as the guidebook for other actions and as internal handbook for the development of many proceedings. At the same time it will help to evaluate the results of the business progress and correct possible deviations.

III.) Covering letter

The Business plan is also useful to get financial support or it can be used as the “covering letter” for the company to communicate with potential external partners, who may require it.

Applause, s.r.o. will have seat in the capital of Slovakia – Bratislava, where we will organize training courses and the recruitment processes. Our goal is to select confident and communicative young people with friendly spirit who will perfectly fit to work in hotel animation.

The company will look for those young people that have real potential to become hotel animator, good communication and language skills, active in dance, sport, theatre and ability to integrate quickly to new communities.

5.2 General company description

Applause, s.r.o. will act primarily as a recruitment company offering intermediation services between animators and hotels in Algarve/ animators and animation agencies operating in Algarve.

The main goal of the company is to search for suitable animators who will fit the needs of entertainment services for Portuguese hotels. In this regard it will organize the training courses conducted by experienced animators. Besides the courses, the company will organize selection processes where participants will have the opportunity to show their skills, talents and ability to learn quickly animation activities. During the process management team of the company Applause, s.r.o. will test participants' skills in foreign languages, dance, singing, sport and different talents that might be helpful when work in animation.

While the selection a hotel managers or managers of animation agencies right looking for animators will be present and take part in the selection process as jurors or they will participate just in second phase of the selection process which in that case would be an interview with employer by Skype call. Those candidates who will pass the first phase will continue to that interview.

If the employer will choose some candidate based on the personal interview, our company will conclude a written agreement with that candidate. According to that paper the recruitment agency will undertake to mediate the work in hotel animation in Algarve with a foreign employer for brokerage fee.

Pictures, possibly videos from the courses and selection processes will be promoted on the website of the recruitment agency. Applause, s.r.o. will advertise job offers by social network, its official website and placing posters in Slovak institutions e.g. secondary schools and Universities with courses specialized in touristic animation, gyms, dance schools, schools of art, dance, sport, music, theatre, where is a high concentration of young people skilled in requested competences.

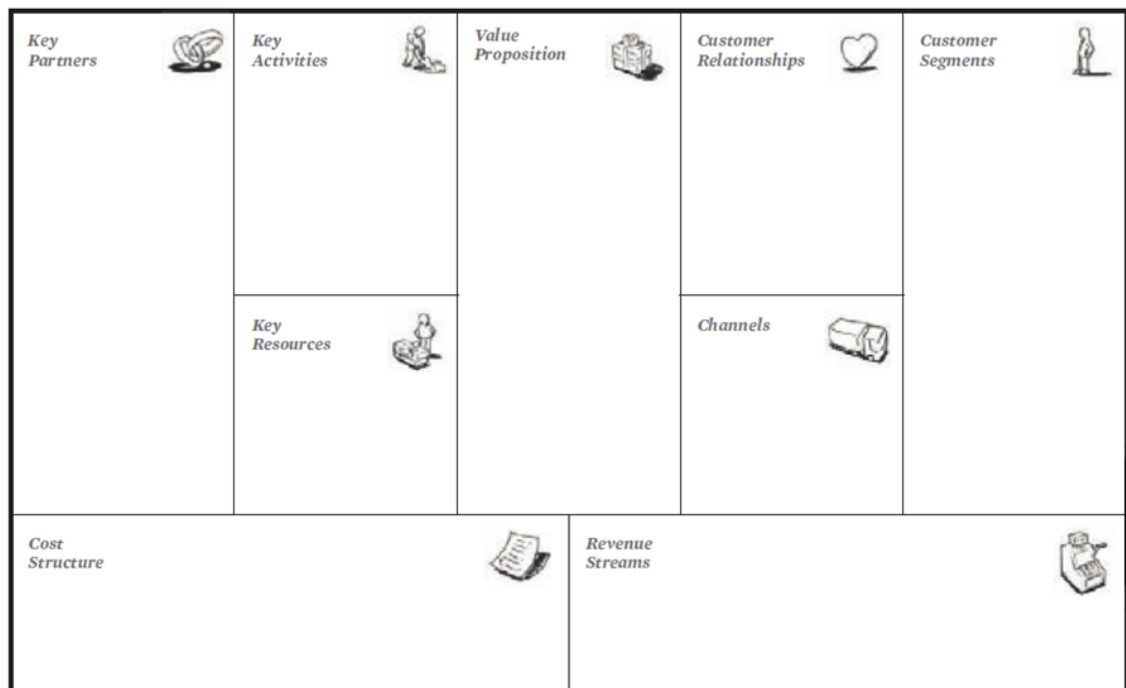
5.3 Business model

The authors of Business Model Generation, (Osterwalder and Pigneur, 2010, p.14) give the following definition of business model (BM): "A business model describes the rationale of how an organization creates, delivers, and captures value." The BM is described through nine basic building blocks that show the logic of how a company intends to make money. They are the following: 1.) *Customer Segments (CS)*; 2.) *Value Proposition (VP)*; 3.) *Channels (CH)*; 4.)

Customer Relationships (CR); 5.) Revenue Streams (RV); 6. Key Resources (KR); 7.) Key Activities (KA); 8.) Key Partnerships (KP); and 9.) Cost Structure (CS).

Osterwalder and Pigneur in 2010 (p.14) say: “The nine blocks cover the four main areas of a business: customers, offer, infrastructure, and financial viability. The business model is like a blueprint for a strategy to be implemented through organizational structures, processes, and systems.”

The Business Model Canvas



Picture 1 - The Business Model Canvas of the company Applause, s.r.o.

Source: Osterwalder, and Pigneur (2010, p. 44)

5.3.1 The Nine Building Blocks/How Our Business Model Works

5.3.1.1 Customer Segments

As Osterwalder and Pigneur (2010, p. 20) state: “The customer segments building block defines the different groups of people or organizations an enterprise aims to reach and serve. Customers comprise the heart of any business model. Without (profitable) customers, no company can survive for long.”

From the analysis of the market in Algarve we identified potential customers that we separated in accordance to *their needs, requirement of relationship and profitability*. We decided that we will target the following segments of potential customers:

- A) Hotels in Algarve
- B) Animation agencies operating in Algarve
- C) Potential animators
- D) Hotel guests

A) Hotels in Algarve

From the information that we obtained in the interviews with professionals in the area of hotel entertainment, we concluded that to post animators directly in hotels in Portugal is much more risky than to establish a contract with animators already operating there. The reason is that animators coming from abroad that wish to work in Portugal have to request a fiscal number (NIF) that is issued by Autoridade Tributária e Aduaneira (i.e. Tax Authority) This situation creates the need to hire/send a person in/to Portugal to assist with the registration process. That would mean for the company much higher what makes this customer segment not so attractive.

Additionally, hotel managers normally expect that the company posting animators to hotels will take the responsibility for the service provided by those animators. They expect that a company will have a control over the animators' work, assure that they will follow the specific requirements of the hotels, organize a complete animation team and create an animation program for all season.

What we discussed above, points to the need to hire a coordinator - a person who has already a large experience in the area of the hotel entertainment in Portugal. Ideally, it would have to be a person who has worked as an animator for many years and is flexible, predictive and capable to find solution for each problem.

To avoid this, in the case of the first CS we will offer hotels just individual animators (no packages) with experience in the hotel animation who are able to integrate to existing animation team. Before travel they will have to register with the Autoridade Tributária e Aduaneira in Portuguese embassy in Slovakia to its own expense

B) Animation Agencies operating in Algarve

In total, we have identified nine companies specialized in hotel entertainment which provide animation services in hotels in Algarve. Three of them are not Portuguese companies (one British, one Polish and one Spanish animation agency). From those nine we had opportunity to interview the managers of four of them. According to the results from the interviews we came to the conclusion that the customers segments – Algarve hotels and animation agencies operating in Algarve – are not viable. The reason is that managers of animation agencies look for animators who speak at least Portuguese and English, because they have many English speaking and Portuguese tourists. Besides these two languages, it is preferable to speak at least two more languages. That is why the majority of animation teams in Algarve are consisted of Portuguese and Brazilian animators who speak English too, plus another language (e.g. German, Spanish, French or Italian).

C) Potential Animators

As the third segment we considered potential animators from Slovakia who wish to improve their skills in the area of hotel entertainment and attend our courses (such as language courses, dance courses, courses for musical choreographies, Mini Disco dances, Club dances, face painting and different kids activities, sport activities and competitions for adults, etc.)

D) Hotel guests

Hotels in past regularly offered their younger guests kinds of amenities, as part of the kids' programs, to take home with them. Currently also these mementos that hotel guests carry home serve as a 'brand' reminder of the place where they spent holidays and increase the chance that they will choose the same hotel again. Besides that, guests usually like to have a souvenir of their stay and their participation in the animation activities what opens for our company opportunity to sell souvenirs with the logo of the company to hotel guests.

5.3.1.2 Value Proposition

The value propositions building block describes the bundle of services that create value for a specific Customer Segment. The Value Proposition is the reason why customers turn to one company over another. It solves a customer problem or satisfies a customer need. Each Value Proposition consists of a selected bundle of products and services that caters to the requirements of a specific Customer Segment. (Osterwalder and Pigneur, cited in Entrepreneurial Insights, 2015)

This is the point of intersection between the product we make and the reason behind the customer's impulse to buy it.

- Applause, s.r.o. will offer two types of services dedicated to 3 different Customer Segments:
1.) Training courses for potential animators

European Commission in 2015 (p. 6) reported: "Despite some recent improvements, the youth unemployment rate is among the highest in the EU." Young people in Slovakia have difficulties to find a job and summer job in hotel animation in Portugal could be one great opportunity to work during the summer.

The first step to become animator will be formation for animation that Applause, s.r.o. will offer to all those who are interested in the work in hotel animation.

- 2.) Searching and selecting suitable young people for animation in hotels in Algarve or for animation agencies providing animation services in the Algarve region
- 3.) Selling souvenirs with the logo of the company Applause, s.r.o. in hotels

5.3.1.3 Channels

Channels are part of building block and define how an organization communicates with and provides value to its chosen customer segments. Channels and Customer Relationships are directly linked to the 'how' of a company linking with its target customer segment. Most companies have a different medium to attract a customer and separate strategies on how to retain them. Channels can be categorized as *marketing*, *sales* or *distribution channels*.

The distribution channel represents one quarter of the Marketing Mix and represents how an organization will make its product or service available to the end consumer for consumption or use. A Distribution channel can be direct or it can contain intermediaries. To select the distribution channels is necessary considering the following elements: 1.) The number of customer segments; 2.) Investment required; 3.) Amount of control required over the distribution channel; 4.) how long a healthy relationship will take to be established with the distributor. The purposes of channels that will be used are: 1.) educate customer segments about the provided services; 2.) providing to the customers an opportunity to study and evaluate the company's value propositions; 3.) facilitate the purchase of chosen services; 4.) after sales services.

The five Channel phases:

Phase 1: Awareness

This is the marketing and advertising phase. It is how we let our customers know about our value proposition.

1. *Hotels* and 2. *Animation agencies* – personal meetings with managers in their office/office of the company Applause, s.r.o., e-mails, skype calls, website; invitation for the courses or a selection process in Slovakia;

3. *Potential animators* – posters in the institutions such as dance studios, fitness centers, secondary schools and Universities with the courses specialized in animation; emails, social network, website.

Phase 2: Evaluation

This is the promotion or ‘Try me before you buy me’ phase.

1. *Hotels* and 2. *Animation agencies* - invite the managers of hotels and animation agencies from Portugal (possibly Spain) to Slovakia to see animation program and help us on the selection process of our animators.

2. *Potential animators* – In institutions where the courses will take place might be present an audience too. It could be effective way how to attract other adepts for next course.

Phase 3: Purchase

This is the sales process.

1. *Hotels* – Firstly, the company will send to the hotel a proposal for providing animation package according to hotel conditions, environment, needs and wishes. Then both parties, hotel and the company, will negotiate prices that hotel is willing to pay and the company willing to provide the service. If both parties agree on those conditions, then chosen animators will be distributed to the hotel. Every month the hotel will pay to the company a negotiated price from which the company will pay animators salaries.

2. *Animation agencies* – The concept of the purchase would be similar as with hotels. The difference is only number of animators. Animators will be posted also as individuals. First year the proposal will be sent by Applause, s.r.o. But there is high probability that in next years it would be an animation agency asking for some number of available animators.

3. *Potential animators* – The Company will sell for a fix price the different courses of animation, for potential animators and for students that could be interested to work in this area.

Phase 4: Delivery

This is the fulfillment stage and defines how the product will reach the customer.

1. *Hotels* and 2. *Animation agencies* – Animation teams and individual animators will come to hotels by themselves (e.g. by bus, airplane, taxi) – some contribution to their transportation fees might be/or not included in their first salary;

3. *Potential animators* – some courses and selection processes will take place in studios and institutions which participants normally attend. Transport will be done by themselves (e.g. train, car or bus).

Phase 5: After Sales

After Sales will be provided by a person responsible for resolving any problem or question about the services.

1. *Hotels* and 2. *Animation agencies* – In the company Applause, s.r.o. will be the person representing Sales & Customer department that will treat the situations when some problem will appear and that person will be responsible to find a solution;

3. *Potential animators* – There will be the person leading the department Human Resources who will be responsible for dealing with problems related with our potential employees.

Types of channels that Applause, s.r.o. will use for distribution:

Direct distribution - This can be done through following: a) personal selling; b) the internet (e.g. website, social network); c) telephone or d) e-mail. It will be used mostly for selling the courses and creating relationships with hotels and animation agencies in Portugal. It will be also used to promotion in institutions such as dance studios, fitness centers, etc., which should be resource of young people suitable for animation.

a) *Personal Selling* - In the case of personal selling, there is a lot of conveniences afforded to the customer including personal demonstration, home delivery, and satisfaction guarantees. The cost of a direct selling channel, especially if it is based on personal selling is low and can be easily afforded by an individual starting a business. This channel we will apply first year for the communication with hotel managers and managers of animation agencies – we will schedule

personal meeting in their office or invite them to Slovakia to some course or recruitment of animators to choose suitable adepts according to their wishes and requirements.

b) The Internet - The internet provides a low-cost channel to target a wide customer base. It also provides convenience to customers in the form of instant access, ease of use and personalization. It is also a wonderful source of information for the customers is available 24/7 and gives them the chance to establish two-way communication with the company by letting them provide feedback and share preferences. Conversely, the internet is an impersonal tool that does not allow the customer and the company to establish human contact. That is why first year the company will schedule with its potential customers (Hotels and Animation Agencies) personal meetings to create good relationships, or it will invite them to Slovakia to see how the training courses work or to participate in some selection process. Then, next year's we will try to keep our communication by internet that would be cheaper alternative.

c) Telephone - The telephone is an inexpensive ad efficient way to establish direct contact with the customer. It is also a good way to establish a relationship, create leads and reach customers in remote areas. By this channel end employers can contact potential animators and do interview with them by phone. For communication with Hotels and Animation Agencies the company will use Skype call.

d) E-mail - Mail is another direct medium that is inexpensive and can reach a large audience. It is also easily customizable to different customer segments and allows for easy alteration. It is a wonderful way to create a brand image. Disadvantage of this medium is the possibility that customers consider it junk mail or choose to never peruse its contents. The company will use email communication just after the personal meeting when the company will have already captured a customer.

Indirect Distribution - Applause, s.r.o. will provide services of animators to some animation agencies which will find for them employers in Algarve region. Those agencies will have role of Retailers. Retailers have their established brands that can provide a bolster to the already existing brand. There is also personal service and after sales services provided by the retailer, as being a source of market and consumer intelligence. This channel, however, leads to lower margins and loss of control.

5.3.1.4 Customer Relationships

The Customer Relationships Building Block describes the types of relationships a

company establishes with specific Customer Segments. This building block dictates the nature of the relationships that the company Applause, s.r.o. will develop with its customer segments. The customer relationships that the company create, are based on the company's business model and the greatly impact of overall customer experience.

Customer Retention refers to the long-term relationship a company establishes with its customers. The more repeat customers, a company has, the more trustful will be their service and products for the market and easier to get new costumers.

Below are some strategies businesses that we could use to retain our customers and form long-term relationships with them:

1. **Utilize positive social proof:** websites will show how our service works and will improve our social standing and might be helpful to retain our customers for long-term on the company.
2. **Use the words they love to hear:** certain words have a deep impact on the buying behavior of customers, and if the product fulfills the promise of these words, customer retention becomes easier.
3. **Utilize surprise reciprocity:** The company can offer to students on the courses (potential animators) some small present (e.g. CD, paintings, balloons, certificate, etc.) that might remind them our company and attract them to come next time again.
4. **Make it personal:** by providing a personal service to the customers, we can increase our chances of creating a repeat customer. This we can apply on creating good relationships with hotel managers or managers of animation agencies who we can invite to Slovakia.
5. **Customers enjoy businesses who know them:** This is another reason why meetings with managers of hotels and animation agencies are important for the company.
6. **Choose the right platform:** During the analysis of the market we discovered that many managers like personal meeting, where they can truly see the person who sell them the products or services.
7. **Label your customers:** Customers are more likely to keep buying the service if they associate the product or service with the brand of the company. That is why important to have the logo of the company on T-shirts of animators.

There are six categories of Customer relationships that might be applied in our company for different customer segments: 1. Personal assistance, 2. Communities and 3. Co-creation.

1. Personal assistance

This type of customer relationship is characterized by the human touch. Customers (Hotels and Animation agencies) have the opportunity to interact with a sales agent while they are making their purchase decision or with a customer services agent for after sales services. The first time Applause, s.r.o. will address to some hotel or animation agency, will be important the personal contact to understand requirements, the wishes of every customers and to make connection between the company and the customer.

2. Communities

In today's social media driven environment, communities are a wonderful way for companies understand their consumers, get insights into their habits, perspectives and create a platform in which customers can get together and share knowledge and experiences. In this way, not only does the company form a personal relationship with its customers, but these bonds are strengthened by the additional relationships customers form with one another. Applause, s.r.o. will create a Facebook page where will upload videos of training courses, selection process and animation activities in hotels. It will share news, videos, strength relationships with customer segments (hotels, animation agencies, animators) and try to understand better their needs and wishes too.

3. Co-creation

The Company will work on the nature of the customer relationship by involving them in designing and creation of the end product (animation packages). This will give customers greater ownership over the product and service and often results in the creation of product or brand champions in the market. Hotel managers could be co-designers of the animation program and the overall packages which will be proposed to them.

5.3.1.5 Revenue Streams

This building block elaborates the earnings a business gets by subtracting the costs from the revenue generated from each customer segment. Where customers are generally considered the heart of the business, revenues are automatically likened to the arteries. Organizations must evaluate the worth of the value they provide to each customer segment. An accurate evaluation of this worth will result in multiple revenue streams being gained from a single customer segment. Revenue streams need to be as clearly defined as possible.

Revenue streams can be divided into 2 categories:

1.) Transaction Revenue

These revenues are earned from the customer making a one-time payment for the product or a rendering of a service.

Applause, s.r.o. will apply this type of revenue streams on one of the customer segments - potential animators who will be charged for the courses (Mini disco courses, Face painting, Kids activities, Aqua-fitness, etc.) making a one-time payment.

2.) Recurring Revenue

The recurring revenues are earned from consistent ongoing payments rendered to a company. Applause, s.r.o. will apply recurring revenue streams for charging 2 others customer segments – hotels and animation agencies which will pay for animation services agreed price every month.

There will be 3 ways how we will generate revenue streams for different customer segments:

1.) Usage fee

This kind of fee will be charged by service providers to customers for the usage of provided services. In this context customers will be potential animators who will pay for the courses.

2.) Brokerage fee

Because the company will act as the intermediary in relation with 2 another CS (hotels and animation agencies) Applause, s.r.o. will charge a brokerage fee that will be a percentage of the gross animators' salaries paid by hotels or animation agencies.

3.) Advertising

The company can earn some fees through promoting hotels, where animators will work and for advertising educational institutions (e.g. schools with courses specialized in animation, dance studios or fitness centers in Slovakia), where will be organized courses of the Applause, s.r.o.. In recent times, with the boom of the internet and e-commercial, many websites are also using this as a main revenue stream.

5.3.1.6 Key Resources

The Key Resources Building Block describes the most important assets required to make a business model work. Every business model requires Key Resources. These resources

allow an enterprise to create and offer a Value Proposition, reach markets, maintain relationships with Customer Segments, and earn revenues. Different Key Resources are needed depending on the type of business model.

Key resources are the main inputs that our company will use to create its value proposition. These are the main assets that our company requires to create the end product. Key resources deal with the operational end of the business spectrum and define what kind of materials we need, what kind of equipment is required and the types of people we need to employ. This aspect plays a direct role in bringing our value proposition to life for our customer segments and defines the minimum we need to have to deliver to our customers. Key resources are directly relevant to the number and type of key activities our company engage in. Ultimately, the quality of our key resources will impact the sustainability and profitability of our company.

Key resources can be categorized into 4 broad types; physical, intellectual, human and financial. In addition, a company has the option of leasing its key resources or owning them as well as taking on key partners who would provide access to these resources.

1.) Physical resources

Physical assets are tangible resources that Applause, s.r.o. will use to create its value proposition. These will include equipment like software, hardware, audio technique, microphones, CDs and DVDs, camera, office, lights, printer, office supplies, inventory, etc.

2.) Intellectual resources

These are non-physical, intangible resources like brand, patents, copyrights, and even partnerships. Customer lists, customer knowledge, and even people working in the company represent a form of intellectual resource. Intellectual resources take a great deal of time and expenditure to develop. But once developed, they can offer unique advantages to the company.

3.) Human resources

Employees are often the most important and yet the most easily overlooked assets of an organization. Specifically if the company belongs to the service industry which requires a great deal of creativity and an extensive knowledge pool, human resources such as customer service representatives.

4.) Financial resources

The financial resource includes cash, lines of credit and the ability to have stock option plans for employees. All businesses have key resources in finance.

5.3.1.7 Key Activities

The Key Activities Building Block describes the most important tasks and actions that the company must do to make its business model work. These are the most important actions a company must take to operate successfully. As we studied with the key resources building block, key activities are similarly pivotal in an organization fulfilling its value proposition, reaching its customer segments, sustain its customer relationships and ultimately create long-term revenue streams. Key activities building block creates a bridge between value propositions and the customer segments' needs. Applause, s.r.o. will practice 4 principal Key activities:

- *The research and development department (R&D)*

Before Applause, s.r.o. will produce a new services and products (e.g. animation packages, courses for animators, etc.) it must first go through the research and development department which will explore what features and characteristics the product should have.

R&D must also look into existing products (animation packages of different animation agencies and courses for animators in Slovakia provided by different companies) to see if they require an upgrade and it can evaluate services up to the quality standards set by the company. This department will be responsible for keeping an eye on innovations and new trends within the industry and ensuring that the company's products stay abreast of these trends.

- *Production management*

First step is to select the right service or product and the right design for it. This is a crucial decision because the combination of the right service (Value Proposition) and the right design (Key Activities) will dictate the success or the failure of the company.

The company Applause, s.r.o. will select people with the high potential and subsequently it will create a plan for an animation package including description of roles and responsibilities of animation team, an animation program, a schedule for animator's tasks and activities, designed T-shirts and costumes for night shows.



Figure 2. – Costumes of animators for night shows

Source: Party City (n.d.)

Applause, s.r.o. will communicate with different institutions in Slovakia (such as dance studios, music schools, fitness centers, schools provided courses specialized in animation to search potential animators) and there will promote provided courses for young people interested in work as an animator. Some courses will take place in these institutions, some in the seat of the company. The courses will be promoted also by social network and its website too.

On the courses hired instructors and experienced animators will teach animators different activities that animators will do in hotels in Portugal. These participants who will be especially talented and will have potential to become good animators, after the course the company will inform them about the interest of the company to conduct a contract with them.

The chosen animators will do skype interview with managers of hotels and manager of animation agencies in Portugal and will be create an animation team. If the hotel will like them and accept the animation team, then we will conduct the contract with the hotel.

The company Applause, s.r.o. will have scheduled animation courses, selection processes, meetings with managers of hotels and animation agencies, meetings with directors of different educational institutions for young people in Slovakia where selection processes and the courses will take place too. Those institutions will be chosen with accordance to their access to the public transport, the capacity and the environment suitable for that kind of events.

Applause, s.r.o. will use for the courses various materials that are cheaply available and will be responsibility of the manager to control if is everything.

Marketing department

It is responsible for the growth of the company by getting word of the company's existence and the value it provides to its customers.

Manager of Marketing department will be responsible for drafting and getting approval of a marketing strategy for the company, based on its overall goals and missions before cascading this strategy throughout the department and creating goals based on it.

The Marketing manager must have full knowledge about the market where the company is operating, including the strengths and weaknesses of the product according to the customer, potential competitors in the market to whom the company may lose market share or weaker competitors from whom the company can get market share.

The Marketing manager will work in conjunction with Production manager constantly. They will be the ones with their fingers on the customer pulse and the source of insight consumer needs and feelings. Once the product is developed, the marketing team is also involved in pricing the product.

The marketing manager will be responsible for all communication to go out into the market. The nature of this communication varies from press releases to online product reviews, advertisements, social network, website, posters, etc.

- *Sales & Customer department*

It plays a key role in the purchase and post purchase behavior and experience of our customers. This department is a key to ensuring that we build a cadre of repeat customers who will become our advocates in the market and drive more business in through word-of-mouth. Conversely, these customers can also be extremely vocal if they have suffered a bad customer experience with the company and can just as easily drive business away. Hence, one of the most crucial weapons in our arsenal is our Sales & Customer manager.

Customer manager will spring into action when customers call with complaints. The role of the manager would be that if an irate customer will call, he will do everything, within the scope of its job description, to leave him happy or satisfied when he hangs up.

5.3.1.8 Key Partnerships

The Key Partnerships Building Block describes the network of suppliers and partners that make the business model working. The company will create alliances to optimize its

business model, reduce risk and acquire resources.

When forming a partnership, it is important to evaluate our value proposition and our key resources and make sure our partners are filling any gaps in either. This can only be done by also evaluating how the partnership will translate to the customer.

Some partnerships may seem lucrative in theory but fail to get off the ground practically. In addition, changes in the business context may also make some business partnerships irrelevant. In such cases, it is important to end these partnerships quickly to avoid further wastage of resources.

There are categorized four different types of partners and partnerships: 1. Strategic Alliances, 2. Co-opetition, 3. Joint Ventures and 4. Buyer-Supplier Relationships.

The Applause, s.r.o. will work on development of Buyer-Supplier Relationships that might be the most efficient partnership in area of the company. It is the most common type of partnerships which assures that the company has a reliable source of supplies. This means that partners have a steady confirmed buyer for their product what might increase a demand for the product too. One of the motivations of Applause, s.r.o. is focus on the bottom-line based on the cost-cutting or smart spending through optimizing the allocation of either its resources or activities. When we are looking for efficiency in our company or optimizing our production chains, key partners can help us achieve this goal. The idea is to share infrastructures of other institutions and involve their instructors as instructors of our courses. By that way we can also reduce the inherent risk that comes with doing our own business. In that way we will also guarantee supply to our business rather than being dependent on suppliers who aren't key partners and would therefore not give precedence to our business over others.

Because there are certain tools (such as costumes for night shows) that we don't have "in-house" and which would require a heavy investment of time and money, key partners who already have these facilities and the infrastructure developed would come in extremely handy. For example, dance schools which do also public spectacles for which they need costumes and some props could help us to reduce our investment for all this equipment.

5.3.1.9 Cost Structure

The Cost Structure describes all costs incurred to operate a business model. This building block describes the most important costs incurred while operating under a particular business model. Creating and delivering value, maintaining Customer Relationships, and

generating revenue all incur costs. Such costs can be calculated relatively easily after defining Key Resources, Key Activities, and Key Partnerships.

Because Applause, s.r.o. will provide two different VP, both of them will use different cost structure:

Cost-driven business – In the case of courses provided to *potential animators*, it is important to lower prices based on internal costs and expenses. But policy of the company is not to offer the product for lower price than competitors, it is just the way how to reduce operational costs and at the same time increase the quality of the product.

Values-driven business - This strategy will be used mostly in relation with *hotels* and *animation agencies* to whom we will provide animation services by trained animators. It will be characterized by struggle to complete focus on the creation and delivery of a high value.

Cost structures have multiple characteristics. These are highlighted below:

- **Fixed costs** - are business expenses that remain the same regardless of the volume produced by the business. For Applause, s.r.o. these costs will be monthly paid salaries of animators working in hotels in Algarve, rent for office space and telecommunication fees which are time bound costs. It is important to note that fixed costs will not remain the same forever. Instead, they may change with time but will remain stable over a period of time. Hence these costs are also known as sunk costs for the relevant period of time.
- **Variable costs** - are costs which are heavily dependent on the volume of output the company produces. The company will have some variable costs just when will organize some courses or a selection process. The price for services of dance instructor depends on hours of his work. Price of used facilities during the course depends on number of participants, etc.

5.4 Marketing Plan

Kotler and Armstrong in 2004 say: "Marketing is the social process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return."

5.4.1 Objectives of Marketing

The main objectives of the marketing will be:

- Offer quality and original courses for animators focused on the hotel animation in Portugal;
- Introduce new and unconventional style of animation ("Disney Channel" stories for kids, new dance styles, different sports and competitions);
- create teams of animators, among which will work good relations, communication and who will bring to guests in the hotel pleasant atmosphere and good energy;
- Support to increase the consumption in hotel bars and at the same time thereby increase demand for our services.

5.4.2 Systematic SWOT analysis

In the SWOT the strengths, weaknesses, opportunities and threats for the company and the industry will be enumerated, and then they will be analyzed through the approach of the four different alignments, namely challenges, constraints, alertness and danger. In terms of opportunities and threats it is relevant to mention that they are external to the company and as a result they are applicable to the whole industry. In the case of strengths and weaknesses it is important to mention that they are for a company which has not been created, which means that they are predicted points and they will certainly change over time.



Graph 3. – Systematic Approach through alignments in the SWOT Analysis

Source: Bom (1999)

Systematic SWOT analysis

In the SWOT the strengths, weaknesses, opportunities and threats for the company and the industry will be enumerated, and then they will be analyzed through the approach of the four different alignments, namely challenges, constraints, alertness and danger. In terms of opportunities and threats it is relevant to mention that they are external to the company and as a result they are applicable to the whole industry. In the case of strengths and weaknesses it is important to mention that they are for a company which has not been created, which means that they are predicted points and they will certainly change over time.

Internal strengths	P	V	M
items:			
Inexistence of recruitment agency in Slovakia sending animators to Portugal	0.30	9	2.70
Animators communicating in Slavic languages	0.20	5	1.00
Experienced trained and qualified animators	0.25	6	1.50
Slovak young are stable and hardworking	0.15	7	1.05
Different type of shows	0.10	5	0.50
	1.00		6.75
Internal weaknesses			
items:			
Animators don't speak Portuguese	0.30	8	2.40
High costs for accommodation	0.20	7	1.40
Slovak type of animation	0.10	9	0.90
Difficult to differentiate from competitors	0.25	7	1.75
No experiences with animation in Portugal	0.15	5	0.75
	1.00		7.20
Internal strengths (6.75) – Internal weaknesses (7.20) = - 0.45			

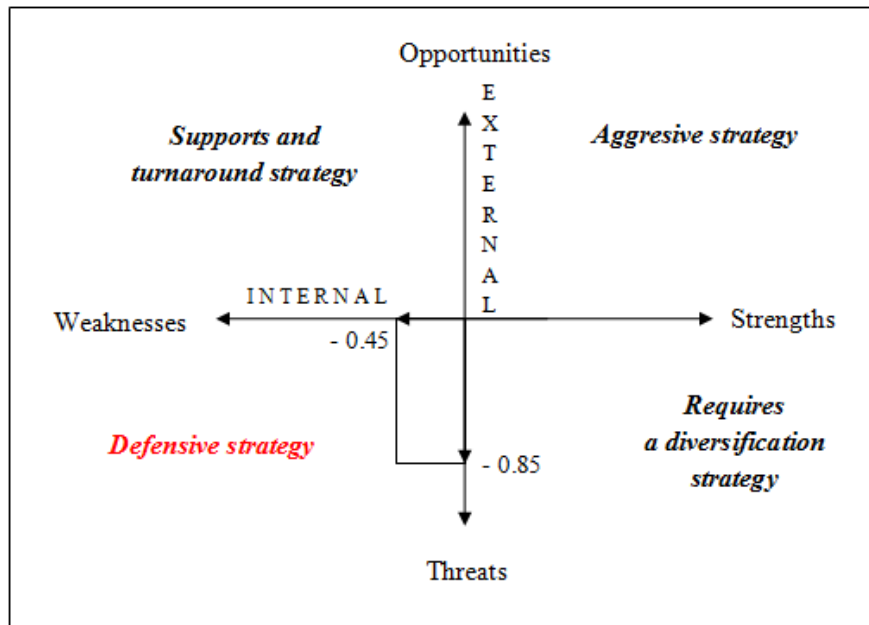
Table 5. – Systematic SWOT Analysis of internal Strengths and Weaknesses of the business

Source: Author

External opportunities			
items:			
Innovations of hotels` environment	0.25	6	1.50
Hotels with no animation	0.20	9	1.80
Increasing number of tourists coming from Eastern Europe	0.10	7	0.70
Portugal becomes highly touristic destination	0.30	6	1.80
Progress of profession	0.15	5	0.75
	1.00		6.55
External threats			
items:			
Schools in Portugal specialize in Hotel entertainment	0.25	9	2.25
High competition	0.10	8	0.80
Loyal customers toward competitors	0.15	7	1.05
Not suitable environment in hotels	0.20	6	1.20
Growth of not official animation companies	0.30	7	2.10
	1.00		7.40
External opportunities (6.55) – External threats (7.40) = - 0.85			

Table 6. – Systematic SWOT Analysis of external Opportunities and Threats of the business

Source: Author



Graph 4. - SWOT Analysis graph (Defensive strategy)

Source: Author

5.4.2.1 The company's strategy based on the SWOT analysis

After conducting SWOT analysis based on the evaluating Internal forces and weaknesses and external opportunities and threats we came to the conclusion that a given line of business would be successful because the internal forces are not sufficient to satisfy the internal weaknesses and external threats are compared with external opportunities very large. According to the methodology of SWOT analysis it is for the situation recommendations exit strategy from the business, respectively.

5.4.3 Segmentation, Targeting and Positioning (STP)

In this area we used a marketing tool STP with intent to understand what are the main customer segments to whom the company will provide services and some products and see what will be the best way how to address them. That is why it is important to segment the market using several criteria. One of the goals is to explore their characteristics and according that the company will position itself to reach those clients.

5.4.3.1 Segmentation and Targeting

There is no defined criterion that should an enterprise follow to do a segmentation of customers. In general segment represents part of the market consisting of consumers with similar characteristics, consumer behavior and purchasing decisions in the marketplace.

The process of dividing the market - *segmentation* - divides the market into homogeneous groups according to selected criteria (Bernátová, 2000). For characterizing segments of our customers we followed types of segmentation criteria:

1.) Geographic -

A) Animation agencies – We will focus mostly on those animation agencies which post animators into Algarve region.

B) Hotels – We will address the hotels located in Algarve region in Portugal.

C) Potential animators – We will look for appropriate animators from all over of Slovakia.

D) Hotel guests – Our products will be sold to tourists coming to the hotels in Algarve from all countries.

2.) Demographic -

B) Hotels – Evidently, the company will have advantage over other animation agencies in the case if the hotel will have majority of tourists speaking Slavic languages.

C) Animators – We have preference to address young people, male and female, in the age range of 20 to 30 (maximally 35) years old. We will focus primarily for those young people who have education in some of related areas, e.g. art, music, dance, sport, etc.

3.) Psychographic -

A) Hotels – Animation services will be offered to hotels which want to increase the consumption in bars installed in the hotel facilities. Our services might be interesting also for hotels which want to apply to their animation activities new style of entertainment (such as Slovak folklore dance).

5.4.3.2. Positioning

Al Ries and Trout (1969) in the paper "*Positioning - a game people play in today's me-too market place*" claim: "that the typical consumer is overwhelmed with unwanted advertising, and has a natural tendency to discard all information that does not immediately find a comfortable (and empty) slot in the consumers mind." In order to define the positioning of the company, it is important to consider in which situations each of the service will be provided.

What we need to differentiated from the competition and built up a strong position is the original name, logo and the main benefit that is usually expressed in the slogan.

Applause, s.r.o. will select young people on selection processes which will take place in the seat of the company in Bratislava and eventually in some dance studios or fitness centers where is high concentration of active young people. The selection processes will be organized in the bigger towns – besides Bratislava, in Nitra, Banská Bystrica, Prešov or Košice. It doesn't mean that animators will come just from those cities. But the main purpose is to give opportunity for young people from all over Slovakia.

Then, Applause, s.r.o. will provide services of animators to hotels in Algarve which have a sufficient budget for animation and with suitable environment for hotel entertainment (such as stage, indoor and outdoor swimming pool, space for Mini or Maxi club, environment for doing sport activities, etc.). It will be proposed also to those hotels which try to capture new clients, make a difference, create good relationship with their clients and make them relaxing more and enjoying time in their hotel.

5.4.4 Marketing Mix

The marketing mix is a conceptual skeleton of general marketing. It is based on the concept of four P's, i.e. Product, Price, Place, Promotion. These four marketing mix elements were suggested by the Canadian professor Jerome McCarthy¹⁵ at the beginning of the 1960s (Kotler, 2004).

No matter how good product and service are, the venture cannot succeed without effective marketing. And this begins with careful, systematic research. It is very dangerous to assume that we already know about intended market. It is needed to do market research to make sure we are on track and by creating business planning process we can uncover data and what is more important question all our marketing efforts. Market research for the Business plan of company Applause, s.r.o. was conducted in two different ways: primary and secondary research.

Primary research was done through interviews, questionnaires, pictures, observation methods and other techniques that help us to gather our own data. Professional market research would be very costly, however we adhere to research methods explained in various books which show small business owners and starting entrepreneurs how to do effective research themselves.

Secondary research was based on existing information such as online trade journals, newspapers, magazines, academic thesis, and other online resources. For this information we searched in public libraries, industry associations or recommended literature by academic supervisors.

5.4.4.1 Product

Applause, s.r.o. as the recruitment agency with the seat in Slovakia will post animators coming from Slovakia to hotels located in Portuguese region Algarve. Our service will be consisted of 3 principal activities: 1. searching potential animators, 2. selection of suitable adepts, 3. train of chosen animators.

1.) The first principal activity will be searching young people in the age between 18 and 25 years old with a good language skills (preferred languages are English, German or Spanish), with good communication skills and ability to talk in front of audience, ability to learn quickly, with some talent (e.g. dancers, sport instructors, singers, magic man, etc.) or those who have experience with animation or caring for children.

2.) As the second principal activity we considered selection of suitable animators for asked positions by our customers. That selection processes will be organized in the office of the company in Bratislava or in other bigger cities in Slovakia where have young people easier

access to come (e.g. Nitra, Prešov, Košice, Banská Bystrica, Trenčín or Žilina). In that case the event will be organized in the space of some school with courses of dance, singing, sport schools, theatre and so on.

The first year we will invite for a selection process our customers to tie their trust and make them confident with our service. Next years it would be easier and cheaper to do a selection process without invitation final employers. Our customers would not need to be on a selection process personally, but they will be referees in the last part of the selection when they will choose adepts by Skype call.

3.) The third principal activity will be training those animators on different courses that will be organized in the space of the company. The courses will be aimed at activities and improving the skills that are needed in the work of animator (e.g. face painting, dancing, Mini Disco with kids and different kids activities, communication with kids, moderating, studies about different cultures, learning musical choreographies, etc.).

The main mission of the company will be to produce skilled, experienced and well trained animators who will be flexible and ready for all different types of activities of animation. That is why for the courses will be invited experienced animators who have already experience with hotel entertainment in Portugal or in different destinations, such as Spain, Cyprus or Malta where frequently work also Slovak animators.

The main aim of the product will be develop reliable and trustworthy workers who will create good relationship with other staff in hotel, hotel guests and will create comfortable and relaxing atmosphere and ambient what will lead to the satisfaction and the loyalty of our clients (managers of animation agencies and hotel managers employing workers posted by our company).

5.4.4.2 Price

After product, “pricing plays a key role in the marketing mix” (Business Case Studies, n.d.). The reason for this importance is that where the rest of the elements of the marketing mix are cost generators, price is a source of income and profits. Through pricing, the company manages to support the cost of production, the cost of distribution, and the cost of promotion. Simplistically, price is the value measured in money term in the part of the transaction between two parties where the buyer has to give something up (the price) to gain something offered by the other party or the seller.

Pricing of the products and the services of Applause, s.r.o. can have vital importance because of the following reasons:

- 1.) Pricing as a Flexible Variable - Pricing changes can be made much faster than any other changes and with almost no lead time if the company will need to do some product positioning changes. It is important to plan for pricing changes, because those changes can have considerable impact on the brand of the company, the services and the product perception.
- 2.) Define the Right Pricing - Any pricing decisions for the products and the services of the Applause, s.r.o. need to be made through proper analysis and a strategic organization. A too quick decision can result in a loss of revenue. If the price is raised later on, the existing customers may feel like they are being unfairly burdened, because of that, it is important for the company try to keep prices which will both parties agreed and set in the contract. A price set too high can result in potential buyers staying away altogether, therefore our aim is to do not set too expensive price.
- 3.) Pricing as a Trigger for First impressions – Consumers can form a perception about the quality and relevance of the products and the services according to the price too and their decision to do purchase or not may be based on the perceived value. In addition, there is a danger that the first impression triggered by the price point will either make the rest of the offering irrelevant or it will be a based assessment. This is more one reason, to do not overprice the products and the services that we will offer.

Types of Pricing Strategies

There are a number of pricing strategies that a company can use to sell its services and products. The strategy used at any time will depend on the company's strategy and objectives. Some of these pricing strategies are the following:

- 1.) Penetration Pricing – When the company will develop the stable position on the market and the brand of the company will be recognized by customers as the powerful company, it would be possible to raise prices of some products and services.
- 2.) Competition Pricing - When trying to go head to head with competitors offering similar benefits, the company may decide to:
 - a. price higher to create a higher quality perception or to target a niche market
 - b. price the same to show more benefits for the same price
 - c. price lower to try to gain a wider customer base

Because the company will have high costs for training animators and their transportation will be quite expensive, the best way how to compete would be set higher price as the reflection of the

quality of the services.

3.) Product Line Pricing - Different products and services in the same range may be set at different prices according to the budget of hotels and animation agencies which offer price based on budget of hotels too.

4.) Bundle Pricing - A group of products may be bundled together and sold at a reduced price. This kind of discount we could apply to selling courses to potential animators who might receive discount if they will bring to course some more participants. For example, if the price of daily course will be 60 €, for 2 participants it could be the discount of 10 % that means price 56 € for each.

5.) Psychological Pricing - Applause, s.r.o. can make small changes to prices to make a customer think the item is priced lower than it is. This strategy we could apply to sell the courses too. For example, instead the price 60 € it could be 59,80 €, the price 50 € we could change for 50,99 €.

6.) Premium Pricing - A high price is set to establish an exclusive product of high quality. In the case of Applause, s.r.o. it is one of alternatives how to vindicate the high costs.

7.) Cost Plus Pricing - A percentage will be added to the costs as a profit margin to determine final price of the provided courses. For example, costs of one course (e.g. “Mini disco and Club dances”) will be constituted of costs for rent a space, lights, music, license for using the music during the class, salary of instructor, certifications and marketing tools. The price will depend on expected number of participants who will be required to do registration before the course. The price of courses will represent costs of the course divided by number of participant plus margin of the company.

5.4.4.3 Promotion

In terms of promoting the company and its services it is important to always keep in mind that one of the most important things is trust while at the same time passing through the idea of personalization. As such, the company will apply the following communication methods.

a) The official website of the company

The company will utilize its own website, which will serve 3 principal purposes: 1.) to request the company’s services; 2.) to promote and inform about its activities; and 3.) to obtain reputable and trustworthy status. The website should be pleasing to the eyes and easy to navigate. There should be links to other locations where the company is also promoted, as well as references to hotels or companies with which the company Applause, s.r.o. works and links

for partners in Slovakia that will be institutions where animators will be trained (e.g. dance studios, fitness centers, sport schools, etc.). The site should also advertise job offers and invitation for selection processes. This advertisement should inform when and where will the selection process take a place. It should also promote courses organizing by the company, informing about their price, place and time when will be organized. Important is also design of the website, because it has influence on the image of the company. It also has to contain the logo and the tagline of the company to be fixed in minds of customers in those symbols and be easy discernible and distinguished from its competitors.

b) Facebook

Nowadays it is very important for any company to be present in Facebook, as people spend increasingly more time there. In the case of Applause, s.r.o. it is also relevant, because it is one way how animators and interested young people can share the page and make available an opportunity to become a hotel animator. Applause' Facebook page should have an easily access to the link for the main website and all information about the company and the recruitment process. This way, potential clients may go the company's Facebook page to see the videos of animators practicing and working in hotels with a purpose to see skills, talent and abilities of them. The Facebook page should also be updated often with interesting facts, funny images and other appealing information, to keep it in the newsfeed of its friends and as such keep the company in the mind of the clients.

c) Business Cards

A business card is one of the cheapest and most valuable marketing tools. It is an often overlooked basic business necessity. It establishes the brand identity of the company and serves as a marketing tool when it supplies the proper information about the company. The internal management team of the company Applause, s.r.o. will use the business cards on various occasions like advertising the company in the marketplace. Alexandra Kundračiková will mostly communicate with two CS (Hotels and Animation Agencies in Portugal) and her partner and co-owner of the company - Michaela Wittnerová – will be more in the contact with our third CS (Potential Animators). Using Business Cards on the meetings with our clients or for example with the managers of the institutions such as dance schools it might be very effective tool to make the company recognizable. We can paste them on the business gifts, what creates a good image of the brand.

d) Word-of-Mouth

Word-of-mouth advertising is a form of advertisement where satisfied customers would go tell other people and recommend a particular business, product and service of the company. WOM advertising is one of the most credible forms of advertising, because every time a person makes a recommendation to another person, they are putting their reputation and credibility on the line and stand to gain nothing besides appreciation from those that listen to them. In addition WOM advertising is cheaper compared to other forms of advertising because it no requires inputs or expensive campaigns, but it takes longer for the effect of WOM to materialize. Managing WOM advertising is not easy; however, there are three generic ways how could be managed. These include: 1. Strong foundation, 2. direct management or 3. indirect management. Applause, s.r.o. will apply strong foundation of WOM. This means that managers will need to seek sufficient amounts of information regarding satisfaction and commitment. Trust is also another key factor that managers should seek to establish. So one of their goals is establish trust by maintaining quality standards and responding to customer queries in an efficient and effective manner.

5.4.4.4 Place

Applause, s.r.o. will have its seat in Bratislava where will eventually organized selection processes and courses for animators and meetings with customers representing two another CS - hotel managers and managers of animation agencies from Portugal.

The official seat of the company Applause, s.r.o. will be:

Bancíkovej 1/A, Bratislava 821 03, Slovakia

The office will has already some basic equipment, such as table, chairs, video projector, music technique, board for presentations and some store. The location will be great, because is relatively close to the airport what makes easier to store products, such as memorial souvenirs for hotel guests (animators can pick up before leave) or some facilities for the courses, such as CDs, paintings, brushes and presents for animators with the logo of the company and documents that we will use on the meetings with our customers.

Besides that it will be necessary to ensure in the office some more equipment such as computers with a printer, microphones, camera and some office supplies.

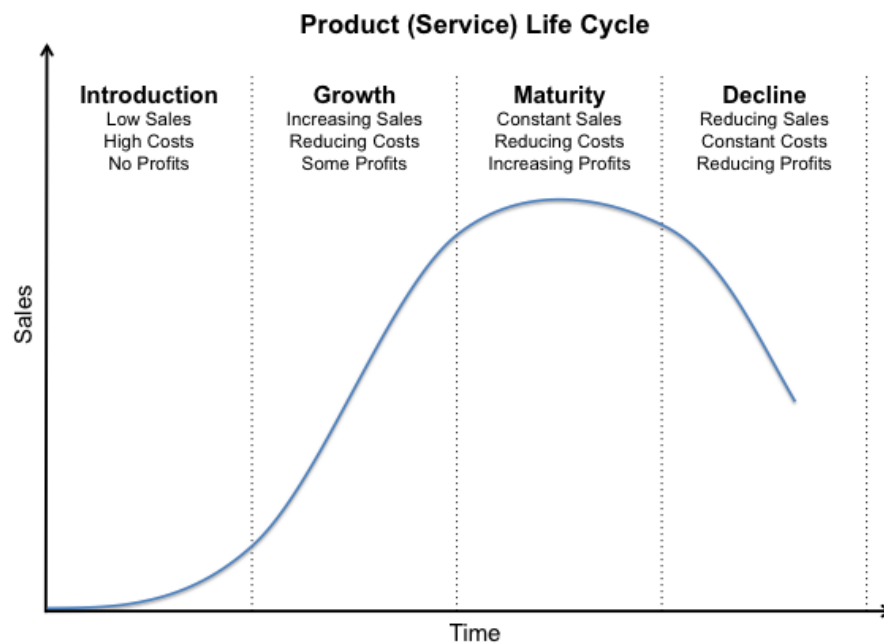
But courses that Applause, s.r.o. will organize will not take place just in the office. Many of them will take place in different institutions in different cities to capture animators also from other cities (e.g. dance studios, fitness centers or theatres), which those young people

might attend and could be interested in some of offered courses.

Applause, s.r.o. as the recruitment agency will give to selected animators opportunity to conclude an employment contract with its two customers segments – hotels and animation agencies providing animation services in Algarve.

5.5 Key success factors

Marçal, A., F. in her final thesis in 2013 says: “Each product, service or market has a life cycle.” This cycle begins with the Introduction Stage, which is following the Growth Stage, further continue to the Maturity Stage and lastly there is the final phase what is the Decline Stage. The typical life cycle is shown bellow.



Graph 5. – Product (Service) Life Cycle

Source: Marçal (2013)

The product life cycle has 4 very clearly defined stages, each with its own characteristics that mean different things for business that are trying to manage the life cycle of their particular products.

Introduction Stage – This stage of the cycle is usually the most expensive for a company launching a new product. The size of the market for the product is small, there is just 1 or 2 animation agencies buying service of the company. It means that there are not many animators posting to them and sales are quite low, although they should be further increasing. On the other side, the cost of things like research and development, innovations, consumer testing, training of animators and the marketing needed to launch the product can be very high, especially because it's currently a very competitive sector.

Growth Stage – The growth stage is typically characterized by a strong growth in sales and profits, and because the company can start to benefit from economies of scale in production, the profit margins, as well as the overall amount of profit, will increase. In this phase it could be possible to invest more money in the promotional activity to maximize the potential of this growth stage. We could invest money to various different activities:

- develop environment of our office, where we will train new animators;
- improve promotional activities on schools;
- improve quality of selection processes;
- restore material and facilities used for training animators (e. g. balloons, CDs with Mini Disco music, paintings used for face painting, balls, etc.);
- start to produce own videos as a teaching material;
- invite experienced foreign animators for workshops as teachers of our trainings;
- invite managers of hotels and managers of animation agencies from Portugal to selection processes and organized animation program of Slovak animators;
- etc.

Maturity Stage – During the maturity stage, the company has already captured a number of loyal clients, it has developed good relationship with them, its brand is already well-known, it has created own database of experienced animators and potential new animators, what makes the company much more flexible for changes and possible requires for replacements of animators. It has lower costs for paying teachers doing trainings, because it has already own experienced animators who can train younger animators, it has lower costs for paying transportation of hotel managers and managers of animation agencies to Slovakia, because they trust the company that is available to choose suitable adepts and they do not need to travel every time for a selection process. Anyway, this will be probably the most competitive time for the company as it is generally for most of businesses. On this basis we predict that it will be needed

to invest to some product modifications or improvements which might give to the company a competitive advantage.

Decline Stage – Finally, the market for a product will start to shrink, and this is what's known as the decline stage. This shrinkage could be due to two different effects:

1.) If the market will become highly saturated - (i.e. all the customers who will buy the product have already purchased it) - the market of hotel entertainment in Portugal is growing and according to the information that we obtained in interviews with managers of animation agencies, they work on expansion of their market and they try to capture as many hotels as is possible. If the companies which are already on the market many years will expand their business and develop loyalty of their clients we will have more difficult access to enter the market.

2.) If the consumers will switch to a different type of product - According to the information that we obtained from interviews with managers of animation agencies in Portugal we have found that there are always more and more companies which offer to hotels alternative kind of animation (e.g. birthday and some thematic parties) to use less-expensive production methods, what can be for hotels more attractive if they wish to increase their profit.

In conclusion, if this would happen it could mean starting a Decline Stage of the company when would be very difficult to keep the company make a profit and with high probability it would lead to the bankruptcy of the company.

5.6 The Company's Brand

According to Lewis in 1991 (placed in Matlovičová, K., 2008) "brand is an aura of views and expectations surrounding a product (or service) and thus makes it relevant and distinctive. It exercises influence beyond purely physical sphere and is a strong psychological element". In order to be able to differentiate itself in the mind of the clients the company needs to define itself in accordance with the several factors defined before. The brand plays a very important factor in this, as apart from the people who provide the service, it will be how the client views the company.

In this context clients represent hotels in Algarve and recruitment agencies in Portugal looking for potential animators and contracting them as workers in hotels. In the mind of the consumer the brand is not just the company's name, but a group of all the things associated with the company. There are the people with whom the client interacts, the company's name, the logo

and the slogan.

It is also important to define the vision and mission of the company, not just for them to be a part of the idea the client has of the client, but also because they help the people who are a part of the company to define what the company is and act accordingly, thus increasing the consistency in the image shown to the clients.

Applause, s.r.o. wants to be loyal, reliable and trustworthy company searching for the experienced and skilled animators who have a high predisposition to become good animators in hotels in Portugal. Applause, s.r.o. has a principal goal to train animators and improve their knowledge and skills needed in area of the hotel entertainment. Company wants to offer to the clients the highest quality of services in hotel entertainment.

5.7 The Name

According to data searched by online Free Dictionary By Farlex “applause” is literally “hand clapping as a demonstration of approval or appreciation”. We decided to name our company “APPLAUSE” to refer to words like show, spectacle, joy of audience, good time, good feelings, positive emotions, appreciation, satisfaction of clients and evidence of good work and quality. This is what we want to work on and the feelings that we want to evoke. These are exactly thoughts we want that our clients will imagine when they will read the name of our company and this is exact act “APPLAUSE” we want our clients will do when we will provide our services.

5.8 The Vision

The company’s vision is “to become the leaders in Slovakia providing the highest quality of training animators” and have the customers as the natural promoters of the brand. The vision of the company is “to become one of the most demanding recruitment companies in abroad distributing animators to Portugal.”

This vision shows where the company wants to be in the future, as well as the best way for the company to have a sustainable, long term growth, which is to have the customers use word-of-mouth communication to spread the word about Applause.

5.9 The Mission

Main goal of the company is to provide to hotels in Algarve good entertainers coming from Slovakia who have experience with animation; who study course of animation or are professionals in some area requested in animation (e. g. dance, sport) and develop with them good relationship leading to loyalty of our clients.

There are many young and talented people from Slovakia and Czech Republic that in summer season work as animators in some summer destinations abroad. Spain, Italy, Greece or Turkey are mostly those destinations where hotels have a partnership also with some recruitment companies in Slovakia and Czech Republic which provide for the hotels animators and different workers as well.

Generally the hotel animation in Algarve is still not considered as that one with very high level and although there are a few companies providing animation services in hotels in Algarve, comparing with other countries, such as Spain and Italy for example, there is still gap that might be improved.

Mission of Applause, s.r.o. is not just bring new ideas to animation, but also give opportunity to young and talented people from Slovakia and Czech Republic work in another beautiful destination, where no Slovak animation agency is providing animation services.

5.10 The Logo

A logo is a visual representation of everything that a company stands for. The company Applause, s.r.o. chose the logo refers to the objective of the company that is make people laughing, clapping hands (making applause), enjoying shows and animation program, listen music and feel good and happy. That is why the logo looks as a smiling face in the shape of clapping hands in contrast and visible colors – black and yellow – where yellow one refers to sunshine and summer time. Musical notes on the top represent not just sound of the clapping hand, but also refer to lovely music and dancing shows that are essential reason for making loud applause.

There is no good show with no...



Figure 3. – Design of the logo of the company Applause, s.r.o.
Source: Applause Music Malaysia (n.d.), redesigned by the author

5.11 The Slogan

The slogan: “There is no GOOD SHOW with no APPLAUSE!” is somewhat a homonym or a pun. In this case the word „applause“ has a double sense - applause as the sound of clapping hands and demonstration of appreciation and „Applause“ as the recruitment company providing entertainment in hotels. What we want to say in that words should be clear: If audience does not like a show, they will not clap their hands and they will not approve their appreciation. Obviously, if it would happen, it was not a good show. At the same time we are trying to say that it is just our company - „Applause“ – who knows how to make a really good show! It is the way how we want to refer to uniqueness and originality of our company and say we are good company on the market doing nice shows!

5.12 Competitor Analysis

The goal of the recruitment agency Applause, s.r.o. is to conclude a contract, respectively sign a protocol about mediation of Slovak animators to our foreign customer (Algarve hotels or animation agencies providing animation in Algarve) for a brokerage fee. Normally, the animation agencies ask for exclusivity with their company. In the case, that we will accept exclusive cooperation with one of the foreign animation agencies, another animation agencies will become our competitors.

There are several companies providing entertainment in hotels in Algarve. According

to information conducted through interviews with hotel managers when we were asking about actual and former suppliers of animation in their hotel; interviews with managers of companies providing animation companies in Algarve who we asked for names of their competitors in Algarve; and also according data provided by Portuguese association of companies, Congresses, Tourism Recreation and Events – APECATE that represents list of 80 companies working in area of tourist entertainment totally we identified 8 official companies which aim at providing entertainment in hotels in Algarve. There are following:

- ✓ Melody
- ✓ Arco Iris
- ✓ Itaka
- ✓ Smilecatch
- ✓ Uau
- ✓ Catchawards
- ✓ Thomas Cook
- ✓ Terra da Perfeição

Catchawards and Smilecatch are those who advertise the most often some offer of job as an animator on the Portuguese website www.net-emprego.pt or www.olx.pt. All of them are Portuguese company with the seat in Portugal except for Melody which is Spanish one and Thomas Cook that is British.

Some of managers of animation agencies in Portugal mentioned that besides those 8 companies there are other companies which are not directly aimed at hotel animation, but they do different type of leisure activities for adults and children which they offer it as a part of the hotel animation. Although these companies normally do not offer service with very good quality and many times they do not have so much experience with hotel animation, for hotels lower budget for entertainment, it can be a favorable alternative that is cheaper. This is why they become for specialized hotel animation agencies real competition that is still growing. Some of these existing companies that have already developed their position on the market of hotel entertainment and have already captured loyalty of some clients say that there is quite high competition on the market, because there are a big number of companies which purpose hotel entertainment in Algarve. The true is that there are still many hotels that do not have included animation in their services and there is always opportunity to find new clients. On the other side, some of hotels do not have budget for animation or they do not have sufficient equipment and facilities for providing animation. In that case, some animation agencies propose to hotels a

project asking for budget including also equipment and facilities for animation or they even do not propose any project, because the conditions do not fit to hotel animation.

5.12.1 Competitive Advantages and Disadvantages

Advantage of the Applause, s.r.o. comparing with others Slovak recruitment agencies for animators is that management teams of potential competitive companies do not speak Portuguese and don't know the Portuguese market, so because of that they are not interested to work with hotels in Portugal. Additionally, they see Portugal as not well known country for Slovaks and not so much visited, that's why there are not many Slovak tourists. In this regard they do not foresee very high demand for Slovak animators in Portugal. This makes a very low probability that company would start to address Portuguese hotels with intention to provide there animation services.

On the other side, this potential competitive company has well developed management team and operation system of the company. They plan to extend their market and look for new customers in other countries. Portuguese do not seem to them interesting, because is quite far, flights to Portugal are more expensive than to Spain and in addition, most of young Slovaks do not speak Portuguese, what is reason why they are not interested to work there.

5.13 Plan of Human Resources

Tourism is fundamentally a provider service sector and as such, relies heavily on its human resources. The human resources plan is essential for the proper management of human resources, particularly with regard to the recruitment and selection of people, the assignment of duties and responsibilities to employees, the assessment of their performance and training.

“The management team is an essential part of every business. This team analyzes and identifies the business' goals and objectives and implements and enforces the strategies the employees need to achieve success. In a business plan, the management team includes the business' owners, board of directors and managers.”

The Ownership Structure

Applause, s.r.o. is a partnership which consists of 2 individuals, namely Alexandra Kundračiková and Michaela Wittnerová, who will share the responsibility of running the company. Both owners will hold 50 % of ownership in the company.

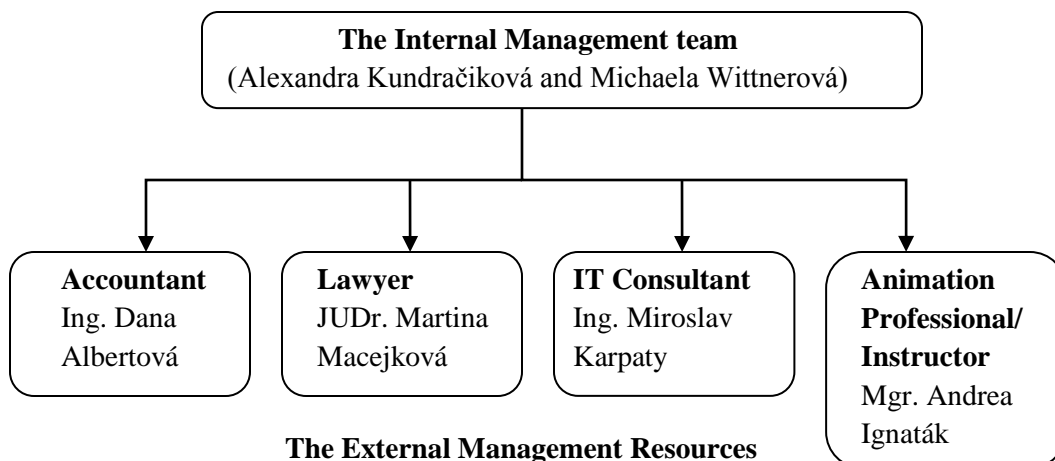


Table 7. – Organization structure of the Management team
Source: Author

The Internal Management Team

At the beginning of existence of the company the internal management team will consists just from 2 persons who will be at the same time owners of the company.

The External Management Resources

Will give to business management plan credibility and an additional pool of expertise. That is why the company will utilize professional services of following external professional advisors: 1.) Accountant; 2.) Lawyer; 3.) IT consultant; 4.) Instructors for different courses (e.g. face-painting, singing, dance, sport, zumba, children activities, activities for adults, etc.).

5.13.1 Responsibilities of the Management team

The Internal Management Team

Both partners, Alexandra Kundračiková and Michaela Wittnerová (owners of the company) will have shared responsibilities for different business management categories. They will have determined categories and responsibilities in the following system:

- 1.) Research and Development – Alexandra Kundračiková
- 2.) Human Resources – Michaela Wittnerová
- 3.) Customers & Sales – Alexandra Kundračiková
- 4.) Production – 1. Alexandra Kundračiková, 2. Michaela Wittnerová
- 5.) Marketing – Michaela Wittnerová

6.) After Sales Assistance – 1. Michaela Wittnerová, 2. Alexandra Kundračiková

The External Management Team

Besides The Internal Team, all other important tasks and responsibilities will be dedicated to external professionals who will be hired by owners of the Applause, s.r.o. They will have following tasks:

1.) Responsibilities of the accountant:

- Monthly / Quarter and Year closing
- Management Accounting / Reporting / Analyzing / Forecasting
- Cash Management + Forecasting (Local and Consolidated for the group)
- Risk analyze for the company
- Analyzing the processes, results and structure of the business Leadership
- Creating and protecting Accounting Guidelines
- VAT assisting in TAX filing
- All Financial day to day work task

2.) Responsibilities of the lawyer:

- Executing legal documents, agreements and analyses - business law
- Preparing legal actions
- Legal consulting
- Executing legal analyses and other legal documents in accordance with given legal tasks - providing proactive legal advice and assistance on various legal matters like commercial contracts or government funding agreements.
- Advising on minimal liability and legal exposure for the business
- Ensuring that the legal documents and contractual documents effectively drafted, reviewed, and interpreted.
- Advising and ensuring the business in conformity with the necessities of legislation involving data protection.

3.) IT consultant

- Creating a professional look website
- Filling pages + data
- Automatic e-mails to employees
- Creating Smart Forms

- Domain Security
- SEO page (it helps to ensure that a site is accessible to a search engine and improves the chances that the site will be found by the search engine)
- Administration system
- Training
- Gallery
- Google Maps Integration
- Guestbook Advisory Board.

4.) The instructor for different courses

- Creating concept of the courses
- Schedule courses
- Running the courses
- Preparing material and facilities for the courses
- Searching appropriate workspaces
- Promoting the courses

6. CONCLUSION

Starting a new business represents a challenging process that demands high expectations on the founder. An important step is the processing of the high quality of the Business plan to obtain information whether the idea if the business has a real potential or not. From it will be detected the problems and risks that the founder will find and the possibility to correct on time or cancel the business carrying out.

Before we started to elaborate the Business plan we investigated what is the perception of the services that the company wants to introduce on the market and offer to potential customers (specifically, managers of animation agencies providing services in Algarve and hotels in Algarve). On the basis of information that we obtained in interviews with a sample of some potential customers, we have found that there is no demand for animation services provided by Slovak animation agency.

One of the reasons is that according to responses from representants of both customer segments, Slovak animation is not considered as more attractive than the animation services that are offered to hotels and animation agencies by Portuguese companies. In terms of costs for accommodation and transportation fees the respondents consider Portuguese animators and students from Portugal as significantly more beneficial employees for hotel animation. Portuguese language is another benefit that Slovak animators currently cannot compete. On the basis of analyzes of Slovak and Portuguese labor market and results obtained from collected interviews with professionals in hotels animation in Portugal and Slovakia, we came to the conclusion that there are not viable customers demanding for services of Slovak animation agency.

In order to determine the strategy of the business, we applied to the Marketing plan the systematic SWOT Analysis. After conducting SWOT analysis based on the evaluating internal forces and weaknesses and external opportunities and threats, we came to the conclusion that a given line of business would be not successful because the internal forces are not sufficient strong to satisfy the internal weaknesses and external threats are compared with external opportunities very large. According to the methodology of SWOT analysis it is for the situation recommendations exit strategy.

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APPENDIXES

Appendix 1.

Example of the interview with the manager of animation agency marked as „A“

- **How many members do you have in your team?**

A: “Our team consists of 5 people working mostly in our main office, which is located in Lisbon, and 2 more coordinators who do fieldwork – they schedule meetings with the hotel managers and propose them our projects. They also check if everything is going well in those hotels where we posted some animators...”

- **What is the objective of your company?**

A: We seek appropriate adepts for animation in Portuguese hotels. We create individual animation projects for different hotels depending on their budget and environment and send proposals with that projects to the managers of hotels. Then we distribute animators to hotels.“

- **What are roles and responsibilities of your team?**

A: „We have person responsible for financial part, another person responsible for marketing and we hire external lawyer to do contracts.“

- **What are responsibilities of coordinators?**

A: “Coordinators are responsible for check-in and check-out of animators in hotels and control if the work of animators in each hotel is running well.”

- **How many hotels in Algarve actually employ animators from your company?**

A: “We work with around 30 hotels. Some of them belong to the biggest resorts and groups of hotels in Portugal.”

- **How many animators work for your company while a season?**

A: “Per season we employ approximately 150 animators or even more... It depends on how many animators we have to replace during the season. It happens quite often that some animators give up and decide to finish. Normally it is because the work doesn't meet with their expectations. They expect that animation is more holidays than work, but then they find that animation is hard work. Problem is that young people are not really stable, they don't know what they want to do in future and they are not used to work hard.“

- **Do you employ just Portuguese or also foreigner animators?**

A: “The most of animators are from Portugal. We also employ many Spanish and Brazilian young people.”

- **Does your company cooperates with some international recruitment company or different institution from abroad?**

A: “No, we do not work with foreign recruitment agencies. We employ some international animators (e.g. Spanish, Italians, Brazilians), but we conclude contract with them directly.”

- **Does your company employ also international animators?**

A: “We do not work with many foreign animators, because it is more complicated process. There is needed lot of bureaucracy, e.g. registration of employees to Social Security system.”

- **What languages do you ask from animators?**

A: “To work in tourism in Portugal it is very important to speak English and Portuguese. In Portugal are many Spanish tourists as well, because of that Spanish is welcomed too. We also like to work with animators speaking German, Italian or French. (...) There are not so many Slovak clients in hotels in Portugal. This is reason why we do not ask for Slovak language.”

- **What skills and knowledge do you ask from animators?**

A: „We look for animators who speak at least 3 languages and who like to dance, sing or are good in sports. Experience with care for children is also strength.“

- **Do you cooperate with some schools?**

A: “We have concluded a protocol with 4 Portuguese schools providing courses of hotel animation. We help them to find hotels where students can do their internship program as hotel animators. These workers are not paid and the company doesn’t have any profit from their work. But it is the way how we create a good relationship with hotels.”

- **What about is the protocol concluded with that schools?**

A: „The protocol is signed between two parties - manager of our company and director of the course on the partner school. According to that contract we offer to their students places where they can do practical part of their study as hotel animators. The director evaluates their work and takes responsibility for them. It means if something is going wrong, he is the person who takes decision if the student will continue in the hotel or if he will change the hotel for another..“

- **What is the difference between normal animators and students?**

A: “Students are not paid for their work. They have ensured free accommodation and dinning in the hotel, but they do not receive any salary for their work. They have their supervisor from their school. They do animation in hotel as a part of their study and it depends on their work what note they will get in school.”

- **How does the company do a selection process for hotel animators?**

A: “When we publish some advertisement for job offer we receive a number of CVs which we have to read and select just those candidates, who seems to be suitable for the work. Then we send them email and schedule meeting or Skype call when we interview them and ask about their skills, knowledge, experience with care for children, hotel animation. We can see how their communication skills are as well. We try to recognize if information that we read in their CVs is true or not. By face-to-face interview is for us easier to identify how much honest are responds, if they look sympathy and confident and what are their language skills.”

- **Have you ever been invited for the selection process by some Slovak recruitment agency to Slovakia?**

A: „Yes, once we have been contacted by one Slovak agency. We have already been on one selection process organized by that company. But we worked with them just one season. The communication went very slow.“

- **Where do you advertise job offer?**

A: „We advertise by most common channels – e.g. social network, portals for job seekers and, of course, our website. We receive lot of CVs from young people and students from Portugal and abroad too.“

- **How long time lasts the season for which hotels ask for animators?**

A: “Most of hotels ask for animators from May or June. The season finishes in September or

October. In means that animators work between 3-6 months”

- **Does your company conclude a contract with animators or they work as freelancers?**

A: “Majority of animators work as freelancers. In the case that a hotel is really satisfied with the work of some our animator for next season, we conclude a contract with him.”

- **Do you have more costs for international animators than for local animators?**

D: “Yes, we have normally more costs for international animators. (...) We always have to consider if we have a sufficient budget for the project. If we contribute to their flight tickets, first month they receive lower salaries than their Portuguese colleagues.”

- **What about foreign animators – do they have to work as freelancers too?**

A: “It depends...sometimes they have to work as freelancers and sometimes they don’t. It is very difficult, because in the case of foreign animators there is lot of bureaucracy. Foreign animators have to do registration to the Social Security system and request for their Fiscal number. Foreign animators who come just for 2 or 3 months don’t need to do registration for a Fiscal number. But anyway, it is more complicated process.”

- **What you consider as strengths of your company?**

B: “We are already 8 years on the market. Our team consists of people with a lot of experience in this area. Our clients are loyal. We are also different from other companies. We work with really experienced people in area of hotel entertainment. In addition, the seat of the company is in Algarve and because of that our company is very flexible and able to fix any problem promptly. Our coordinators visit each hotel almost every week.“

- **What you consider as weaknesses of your company?**

A: “In the beginning of our existence our weakness was that the seat of the company was in Lisbon. (...)“

- **What you see as difficulties and threats of the market?**

A: “In my opinion the most difficult is the fact that there are actually many companies which act as “invisible animation companies”. I mean companies which are specialized in similar area as hotel entertainment (e.g. companies providing B-day parties, adventure activities, sport activities, etc.). (...) The problem is high competition on the market and loyalty of hotels to different animation agencies. (...) Another problem is that some hotels do not have sufficient budget for entertainment and many hotels consider animation as something that is not needed.“

- **Do you think that on the market are still opportunities to grow up and extend your company?**

A: “there are always more and more hotels that start to invest to the innovations of their environment. (...) In addition, today tourists – mostly families - are looking for entertainment in hotels.“

- **Do you think there are some barriers to enter the market in area of hotel entertainment in Algarve?**

A: “I think the problem is that many hotels do not have sufficient conditions for hotel animation and they even do not have sufficient budget for that. (...) Many hotel managers do not consider animation as important hotel services...”

- **What are operational costs of your company?**

A: “We have costs for transportation fees of our coordinators from one hotel to another. We have costs for rent of office, printing contracts, CVs, animation programs...but we had much more costs first year of our existence, when we had to invest some money to equipment of animators and some facilities and materials that they will use for animation activities (e.g. night show costumes, music technique, CDs, make-up, T-shirts, etc.). Currently, our costs are lower and more fixed. (...) For advertisement of job offers we do not have almost any costs, because we use channels like not paid online portals, our website and social networks too“

- **Which costs normally include a budget that you ask from hotels?**

A: “First of all, we propose our projects to hotels which have suitable conditions for animation, appropriate facilities and materials. Everything else what animators will need for activities (e.g. paper, balls, music, etc.) we calculate and request from the hotel.”

What are salaries of animators in different positions?

A: “Trainees are not paid. Starting animators without experience are paid for around 600 € per month and they have included dinning and accommodation. Experienced animators are paid for around 700 € and chief animator for around 800 – 900 €.“

Appendix 2.

Example of the interview with the hotel manager in Algarve (marked as “Red“)

- **What is your responsibility in the hotel?**

Red: “I am the manager of animation department. I prepare schedules for animators, I decide which activities they will do and which they won't...I am the person who talk with animation agencies posting to hotel some animators, I respond on job requests and select animators who will work in our hotel. I control if everything is going well...I am responsible for investigation of increasing consumption in hotel bars while animation. (...) I give to a chief animator different tasks...This is what I do.”

- **Have you ever worked with some foreign animation agency?**

Red: “Yes, we already worked with one of the biggest Polish travel agency that provides animation in hotels. But this experience did not work. The company was not very flexible if there was some problem that must be solved. It is difficult to manage animation from outside. Currently we do not work with international animation agencies.”

- **Do animators have contract signed with the hotel or they work as freelancers?**

Red: “In our hotel work two types of animators. Some of them are posted here by the requirement agency that the hotel has signed a contract with; others work directly for the hotel.”

- **Do you actually employ some foreign animators?**

Red: “Last year we worked with around 3 Polish animators. This year we have animation team consisted of Portuguese, Brazilian, Spanish and Cuban animators.”

- **How does look a daily program of animators?**

Red: “Animators normally work in the morning in Mini or Junior club or they do some activities with adults from 10 a.m. to 1 p.m. Afternoon activities, such as water sports or some

different competitions start at 3 p.m. and finish at 6 p.m. Then Mini disco starts at 8.00 p.m. and after Mini disco starts some night show that normally lasts 1 hour and half or 2 hours. After the show animators have to clean the stage and chat with hotel guests. They finish at 12.00 p.m.”

- **How much are paid animators in different positions?**

Red: “Chief animator receives 1.100 €, Leader sport animator receives 800 €, Leader kids animator is paid for 850 € and other animators for 650 €. All of them have included accommodation and dinning in hotel.”

- **Is the hotel looking for animators or there are some companies who send some proposal for animation? How does the hotel search animators?**

Red: “We normally receive few numbers of proposals from different companies – Portuguese or international. But we also receive requests for job from young people and students. We don’t work with animation agencies anymore. We prefer to do animation program by ourselves.”

- **What are the main responsibilities of hotel animators?**

Red: “Animators must chat with all guests without embarrass or shy and they cannot make difference between clients. After night shows they have to visit each table in front of the stage speak to everyone there. It is important to don’t pay attention just for one client. This is what is helping to increase the consumption of drinks in hotel bars.”

- **Do you have preference for some nationality in terms of hotel animation?**

Red: “We consider German animation as very well-organized. But I think that Germans have a bit “cold” attitude towards hotel guests. But anyway, I consider German animators as a better solution than just animators speaking German, because as I told, conversation with natives is much more valuable than speak with foreigner animators who speak German. Undoubtedly, people with same nationality understand each other much better... On the other side, Italian or Spanish are much more temperamental and spontaneous and they are able to capture big audience. But they are not so well-organized and sometimes what they do takes longer time. It is related with their culture and lifestyle. (...) We normally work more with Portuguese and Brazilians, because we have lot of clients from Portugal and Brazil what makes Portuguese language obligatory.”

- **What is the hotel’s budget for animation?**

Red: “The budget that we had for entertainment in 2007 was 100 000 € per 1 season (May-October). Actually our budget is 50 000 € per 1 season (May-October). Every 5 years we have to do some reconstructions of the hotel’s environment and restore some equipment. The budget includes the clothes of entertainment - T-shirts and costumes for night shows - and material for children – papers, pencils, balls, etc.”

- **What do you see as the main difference between animators from some external company and animators working directly for your hotel?**

Red: “External animation agency is for us cheaper alternative, but it is always with worse quality. When the hotel employ animators directly, on one side it is more expensive and the team is smaller (around 7 animators), but on the other side costs for the material, costumes, etc. are included in the budget. The advantage of own animation team is absolute control over their work what makes our service high quality.”

- **Is it often that you receive some proposal from an animation recruitment agency?**

Red: “Yes, it frequently happens. We receive many offers from external companies, but we

already don't pay attention to them.”

- **Where are those external companies coming from?**

Red: “We have received some proposals from Dutch, German, Polish, French, Spanish, Italian agencies...but most of proposals we receive from Portuguese agencies.”

- **What languages do you ask from animators?**

Red: “English is the basis...but for the hotel is necessary that animators speak Portuguese, because we have lot of Portuguese tourists.”

- **Have your clients ever asked for adding some different activities to your animation program?**

Red: “Guests sometimes ask for something new and different, but they are very unfathomable and erratic. Every year there is something else what is in fashion. We annually do some changes in the program based on the guests' requirements. This is another reason why animation team has to be very flexible.”

- **How does look the organization structure of animation in your hotel?**

Red: The organization structure of our team reminds a pyramid. On the top is the manager of animation department - me. I manage everything related with entertainment in the hotel – marketing, promotion, finance. I am responsible for statistics, collecting the questionnaires from clients and giving tasks to all our animation team. Under me is chief animator who leads all members of animation team and control running of daily activities. Then we have two leading animators – leader sport animator and leader kids animator, who control other 4 members of animation team.

- **What are costs the hotel has for animation?**

Red: “First year, when animation started, the costs were much higher. That time we invested to creation of new environment and animation equipment. We invested around 300 000 € to build in the hotel stage, Mini and Maxi club, equipment for sport activities, video projector, music technique, T-shirts for animators, costumes for night shows, decoration for stage, lights, etc. Currently we spend around 1000 € per month for restoring all facilities and materials needed for animation activities.”

- **How do you promote animation program?**

Red: “We do promotion by posters on the boards which are placed in Mini and Maxi clubs, on the reception, in front of the stage, next to the bars, swimming pools and tennis courts. Animators promote next program by hooter too. (...) We have also Facebook page where we share all photos and videos of activities that we did or we are going to do.”

Does it happen often that an animator leaves the hotel before his contract finish?

Red: “Yes, it sometimes happens. For example last season we lost around 4 or 5 animators, because of various reasons - e.g. the work was for them too difficult, or they did not feel confident in front of audience, they found that it isn't job what they were looking for...We even suspended some, because they had love affair and it effected all animation team.”

Appendix 3.

Example of one of the interviews with animators working in Algarve (marked by code name „Diana“)

- **What was your motivation to become animator?**

Diana: „I wanted to work in theatre, but I did not find any job (...) In my opinion the hotel animation is very similar to theatre if there are lot of night shows.“

- **Where did you request for the job as a hotel animator?**

Diana: „My colleagues Diana and Sara are my friends. We know each other from school. They called me to work with them. (...) They saw job advertisement on the internet.“

- **What skills and knowledge your employer asked from you?**

Diana: „He asked me if I like dance and if I have experience with care for children. He saw in my CV that I have studied the theatre art and he liked. I think this was my strength.“

- **What languages do you speak?**

Diana: „Portuguese is my mother language. But I have family in France, because of that I speak French too. I speak also English, German and i do not have problem to communicate with Spanish and Italian clients too. One my colleague is Spanish and one Cuban, so I learn Spanish by talking with them.“

- **Have you been invited to the hotel for some testing period before you signed a contract?**

Diana: „The first week in the hotel worked as the selection process. We haven´t been paid yet and we were learning everything what we need. Those who passed that week have signed a contract with the hotel.“

- **How long time have you practised untill you learnt to do all activities and night shows?**

Diana: „We still practise choreographies for night shows. But most of activities we have learnt to do during the first week that was kind of testing period.“

- **How many hours do you work per week?**

Diana: „It is difficult to say. I don´t know really, because we have some breaks for lunch and dinner. We have breaks for rehearsals too. We start to work at 10 a.m. and we finish at 12 p.m., but we are not working all this time.“

- **Who did you conclude a contract with?**

Diana: „I have signed the contract with the hotel manager.“

- **Have been in your animation team some animator who leaved the hotel before his contract finished?**

Diana: „Yes, we had in team one boy who gived up and went to home.“

- **What do you think is difficult in this work?**

Diana: „Animation means lot of work and stress too. The most exhausting is when we are tired and we have to smile and look happy and friendly with everyone. (...) Work with children is not easy too. Children are sometimes spoilt and choosy...some of them are not very communicative.“

- **Do you plan to continue to work as an animator in future?**

Diana: „I am not sure yet. Before I thought that I will start to work in theatre, but maybe I would like to work as an animator once again.“

- **How much do you earn?**

Diana: „I am paid 650 € per month as not experienced dance animator. In addition, I have in the hotel free dinning, accommodation and some drinks.“

- **What do you like and what do not on this work?**

Diana: „It is really nice experience. We can learn languages, meet new people, learn about their cultures, be stars on the night shows. I like to work with kids too. We are good team and we have free accommodation and food. The problem is that we have lot of work and almost any free time. We are tired and sometimes stressed.“

Appendix 4.

Interview with the manager of Slovak recruitment agency for animators

- **How many years is the company on the market?**

„It is around 4 years.“

- **How many people do you have in team?**

„We are 4.“

- **Who are roles and responsibilities of members in your team?**

„Our team consists of people with many years of experience in tourism and hotel entertainment. Each of us has around 8 years of experience in hotel entertainment abroad (e.g. Spain, Cyprus, Malta, etc.). 1 of us has worked as a tourist guide over 8 years. The director control our work and assign tasks to our team. He also communicates with external companies that help us with legislation and finance of the company. In our team is one person responsible for e-marketing - website and social network. This person also organize selection processes to select from candidates animators who will work abroad. Then we have another person who is responsible for communication with our customers abroad – animation agencies in Spain, Cyprus, Turkey and Malta and around 7 hotels in Spain. This person prepares profiles of candidates for animation and we send them to our customers, who can choose if they are interested in some of them.

Lastly, we have the person who leads selection processes and courses for our candidates – courses such as club dance choreographies, kids activities, adult activities, face painting, etc.“

- **What are your operational costs?**

„We have costs for renting our office, telecommunication fees, website, promotion material such as posters placed in schools, renting rooms for formation courses, facilities used on that courses, production of music cds and videos which our candidates can buy, music technique, computers, software, light, etc.. (...)“

- **Do you have some costs for animators?**

„We don't have costs for animators, because we don't ensure uniforms for them. Hotels must ensure for them T-shirts. We also do not pay for their transportation to hotel. When they conclude a contract with their employer, our work is done.“

- **Do you work with some animation agencies or hotels in Portugal?**

„No, we don't. Portugal is quite far and no one from our team has experience with animation in Portugal. In addition, no one from our team speaks Portuguese. Probably the communication with Portuguese employers would be more difficult. Slovak young people do not speak Portuguese too. It would be difficult to find animators speaking Portuguese. (...) Additionally, because we don't pay transportation for animators, I guess, for animators it would be more expensive to travel to Portugal.“

- **How many animators actually work for your customers?**

„At this time, there are around 50 animators who concluded a contract with our customers.“

- **How long time lasts season when animators from Slovakia work abroad?**

„It depends. Some hotels ask for animators already from April, some from May or June. But animators work at least for 3 months and not more than 6 months. Most of animators are students and that's why they prefer to work just 3 months.“

- **What is main objective of our company?**

„Principal objective of our company is organizing selection processes while we select appropriate adepts for hotel animation abroad. On that processes we invite our customers – managers of hotels abroad or managers of animation agencies that look for animators – who select animators who they like and sign a contract with them. If they don't come personally, our team select animators and schedule with them date, when they will call via Skype with their potential employer. During the Skype call he will decide if he will conclude a contract with the animator.“

- **What marketing channels your company use for searching potential animators?**

„We use classic marketing channels, such as social network advertisement, advertisement by not paid job portals, we upload job offers and dates of selection processes on our website.“

- **How would you define Slovak animators?**

„Slovak animators normally speak just in one foreign language. The most frequently it is English or German. In the past it was Russian, but today is already not very popular. Always more and more is Spanish. (...) Slovaks are not so temperamental like are Spanish or Italian. They are more calm, but very friendly.“

- **With how many animation agencies and hotels does your company work?**

„We work with 2 animation agencies in Spain and we with 10 hotels in Spain, Cyprus, Malta and Turkey.“

What is profit that your company earn from the recruitment of animators?

„We have some commission from monthly salaries of each animator that we found. We have some profit from courses that we organize for candidates.“

Appendix 5.

Example of one of the interviews with animators from Slovakia

- **How was running the selection process?**

“On selection process arrived around 150 candidates. It was organized by one Slovak recruitment agency that looks for animators to work for one Spanish animation agency. At first we had to dance, Club dances. Then they gave us microphones and we had to introduce ourselves in different languages. After that they choose those candidates they considered as the most skillful they pass them to a personal interview with the employer from Spain. There were 2 employers – probably one of them was the director of that Spanish animation company and second one was probably animators’ coordinator in Spain. During the interview the employers select the candidates they liked the most and they signed a contract with them.”

- **Where did you work as the animator?**

„I have already worked 5 times as the hotel animator and it was always in Spain. One season I have worked in Mallorca, once it was in Menorca, I have worked twice in Gran Canarias and this year I worked on continental Spain, close to Barcelona.“

- **With how many people have you normally worked in animation team?**

„On Gran Canarias we worked in bigger teams – e.g. 6-8 animators. On Mallorca I worked either alone or in smaller teams – around 4 animators. It was mostly in some apartment hotels with the capacity of around 500 beds.“

- **When you first time arrived to Spain what was the process that had followed before you started work?**

„Before I went to Spain very first time, the Slovak company promised me that on the airport will wait for me the coordinator who will drive me to the hotel. Unfortunately, when I arrived to Spain the coordinator was very busy and he couldn’t come. I had to take a taxi and get to the hotel alone. Anyone paid me transportation fees. First time I met the animation coordinator 2 weeks later. He arrived to hotel to sign a contract with me. First 2 weeks I was not paid for the work and it was kind of testing period when the hotel decided if they will conclude a contract with me. After that, when I signed the contract we scheduled with the coordinator meeting when he arrived and he went with me to Police station where I requested for fiscal number (NIE). We went also to Spanish bank where I opened a bank account. Then I started to work as an official animator of the hotel.“

- **What was your daily program with tourists?**

„It was everywhere a little bit different, but the concept was same. In the morning some aerobik and fitness activities with adults or activities with children in Mini or Maxi club. Afternoon we normally did some aqua games with children or some sport competitions with adults. At night there use to be some interactive games, such as bingo, karaoke or some night show provided by external artists. (...) In hotels with bigger capacity we worked with bigger teams.

- **What costs you had to start work as an animator?**

„I had to pay for flight tickets and I had some transportation fees. The Slovak agency supposed to pay that fees, but they didn’t. I have bought bikini and sneakers for animation activities.“

- **What was your montly salary that you received?**

„First year I received less - 700 €. Next year I became as chief animator and I received about

800 €. Then I worked always as a chief animator and I received about 900 €. (...) Animation in Gran Canarias was better paid than it was in Balear islands or continental Spain.“

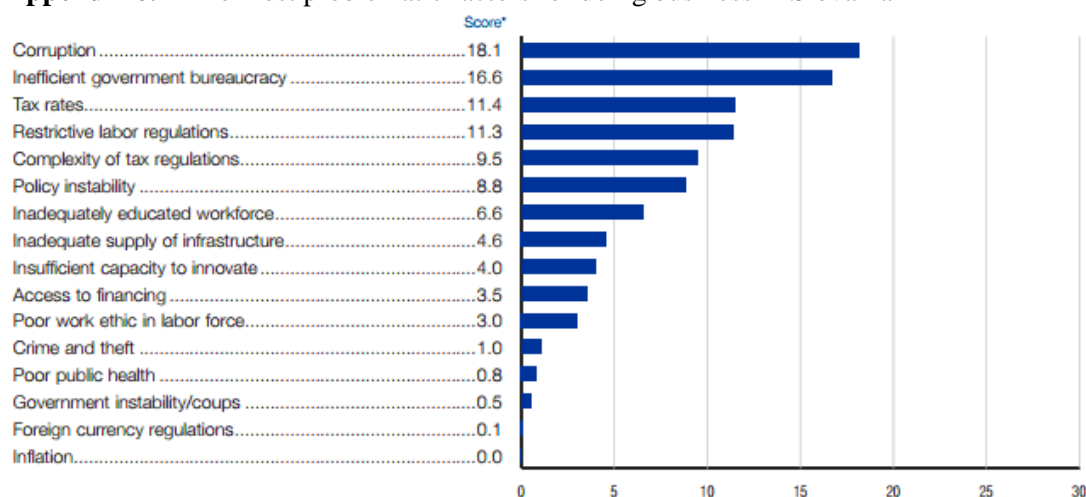
• **Do you plan to work as an animator again?**

„I would like to work in hotel animation again, but I have already work for all year in Slovakia. I don't need it anymore.“

• **Do you think that this experience helped you to increase your competitiveness on the labor market?**

„Yes, I think so. It helped me to improve my communication skills with clients and improve my languages. Today I speak 6 different languages. In addition, I worked mostly as a chief animator, so it helped me to develep also my organization and management skills. Due that experience my actual employer had a great interest to work with me.“

Appendix 6. – The most problematic factors for doing business in Slovakia



Source: World Economic Forum, 2015

Appendix 7. – Development difficulties of small and medium-sized enterprises

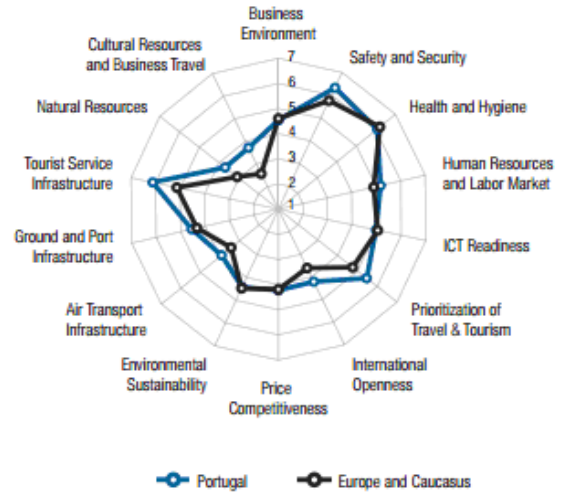
Difficulties during development	expressed in %
- tax charges	63
- frequent changes of regulation	43
- difficult law justification	27
- unavailability of loans	26
- uncertainty of regulation	24
- corruption in bureaux	23
- level of tax rates	22
- high interest rates	14
- lack of transparency	12
- inflation	6
- blackmailing	4
- foreign exchange rate	2
- other difficulties	8

Source: Olvecká, 2013

Appendix 8. – Travel and Tourism Competitiveness Index of Portugal

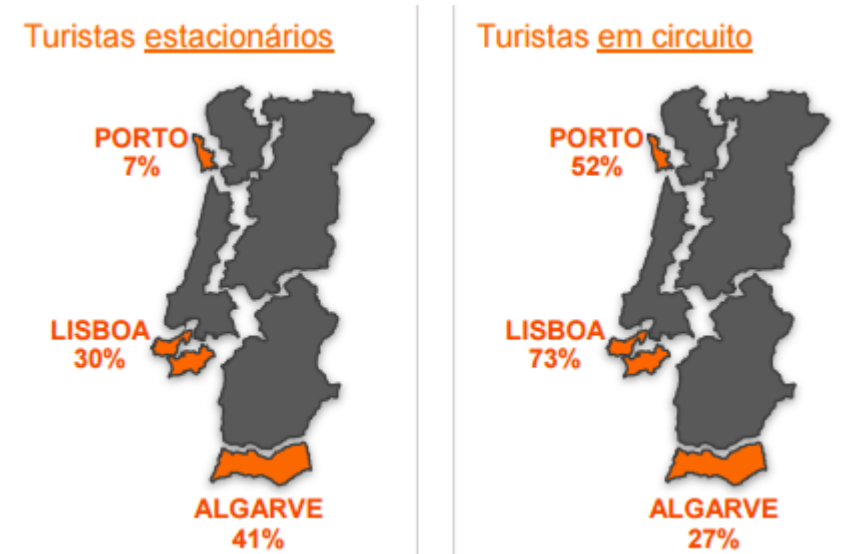
The Travel & Tourism Competitiveness Index

	Rank (out of 141)	Score (1–7)
Travel & Tourism Competitiveness Index	15	4.64
Enabling Environment	27	5.42
Business Environment	58	4.54
Safety and Security	10	6.33
Health and Hygiene	35	6.06
Human Resources and Labour Market	18	5.18
ICT Readiness	40	4.97
T&T Policy and Enabling Conditions	12	4.58
Prioritization of Travel & Tourism	18	5.46
International Openness	14	4.21
Price Competitiveness	104	4.23
Environmental Sustainability	36	4.42
Infrastructure	22	4.86
Air Transport Infrastructure	34	3.91
Ground and Port Infrastructure	34	4.54
Tourist Service Infrastructure	10	6.12
Natural and Cultural Resources	18	3.71
Natural Resources	36	3.70
Cultural Resources and Business Travel	17	3.71



Source: Schwab, 2015 (p. 300)

Appendix 9. – The most visited locations in Portugal by two types of tourists (stationary and circuit tourists)



Source: Intercampus (2013)