Competition in the international backpacker hostelry industry: Cross comparison in the Top Five backpackers’ destinations (London, Barcelona, Dublin, Paris and Rome) to find out how well is Isaacs Hostel (Dublin, Ireland) performing?
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(d) The Declaration and Statements Form has been completed and bound into the dissertation.

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ABSTRACT

This research focuses on the competition in the international backpacker hostel industry. My interest was first raised when I began working in Isaacs Hostel as a receptionist in 2007. The fact is that everyone knows the word hostel, but very little literature and research is available on exploring the trends and customer base for this industry.

The objective of this report is to carry out a cross comparison in the Top Five backpacking destinations (London, Barcelona, Dublin, Paris and Rome) to find out how well one Hostel, Isaacs Hostel (Dublin, Ireland) is performing? The aim is to find out what decision making criteria backpackers use when choosing a hostel and what competitive advantages the hostels have located in various cities. Then, we should be able to see if Isaacs Hostel meets the decision making criteria and if it is aligned with the international competition.

To reach these objectives, secondary research has been used to detail the international hostelry industry and its strategic situation. But, the majority of research is primary research. It has been undertaken with a critical realist and pragmatic approach. Questionnaires have been made and self-administered to international travellers staying in hostels in London, Barcelona, Dublin, Paris and Rome and to travellers staying at Isaacs Hostel. Interviews have also been made with Sharon Clerkin the General Manager of Isaacs Hostel to highlight the current strategic orientation in place at Isaacs Hostel.

The findings show that hostels are more attractive when they have a good location and cheaply priced accommodation and I pose to prove that Isaacs hostel meets these criteria. It has also been demonstrated that Isaacs Hostel is performing well in the international industry as it benefits from the same advantages and also has a Unique Selling Point (i.e. some people decide to stay at Isaacs Hostel when they see the place walking around the city). Some suggestions have been made so that Isaacs hostel can improve and maintain its advantages on the long term run.
# TABLE OF CONTENT

## ABSTRACT

INTRODUCTION ......................................................................................... 11

1. Literature reviews ........................................................................................................ 13
   1.1 Literature reviews objectives ............................................................................... 13
   1.2 What is the Hostelry Industry? ............................................................................ 13
   1.3 Who are the so called “backpackers”? ................................................................ 18
   1.4 Why Top Five destinations? ................................................................................ 21
   1.5 The limits of the literature reviews, the interest of my research .......................... 22

2. Methodology ................................................................................................................ 23
   2.1 Methodology: Introduction ................................................................................ 23
   2.2 A Critical realism and pragmatic philosophy: ................................................... 24
   2.3 A deductive approach of research: ..................................................................... 24
   2.4 Research Strategy: ............................................................................................. 25
   2.5 The limitations of this methodology and methods ............................................. 28

3. Findings........................................................................................................................ 30
   3.1 Findings: Introduction .................................................................................... 30
   3.2 Isaacs Hostel and its international competitive environment ............................ 30
   3.3 The international Hostelry Industry: London, Barcelona, Dublin, Paris and Rome ...................................................................................................................... 34
   3.4 Isaacs Hostel, an International Youth Hostel celebrating 25 years in Dublin ... 45
   3.5 The factors of attraction of Isaacs Hostel .......................................................... 50
3.6 The competitive advantage of Isaacs hostels, according to the management board and its customers.................................................................54

3.7 What competitive advantages do customers think Isaacs Hostel has?........55

4. Discussion.......................................................................................................................59

4.1 Discussion: Introduction.......................................................................................59

4.2 Discussion 1: What influences international backpackers to stay at particular hostels? ........................................................................................................60

4.3 Discussion 2: What competitive advantages do renowned international hostels have over less renowned international hostels? ...........................................62

4.4 Discussion 3: To what extent does Isaacs Hostel meet the decision criteria identified in question 1? ........................................................................63

4.5 Discussion 4: To what extent does Isaacs Hostel display the competitive characteristics identified in question 2? ......................................................66

4.6 Discussion 5: If question 3 and 4 show that Isaacs Hostel is performing badly, what can they do to improve their competitive position and attract more customers? ........................................................................68

CONCLUSIONS AND RECOMMENDATIONS..........................................................70

LIST OF REFERENCES..................................................................................................72

APPENDIX 1 ..............................................................................................................74

APPENDIX 2 ..............................................................................................................79
TABLE OF FIGURES

Figure 1.1 - Global Hotels & Motels Industry Segmentation I: % Share, by Value, 2007 ............... 16
Figure 1.2 - Global Hotels & Motels Industry Segmentation II: % Share, by Value, 2007 .......... 17
Figure 1.3 – Age of survey respondents ...................................................................................... 19
Table 1.4 - 5 cluster groups amongst the backpackers................................................................. 20
Table 1.5 - 3 Types of Young Travellers ....................................................................................... 20
Figure 1.6 – Top 10 for backpackers’ destinations ....................................................................... 21
Graph 3.1 – Isaacs Hostel and its International Competitive Environment .................................... 33
Graph 3.2 – The gender of the respondents .................................................................................. 35
Graph 3.3 – The age of the respondents ....................................................................................... 35
Graph 3.4 – The region of origin of the respondents .................................................................... 36
Graph 3.5 – The country of origin of the respondents ................................................................. 36
Graph 3.6 – Why did you undertake your trip? ........................................................................... 37
Graph 3.7 – What is the city in which you are/were staying? ....................................................... 37
Tables 3.7 – Defining the factors influencing the backpackers when choosing a hostel to stay at .... 40
Graph 3.8 - The comparative process of the customers staying in hostels (in %) ......................... 41
Tables 3.9 – Defining the competitive advantages of International Hostels according to what appreciated most the respondents ................................................................. 44
Graph 3.10 – the gender of the respondents staying at Isaacs Hostel (in %) .................................. 48
Graph 3.11 – the age of the respondents staying at Isaacs Hostel .............................................. 48
Graph 3.12 – region of origin of the respondents staying at Isaacs Hostel (in %) ....................... 49
Graph 3.13 – Country of origin of the respondents staying at Isaacs Hostel ................................. 49
Graph 3.14 – Why did you undertake a trip to Dublin? ............................................................... 50
Tables 3.15 – Defining the factors influencing the backpackers staying at Isaacs Hostel, when they are choosing a hostel .................................................................................. 53
Graph 3.16 – The comparative process of the customers staying at Isaacs hostel (in %) ............ 54
Table 3.17 - Defining the competitive advantages of Isaacs Hostel according to what appreciated most the respondents ................................................................. 57
Graph 3.18 – After your stay would you like to: ....................................................................... 58
INTRODUCTION

This research will be focusing on the competition in the international backpacker hostelry industry. This topic raised my interest when I started working in a hostel as a receptionist in 2007. This is an always moving type of business, very interesting, with a particular customers’ type that got my attention. I also noticed that everyone around knows the word hostel but when it comes to define what it is, it is not that easy and becomes confusing.

The literature reviewed proved that very scarce information was available and that gaps needed to be filled. In fact, the existing literature on this topic allowed us to define what is: a “hostel”, a “backpacker” and the “Top five Destinations”. But we could see that the information on the international hostelry was not complete. The boundaries of services were not well defined in the existing literature, most of the research, reports and other sources included the hostels with the hotels. They considered that hostel provide travellers accommodation for a night or more. But details were missing on the international hostelry competition and it was not possible to find out the positioning of hostels in general.

The objective of the report was to carry out a cross comparison in the Top Five backpackers’ destinations (London, Barcelona, Dublin, Paris and Rome) to find out how well is Isaacs Hostel (Dublin, Ireland) performing? The idea was to find out what are the decision criteria backpackers have when choosing a hostel and what competitive advantages have the hostels located in the cities studied. This would give us basic information so that we could check if Isaacs Hostel meets the decision criteria and if it is aligned with the international competition.

In order to design the methodology and methods, we first elaborated 5 main research questions that we wanted to answer along this report:

**Question 1:** What influences international backpackers to stay at particular hostels?

**Question 2:** What competitive advantages do renowned international hostels have over less renowned international hostels?

**Question 3:** To what extent does Isaacs Hostel meet the decision criteria identified in question 1?

**Question 4:** To what extent does Isaacs Hostel display the competitive characteristics identified in question 2?
**Question 5: If question 3 and 4 show that Isaacs Hostel is performing badly, what can they do to improve their competitive position and attract more customers?**

To reach these objectives, a critical realist and pragmatic approach have been adopted as we wanted the research to be based on empirical experience and down-to-earth interpretation. In fact, because of the lack of information available in the literature, major primary research has been undertaken, that means that the reliability of the conclusions was depending on the quality of the objective interpretation. At the same time, we admitted that anyone can always be influenced by its personal experience and knowledge.

Secondary research has still been used to provide the reader with a clear understanding of the international hostelry industry. By applying Michael Porter’s 5 forces model and the Strategy Clock theory, we were able to stress the positioning of hostels in general and Isaacs Hostel in particular.

Secondary research has been used in order to provide the reader with a clear understanding of the international hostelry industry. By applying Michael Porter’s 5 forces model and the Strategy Clock theory, we were able to stress the positioning of hostels in general and Isaacs Hostel in particular. Then, questionnaires have been made and self-administered to international travellers staying in hostels in London, Barcelona, Dublin, Paris and Rome and to travellers staying at Isaacs Hostel. Secondary research has been used to detail the international hostelry industry and its strategic situation. Interviews with Sharon Clerkin have been made in order to find out the current strategic vision of Isaacs Hostel.

At the end of the report, readers will know that hostels are attractive when they have a good location and cheap priced accommodations and that Isaacs hostel meets these criteria. Besides, it has been demonstrated that Isaacs Hostel is performing well in the international industry as it benefits of the same advantages as the international hostels and also has a Unique Selling Point to be developed (i.e. people are attracted to stay when they see the place walking around the city). Some suggestions have been made so that Isaacs hostel can improve and maintain its advantages on the long term run. This report will highlight the points on which hostels and mostly Isaacs Hostel should focus on when making any strategic decision.
1. Literature reviews

1.1 Literature reviews objectives

The following part aims at providing the readers with a clear understanding of the context of the research and its ultimate goals while reviewing the existing literature on the topic. The report will be built around one main issue: A cross comparison of the Top Five backpackers’ destinations (London, Barcelona, Dublin, Paris and Roma) and Isaacs Hostel (Dublin, IRELAND). The results of this comparison will help us find out how well is Isaacs Hostel (Dublin, IRELAND) performing. By using these conclusions, we will then be able to suggest Isaacs Hostel’s management board practical recommendations to try and improve their business.

Before going further in the analysis, we need to define clearly the terms in use, and the literature reviews will help us on that regards. Peer reviewed sources, academic theories and industry sources will support our definitions of “hostelry industry”, backpackers” and “Top Five destinations”.

Then, reviewing the texts related to the topic will make us underline the importance of this specific work as it will highlight the fact that our research questions are missing answers in the already published literature.

1.2 What is the Hostelry Industry?

What is a “hostel?” and what is the “hostelry industry?” are two essential questions that we must answer before going any further. To do so, we are going to use peer-reviewed sources as well as academic theories and professional publications (travel networks, youth hostel associations, etc...).

a. Hostel: definition

The word “hostel” is extremely familiar to all of us, everybody knows what is a hostel; nevertheless it remains difficult to put the finger precisely on what it is. As a matter of fact, the literature reviewed has proven to be rather scarce in providing a complete definition of it. According to Swift, M., (2002), hostels are “checking into the budget accommodation market to offer cost-conscious travellers a cheap and cheerful alternative to hotels”. In other words, hostels are places to stay for travellers but they are not hotels. Swift, M., (2002) declares that this is an “alternative” to hostels in which the main attraction is a cheaper price. This idea is
reinforced by the definition given in the Oxford dictionary (11th Edition, 2004): a hostel is “an establishment which provides cheap food and lodging for students, workers, etc...” whereas a hotel is “an establishment providing accommodation and meals for travellers and tourists”.

So far, we get clear that a hostel is a place that offers lodging insisting on the cheap price of the services. But what is the scope of the services offered? Is there another point than the price making the difference between a hotel and a hostel?

To find a detailed definition of the services offered by hostels we had to refer to professional publications made by travel networks and professional associations. Hostels or youth hostels offer “low priced accommodation that provides a bed, pillow, blanket, and bathing facilities, usually in dormitory style” (Backpack Europe, Sept. 2008). That means that hostels provide the same services as a hotel but with less luxury as people usually sleep in dormitories.

The travel network Hostelworld.com (hostelworld.com, Sept. 2008) pointed out that the definition above might be obsolete (given the fact that the range of services offered has been upgrading over the years and became more and more sophisticated). But, this is the definition most commonly used in the sector, and this is the one we will use during this specific research.

To sum up, in our context we think of a hostel as a place that offers cheap accommodation (either in private rooms or dormitories) for students, people travelling on a budget and workers as well as groups and families (hostelseurope.com, Sept. 2008).

b. Market definition

Now that we have understood what a hostel is and what services are offered in it, we need to have a view on the overall international hostelry industry. There is a lack of precision and boundaries in the existing literature. Nonetheless, we are going to use industry reports and academic theories to try and give a first overview of the market.

As previously explained the difference between hostels and hotels stands in the price and luxury of the services provided, not in the services themselves. We can even say that hostels are ancestors of hotels. That is the reason why we are going to support this presentation with the Datamonitor “Global Hotels & Motels Industry profile” (November 2007). None of the industry profiles existing were specifically focused on international youth hostels.
According to the Datamonitor (2007, p.6), “The hotels & motels industry (...) consists of all revenues generated by hotels, motels and other accommodation providers through the provision of accommodation and foodservice”. This report gives us a global view of the international hostelry industry.

We must reckon that nowadays, tourism-related businesses not only play on a national scale but also on the international scale. Among the last decades, the development of Information and Communication Tools has brought what called O’Brien, J., (2002) the “Information Society”. In other words, communication tools such as the telephone and mostly the Internet, made communication between countries easier, and that led towards a reduction of physical boundaries. This enhanced the exchanges between cultures. We can now see people travelling abroad easily; this is no longer a privilege of business men or adventurers. Besides, the arrival of new comers at the beginning of the 90’s in the travel industry such as low cost air company (ryanair.ie) completely shifted the vision of tourism and people were able to fly to another country for a very affordable price. People now look for leisure and they consider travelling abroad as a hobby. Indeed, this directly influenced the tourism industry and thus the hostelry industry on which we are currently focusing.

More than erasing the physical barriers, the communication tools such as the Internet hugely enhanced customers’ awareness. In fact they became able to literally find all the information they need in one “click”. They can now compare products, prices from all over the world before deciding what to buy. That makes the competition even higher and more dynamic. Customers now have a bigger power of decision and influence the world of business.

*Market Value*

The figures prove the good state of the global hospitality industry as the Market Value “grew by 5.4% in 2007 to reach a value of $429.5 billion”. According to the market value forecasts, the value of the industry should increase of an increase of “32.1%” from 2007 to 2012 to reach a value of $567.5 billion (Datamonitor, 2007). This is considerable and makes the international hostelry industry a very interesting market to work well in. This also raises the interest of that research.

*Market Share*

As shown on Figure 1.1 below, The Global Hotels and Motels industry share in 2007 is divided into three main segments: “Domestic Customer, International and Domestic Business”. We can see that the Domestic Customers account for 67.5% of the share by value of the industry and the International segment comes second with 16.5%.
**Figure 1.2** (Datamonitor, 2007) shows that the European market has the biggest value of the market with a share of 41.3%. This also means that the competition in Europe is the strongest. The competition is quite high and dynamic; it is also dominated by big international hotel chains on permanent and regular international expansion via franchises and acquisitions. The main players are chain of hotels such as Accor, Novotel, Mercure, etc... Nevertheless, it remains a high numbers of independent hotels, hostels and other accommodation providers fighting for their shares of the business. That means that independent players such as Isaacs Hostel (Dublin, IRELAND) have a chance to survive in this industry and even to expand their businesses if the strategy is well designed and aligned with the overall industry competition.

**Figure 1.1 - Global Hotels & Motels Industry Segmentation I: % Share, by Value, 2007**

*Source: Datamonitor, “Hotels & Motels Industry Profile”, November 2008*
To help to define industries, many authors elaborated interesting theories. Michael Porter elaborated the 5 forces model (1995 and revisited in 2008) that aims at finding out the international threats and opportunities created by the competitors in a specific industry. In fact, a company must be very savvy about the industry it evolves in to be able to establish the appropriate strategy that will make it successful. The final aim of that model is to help a company “x” to design the adequate strategy so that it can resist to the international competition and can lead towards the improvement of the competitiveness of the business. The five forces are also referred to as: “The power of suppliers”, “the power of buyers”, “rivalry amongst existing competitors”, “threat of entry” and “threat of substitute”.

Porter M., (1995) also pointed out the generic strategies for competitive advantage. According to him, a business can choose between 3 strategies: “the Differentiation” (highlight the Unique Selling Point of the products or services), “the cost leadership” (be cheaper than the competition) or “the segmentation” (target only one specific part of the population to make sure the product or service exactly meets their needs or wants). Bowman, J., et al., (1996) improved this theory with their “Strategy Clock Model” demonstrating that a business did not have to be only one of Porter’s types, but could be several at the same time.

As these models have not yet been applied to the international hostelry industry, we are going to adapt these models to this industry in the coming part 3.
1.3 Who are the so called “backpackers”? 

When we talk about the international hostelry industry, we face a wide range of potential customers or users of services. When we think of hostels, we think about people travelling on a budget, usually quite young (between 20 and 30 years old). Most of the professionals in the sector call them “backpackers”. This is an expression we need to define before designing the appropriate research methods.

To draw the profile of the young international travellers, also called “backpackers”, we will use two interesting studies from Thyne et al. (2004) and a more recent one from Richards, G., (2007). These two studies describe the so called “backpackers” by providing demographic as well as motivational criteria. This will help us understand the target market.

Thyne M., et al. (2004) elaborated a research to define the backpackers staying in youth hostels based in Scotland. They tried to understand their “lifestyle” and travel motivations. Richards, G., (2007) published a report in collaboration with the World Youth Student & Educational (WYSE) Travel Confederation to understand the “motivations, activities, booking and spending habits of young travellers”. They surveyed 8,541 young travellers from all over the world. People were from Africa, Asia/Pacific, North America, Latin America and Europe. By doing so, he provided us with a profile of respondents which corresponds to the potential hostels users. According to Thyne, M., et al., the main demographics variable defining backpackers is the age. The authors outlined that the commonly known backpackers are generally between 18 and 30 years of age.

This information is emphasised by Richards, G., (2007, p.8), as the young travellers who responded to its survey were mostly aged between 20 and 25 years old and the percentage of respondents over the age of 30 had doubled since 2002 (Please see Figure 1.3 below). He also added that the majority of the respondents were highly educated as most of them had a bachelor or Postgraduate Degree and that 60% of them were students.
Apart from the demographical aspect of the age, and employment situation, backpackers have similar motivations when travelling. Thyne M., et al., outlined the fact that backpackers look for unusual places to go to, they look for budget accommodations and have a minimum length of stay of 4 months. Richards, G., (2007) found out those young travellers are willing to “explore other places and culture” and their main preoccupations are to travel as cheaply as possible and fully explore the destinations. In other word, they do not look for resorts, or hotels where they could find all services, they want to immerse themselves into the culture and local way of life of the destinations. Thyne M., et al., (2004) go even further in the analysis and define 5 cluster groups amongst the world of backpackers: These are the “typical backpackers”, “the discoverers”, “the outdoors”, “family ties” and “routine travellers” (see Table 1.4 below). Richards, G., (2007) on the other hand gave three main categories for young travellers: backpackers, travellers and tourist (See Table 1.5 below).
### Table 1.4 - 5 cluster groups amongst the backpackers

<table>
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<th>Cluster</th>
<th>Demographic criteria</th>
<th>Motivational criteria</th>
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| 1 Typical backpackers | • Majority of European origin  
   • Between 20 and 24 years old | • Seek to see "real thing"  
   • Want to explore other cultures |
| 2 Discoverers | • Majority of students from Britain, Germany, Australia and the USA | • Look for a learning experience |
| 3 Outdoors | • Domestic visitors between the age bracket of 40 and 50 years old  
   • Have the highest level of education | • Rely on past knowledge and experience |
| 4 Family ties | • From Australia, New Zealand and North America  
   • Females dominating under the age of 30 | • Visit the place the family is from |
| 5 Routine Travellers | • British nationals  
   • Over 30 years of age | • Go for outdoor activities such as hill walking, rock climbing etc... |


### Table 1.5 - 3 Types of Young Travellers

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<th>Trip characteristics</th>
</tr>
</thead>
</table>
| 1 Backpackers | Younger respondents | • Travel beyond gateways  
   • look for non typical activities | • Have experience in travelling (average of 5 trips in their lifetime). They are usually "found in backpackers enclaves in South east Asia"  
   • 70% of backpackers stay in independent hostels  
   • Length of stay is the longest |
| 2 Traveller | Older than backpackers | • Want to explore other culture  
   • Look for non-typical tourist activities | • Have experience in travelling  
   • >30% of travellers stay in independent hostels |
| 3 Tourist | Non specified | • Look for typical tourist activities | • Have little experience in travelling  
   • Stay in hostels, hotels or other places such as B&B, with friends or relatives etc...  
   • Short length of stay |

*Source: Inspired from “New Horizons II – The Young Independent Traveller”, WYSE Travel Confederation, 2007*
1.4 Why Top Five destinations?

In order to make this research interesting for Isaacs Hostel and the readers, as well as feasible, we had to define the most appropriate scope. That is why we decided to compare the international competition of the hostelry industry in five main European destinations: London, Barcelona, Dublin, Paris and Roma.

In fact, Isaacs Hostel (Dublin, IRELAND) works directly with international travel networks. These networks provide on their website information on hostels from all around the world as well as ratings from customers and booking facilities. That means that Isaacs Hostel is presented to the potential customers on these networks just beside hostels from London, New York etc... As these five destinations regularly come up in the top ten destinations (See below ranking, Figure 1.6), we consider them as the direct international competition for Isaacs Hostel (Dublin, IRELAND). Hostelworld.com gives this exact ranking, and this is the one we will consider as hostelworld.com is the hostel specialised travel network with the highest number of bookings per city.

The Top Five destinations (London, Barcelona, Dublin, Paris and Roma) are also considered in the professional sector as strategic spots as they are cities counting with a very important flow of young travellers. Their strategic location (location of the biggest international airports for London, Paris and Dublin) or to their reputation (Roma, Barcelona, Paris, London and Dublin) attract million of tourists every year. That is why it is important to get to know the competition.

**Figure 1.6 – Top 10 for backpackers’ destinations**

<table>
<thead>
<tr>
<th>1. London Hostels</th>
<th>2. New York Hostels</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Barcelona Hostels</td>
<td>6. Rome Hostels</td>
</tr>
<tr>
<td>7. Amsterdam Hostels</td>
<td>8. Berlin Hostels</td>
</tr>
</tbody>
</table>

*Source: hostelworld.com, September 2008*
1.5 The limits of the literature reviews, the interest of my research

When we looked at the existing literature on the international hostel industry, we noticed that a lot of authors have oriented their studies on the customers’ satisfaction or strategic management. For instance, Torres, E., (2006) developed a “managerial model” to help the service businesses with their effective management of customers relations. For this reason he explained the concepts of satisfaction (the service received is in accordance with the customer’s expectations) and delight (the service received exceeds the customer’s expectations. According to him, delighted customers are more inclined to come back and create customer loyalty. Torres, E., was not the unique person to take interest in the customer satisfaction, McDougall, G., (2000) did too by showing the importance of the perceived value from the customers to reach customers’ satisfaction. Schiffman, L.G., et al. (2004) also gave their definitions of customers’ satisfaction in the services sector.

Frei, F., (2008) highlighted the “four things a service business must get right” to manage efficiently a “service-focused” business. Delivering a service is different than producing a product, and for that reason the management tools have to be adapted to lead toward success and efficiency. According to Frei, F. (2008), a service business such as banks or accommodation providers must get four things right:

1. **The offering**: Ensure that the business meets the needs and desire of the customers.

2. **The funding mechanism**: Elaborate the appropriate pricing system.

3. **The employee management system**: Design the management system that will allow the average employee to succeed and satisfy customers.

4. **The customer management system**: Make sure that the customers are involved in the operational process.

Besides, the existing literature on the international hostel industry mostly tries to understand the travellers’ motivations and their spending habits when travelling. But, the literature is still missing some studies that would try to understand the decision making process of travellers.

This is where our study becomes interesting. The ultimate goal of this research is to try and understand how do backpackers choose the place to stay? How do they decide that one hostel
is better than another which could be located just beside? Is the price, the location, the range of services offered the most important factor influencing their decision?

The literature helped us to define what the hostel industry is, understand who are the backpackers, and what is customer’s satisfaction, but there is a lack of literature specialised on the hostels industry that would be key to the elaboration of international youth hostels strategy. This leads us towards our five research questions:

**Question 1: What influences international backpackers to stay at particular hostels?**

**Question 2: What competitive advantages do renowned international hostels have over less renowned international hostels?**

**Question 3: To what extent does Isaacs Hostel meet the decision criteria identified in question 1?**

**Question 4: To what extent does Isaacs Hostel display the competitive characteristics identified in question 2?**

**Question 5: If question 3 and 4 show that Isaacs Hostel is performing badly, what can they do to improve their competitive position and attract more customers?**

### 2. Methodology

**2.1 Methodology: Introduction**

In the following section I am going to describe the research methodology and methods I have followed to reach the findings and conclusions that will be presented in this report. I believe that the readers must understand how I did manage this research so that they get a critical view on the findings and conclusions which will be developed later.

This is why I will first explain my research philosophy and what research approach I did adopt. Then, the research design and research strategy used will be detailed. The readers will get to know how I did collect the data, how I defined the sample size and how I processed the data to get the most interesting results possible.

At last but not least, I am going to provide the readers with the limitations of this methodology so that they can judge of the reliability of the findings.
2.2 A Critical realism and pragmatic philosophy:

**Critical realism** is based on an empirical experience. I consider that “what you get is what is real” is not a statement that always applies. I think that the world (mostly the business world) is an entity constantly changing and that what we see is biased by our own subjectivity and knowledge. The results I will defend might not be absolute but will make sense to me and will be useful in this specific context. It might result difficult to generalise the results of this research.

**Pragmatism** is a more down-to-earth philosophy. I am trying to balance objectivity and subjectivity in this research; I want to have a practical and fact based approach in assessing situations and solving problems. This philosophy will help me to get a balance between subjectivity and objectivity to try and make the findings as reliable as possible.

There are many reasons why I chose this mix of philosophies. The first one is a personal belief. I think that being absolutely objective when we talk about business is impossible. We are always influenced by our personal backgrounds or personal opinions that make us act or react in a certain way.

Added to that, we have seen that the literature was very scarce on the topic and that major primary research would have to be undertaken. That means that the data collected by the primary research will have to explained and interpreted. I truly consider that finding the right balance between objectivity and subjectivity is essential to produce reliable and interesting conclusions. Besides, the topic is going to be a comparison between international businesses based in different countries, objectivity is going to be important but interpretation will play a key role in the conclusions. The findings will be used to see whether or not Isaacs Hostel based in Dublin (Ireland) is performing well or not within the international hostelry industry and if necessary, recommendations will be provided. In that case, I will have to be pragmatic and objective in order avoid the closeness I have with the company Isaacs Hostel (Dublin, IRELAND) to affect my conclusions.

2.3 A deductive approach of research:

The approach I used was a **deductive** approach. Before designing the research methods or even reviewing the literature I had prepared some research questions using the advices received from professionals of the sector (*i.e.* Sharon Clerkin, General Manager at Isaacs...
Hostel) and using my own experience and knowledge of the sector before (i.e. Experience acquired by travelling around and staying in hostels and also by working as a receptionist at Isaacs Hostel). The literature reviews confirmed the deductions and led toward a specific research method mostly based on primary research.

2.4 Research Strategy:

a. Primary Research

*Quantitative methods*:

To collect quantitative data, a survey had to be carried out.

**Sampling frame:** The survey was aiming at:

1) Backpackers staying in Isaacs Hostel (based in Dublin, Ireland)

2) Backpackers staying in hostels in Dublin, London, Paris, Barcelona and Roma

As we can see, the questionnaires are targeting two different types of people. That is why two different questionnaires had to be designed. One made for the backpackers staying in Isaacs Hostel and another one for the backpackers staying in hostels based in the above stated cities.

**Sampling technique:**

1) **Simple Random:** The questionnaires have been self-administered to random International backpackers checking-in and out at Isaacs hostel (Dublin, Ireland).

2) **Cluster:** The questionnaires are made for International tourists staying at hostels in the five top five backpackers’ destinations: Dublin, London, Paris, Barcelona and Roma and international travellers who stayed in these places on previous trips, experiences.

**Sample size:** Original goal: The idea was to collect 50 questionnaires at Isaacs Hostel in Dublin and 50 questionnaires for each destination (total of 250 questionnaires).

Real rates: 103 questionnaires have been fully completed at Isaacs Hostel and 74 questionnaires have been received back for all the five destinations.
Data collection:

1. The first questionnaire has been elaborated for international customers/backpackers who were staying at Isaacs Hostel in Dublin. The aim of this questionnaire was to find out how and why they did choose this particular place. We also tried to identify what they were looking for when staying at Isaacs Hostel and tried to outline whether or not they were satisfied. The final aim of it was to compare Isaacs Hostel performance and customers with the performance and customers in the other European destinations.

The questionnaire was made of 19 questions, including 2 open questions. The average time needed to fill it up was of around 5 minutes, (see Appendix 1).

The questionnaires were self-administered. As I am working at the reception of Isaacs Hostel, I got the staff and myself to hand the questionnaires out to the customers at the desk, when they were check-in and checking-out.

In total 110 questionnaires in English have been given, and 103 fully completed questionnaires have been received back. That makes the completion rate at 93.63%. This very high positive answer rate might be explained by the fact that I personally gave the questionnaires to the customers and was able to let them with the questionnaires several hours or days so that they could answer it when they felt like it. I was also present to give them further information when needed and I tried to make them feel comfortable as they were answering questionnaires edited in a language that was usually not in their native language. By spending eight hours a day in the same place as the respondents, I was able to remind them to bring the completed questionnaires back to me.

2. The second questionnaire has been made for international customers staying at various hostels in the top five destinations the research is focusing on (Dublin, London, Paris, Barcelona and Roma). This second questionnaire aimed at emphasising why backpackers did choose their hostel and how? What were they looking for by going there and what did they get? And then, get to know their suggestions. The ultimate goal was to identify the competitive advantages in European hostels as they are perceived by the backpackers.

The questionnaire was made of 20 questions including 2 open questions. The average time to fill it up was around 5 minutes, (see Appendix 2).
20 questionnaires printed in English have been sent to a hostel based in Barcelona. I contacted the General Manager there and got his collaboration. He charged the reception staff to distribute the questionnaires to their customers at the check-in and check-out time and once they were completed they sent them back to me. 16 completed questionnaires have been received back.

60 questionnaires printed in English have been sent to hostels in London, Paris and Rome, but none of them have been received back. In fact, the contacts with these hostels have been very difficult. As these businesses were in the busiest period of the year (July-August) they found no interest in helping me out. Unfortunately, I did not have the available budget to travel around and distribute the questionnaires myself so I had to accept that I would not get self-administered questionnaires in these hostels.

25 Questionnaires printed in English have been self-administered in Dublin to people who ever stayed in hostels in Dublin, but also to cope with this lack of responsiveness from the hostels abroad, the questionnaires were distributed to people who travelled in either of the European cities of the study: London, Paris, Barcelona or Roma. 16 questionnaires have been fully completed and received back.

An alternative had to be found to get more questionnaires completed. As a result, I edited an online questionnaire that I sent by emails using social networks (e.g. Facebook). The list of people contacted was of 75 people from different nationalities having travelled around many countries. The idea was to create a positive “buzz”, getting people to forward the link of the questionnaire to their friends to get a higher rate of answer. I received 42 questionnaires fully completed.

Processing data: The answers received from the self-administered questionnaires have been manually registered using the software SPSS. The first file was made of all the answers received from the international backpackers staying in Isaacs Hostel. The second file was made of all the results received from Barcelona and other self-administered questionnaires. The online questionnaire was first automatically processed by the software belonging to “Group-surveys.com” and then, the data were exported to an Excel file. The excel file allowed me to process the detail of the answers and include it in the SPSS software with the other answers of the second file.
*Qualitative methods*

**Semi-structured interviews:** In order to complete the quantitative data, I decided to conduct some semi-structured interviews with Isaacs Hostel’s general manager: Sharon Clerkin. The idea was to add value to the quantitative data, by getting Sharon Clerkin’s professional point of view on the topic. Besides, she provided me with useful information on Isaacs Hostel current strategy and vision.

Two interviews of around ten - fifteen minutes were driven on a quite informal way. I had prepared some open questions that aimed at keeping the conversation focused and I took notes of the interesting comments.

**Observation:** By working at the reception desk, I was able to watch, describe and analyse what it is people do when going to Isaacs’s hostel, Dublin.

**b. Secondary Research**

In order to get a clear understanding of the strategic positioning of hostels and Isaacs Hostel within the international hostelry industry, I decided to use some secondary research. I thought that applying Michael Porter’s 5 forces model and use the Bowman’s Clock Strategy Model to Isaacs Hostel and the international hostelry industry would provide practical understanding of the business strategic position. To do so, we will use the information collected in a new report published by the Independent Holiday Hostels of Ireland (September 2008) and other secondary research.

The Secondary Research aims at giving basic academic understanding of the international hostelry industry so that the quantitative and qualitative findings make more sense.

To conclude, we can say that the research method used is the **Triangulation.** Any type of research (primary and secondary) or data (quantitative and qualitative) have been excluded in order to get the most complete and reliable results possible.

**2.5 The limitations of this methodology and methods**

The method elaborated is facing some limitations which that we must take into consideration. First of all, the research undertaken is of a quite big scale as we are talking about 5 main cities in Europe: Dublin, London, Paris, Barcelona and Rome. The number of hostels in these cities is very high. Try to define a reliable and feasible sample size has been very difficult. In
order to keep the research feasible, we started with a sample size based on 50 units (questionnaires completed) per city. But the context of the research made it difficult to reach it, and the sample size had to be reconsidered. As the response rate has been smaller than expected (74 questionnaires received back instead of 250 expected), we might not get a complete picture of the international industry as expected but the one we will get from Isaacs Hostel (103 questionnaires completed instead of 50 expected) should be better than expected.

The small response rate might be explained by the context of the research. In fact, in order to get the research finished within the time allocated, the questionnaires had to be sent out, completed and sent back between July and August. These two months are the busiest months everywhere in the hostelry industry and the managers contacted did not want to waste the time of their staff distributing questionnaires in which they did not see much interest. Even though they were offered to receive a summary of the results, they did not find their interest in the deal. Only one hostel based in Barcelona positively answered to my request. It is important to note that the managers in hostels have been contacted via cold contact and this made the process even more difficult as they were suspicious about my real interest. If the time allocated to submit the results had been longer, and during the autumn/winter season, the chance of getting more answers might have been higher. I have experienced receiving answers to my various requests (sent in July) two days before handing out the final report).

Because of these reasons, the findings and conclusions that will be further developed might not be as complete as expected, but the main goal remains to provide the most professional and accurate answers to my research questions.
3. Findings

3.1 Findings: Introduction

The following section is going to explore and detail the main points brought up by both secondary and primary researches. The aim is to provide the readers with an exhaustive view of the interesting findings before discussing them and issuing conclusions. The first part of this section will focus on the international hostelry industry. The aim will be to locate Isaacs Hostel (the Irish based international Youth Hostel in business for 25 years) in this wide and highly competitive sector. The adaption of Porter’s 5 forces model to this specific case will help us to explain what is the strategic positioning of hostels in general and what is the positioning of Isaacs Hostel in particular. Then, we will describe the profile of the respondent who stayed in international hostels and we will highlight the main ideas that came up when processing the data of the questionnaires. At last, but not least we will give a deeper description of Isaacs Hostel as a business and we will examine the important information collected when processing the data of the survey carried out at Isaacs Hostel.

3.2 Isaacs Hostel and its international competitive environment

In order to give sense to the findings given by the primary research, we must have in mind the illustration of the international Hostelry industry and its competitive environment. To produce a useful discussion we must ensure that the readers have a good understanding of the particular context of this research. The adaptation of Porter’s 5 Forces Model will be based on information found in a brand new “Market Research Report” published by the Independent Holiday Hostels (IHH) of Ireland (September 2008) and other articles published in professional magazines (i.e. Leisure & Hospitality Business, 2002). The IHH is a co-operative society consisting of 91 hostel members throughout Ireland. The purpose of the IHH is to market member hostels domestically and internationally, seek funding and sponsorship for these marketing activities. Their research is based on a survey carried out with 91 hostels owners of several cities in Ireland (Dublin, Clare, Antrim, Cork, Derry, Galway, Mayo, Sligo, Tyrone, and Wexford) and aims at describing the customers of hostels in Ireland and their motivations when travelling, but also looks for the hostels managers’ point of view on hostels strategic situations.
Isaacs Hostel is based in Dublin the Irish capital for 25 years. It provides cheap accommodation to young travellers also referred to as backpackers. **Graph 3.1** below shows that Isaacs Hostel is evolving in a dynamic domestic market (Irish Market) and is also part of a fierce and international competition. Hostels from all around the world, and mostly Europe (given the context of our study) are competitors of Isaacs Hostel. In fact, the threat of the new entrants has become higher over the last decade as in 2001 we have seen the first hostel chain opening in Glasgow (Scotland). This new concept aimed at attracting people in 116 Bed-Room for an even lower budget (£15 a night) than any type of hostel. The idea is to offer beds in extra large dormitories with 116 beds in it for an unbeatable price. We are now far from the common 20 bed-dormitories that backpackers used to share when staying in hostels. The main target is no longer restricted to backpackers but also young workers who start working and cannot afford either a hotel or a flat. The 360-bed Euro Hostels are now present in Glasgow, Edinburgh and Newcastle (*Swift, M., 2002*).

Besides, the competition has become tougher as the threat of the substitutes has increased. As reckoned by the IHH in their research, the hostel owners consider the hostels of the neighbourhood as a direct threat as well as the budget hotels. In fact, more and more budget hotels offer private and en-suite (with private bathroom in the room) accommodations at unbeatable prices. Besides, hotel chains also became very competitive. For instance in France, chains of hotels called “*Formule 1*” (from the group Accor Hotels) provides private accommodation (for 1, 2 or 3 guests) with sink area with breakfast for a price starting from €35.00, depending on the location of the hotel. The price is per room and not person. This has been a huge innovation in the hostelry industry. We can also see more and more hostels upgrading their services and offer either shared or private rooms’ en-suite, with breakfast for a very competitive price.

The International Hostelry Industry is also targeting a wide range of customers. The original panel of backpackers as unique customers has been diversifying along the years. Now, hostels receive not only young travellers with “everything (...) in a rucksack” (*Caterer search, 2001*), but also occasional travellers looking for budget accommodation, international groups, organised tour groups, families and also young workers (*IHH Market Research Report, 2008*). That means that the suppliers (hostel owners) and stakeholders (all entities having any kind of interest in taking part in the hostelry industry) have to adapt their strategies to this very vast competitive environment in order to face both with the domestic and international competition. The demand is wide and so is the offer.
These findings led us towards the following deductions:

1. The general strategic positioning of hostels is the **cost leadership**. It seems that the main attraction for customers when going to a hostel is the cheap price of the accommodation.

2. Given the strength of the competitive environment, Isaacs Hostel’s positioning should be based on the **cost leadership** (be as competitive as the others), but they should also conjugate a **differentiation** strategy or **segmentation**. Isaacs Hostel should emphasise on its unique Selling Points to attract more people. This differentiation could be the good atmosphere of the place. This will be analysed deeper in the next section when analysing the data of the survey. But this will be confirmed later after analysing all the findings and discussing them.
Graph 3.1 – Isaacs Hostel and its International Competitive Environment

New Entrants: Budget hotels (Travelodge, Mercure...), hostel chains (i.e. Euro Hostels in the UK)

Other stakeholders:
Travel networks (i.e. booking websites), Travel agencies, Tourist offices, Government...

Suppliers: Hostels management and staff.

Isaacs Hostel and the international hostelry industry
Rivalry among existing hostels in the domestic market and on the international scale

Consumers: International backpackers, youth groups, families, tour groups, domestic travellers, etc...

Substitutes: Hotels with competitive rates in city centres, newly built hostels with high standard accommodations, neighbouring hostels and international hostels.

Source: Adaptation of Porter’s 5 forces Model, Sept. 2008
3.3 The international Hostelry Industry: London, Barcelona, Dublin, Paris and Rome

The following information will be centred on the international hostelry industry. The findings will be based on the results obtained by the survey distributed in the international hostels based in London, Barcelona, Dublin, Paris and Rome. 74 travellers from all around the world have been participating to this survey.

We will first provide a profile of the respondents in order to know who they are, what are their nationalities and their age. Then, we will see where they did stay (in which city?) and why they did undertake their trip.

After that, we will focus on what attracted the international travellers toward this particular hostel, why they chose one rather than another and we will see whether they were satisfied or not by the services received. At last, we will see what tools/way they used to find out information about their hostel.

a. General profile of the respondents

The sample of international travellers interrogated during the survey on international hostels was quite homogenous. As shown on Graph 3.2 below, 45.9% of the respondents were female and 41.9% were male. 12.2% of the respondents did not answer this question. The majority of the respondents were between 26 and 30 years old (See Graph 3.3) and European (See Graph 3.4). Not many respondents came from outside Europe, but the number of represented countries was quite high. As shown on Graph 3.5, the respondents were from 11 different countries; unfortunately most of the respondents skipped this question, and we might be missing some other options. Graph 3.6 emphasises the fact that international travellers usually go to London, Barcelona, Dublin, Paris or Rome to explore other culture (29.2%) or relax and have fun (23.1%) and that most of the respondents stayed in hostels in Dublin and Barcelona (see graph 3.7). This findings confirm the profile given by Richards, G., (2007) with its survey as shown in the literature review.
Graph 3.2 – The gender of the respondents

- Male
- Female
- n/a

Source: Lemaresquier, C., 2008

Graph 3.3 – The age of the respondents

- <20: 3.0%
- 20-22: 15.2%
- 23-25: 31.8%
- 26-30: 40.9%
- >30: 9.1%

Source: Lemaresquier, C., 2008
Graph 3.4 – The region of origin of the respondents

Source: Lemaresquier, C., 2008

Graph 3.5 – The country of origin of the respondents

Source: Lemaresquier, C., 2008
Graph 3.6 – Why did you undertake your trip?

Source: Lemaresquier, C., 2008

Graph 3.7 – What is the city in which you are/were staying?

Source: Lemaresquier, C., 2008
b. The factors of attraction of the international hostels

In this section, we are going to describe the factors of attraction in the international hostels. The survey aimed at pointing out what did influence most the travellers when they had to choose a hostel where to stay? The respondents were asked to score the importance (from 1 = not important to 3 = very important) of the five following factors: the cheap price of the accommodation, the location, the character and atmosphere of the hostel, the reviews published and the wide range of services offered.

We can see that the location of the hostel and the cheap price of the accommodation are the factors most important for all travellers in all the cities (See Tables 3.7).

Finding #1: The location of the hostel appears to be the most important factor that influences a backpacker to choose a hostel. The high majority of the people surveyed consider the location of the hostel as important/very important when making their choice. They completed their answers by saying that they want a place to stay which is in the city centre, close to buses, train etc..., and from which they can walk to visit the city.

Finding #2: The respondents consider the cheap price of the stay as important/very important. More than 60% of the people surveyed consider the cheap price of the hostel as important/very important and this is resulting to be the same in each destinations. Looking up the prices of the places they stayed at, we can see that the common budget is between €9 and €20 per night/ per person for a bed in a shared dormitories. Hostels in London, Rome and Dublin have the cheapest rates.

Finding #3: The reviews published are not given the same importance by the respondents in all cities. For the travellers staying in Paris it seems that reviews are not important at all as 100% of the respondents who stayed there think these are not important. In London, around 57.2% of the respondents think the reviews are not important. On the other side, travellers staying in Dublin, Rome and Barcelona think that reviews are important/very important (over 55% of the respondents in each city).

Finding #4: Most of the respondents consider the character/atmosphere of the hostels as not important (over 55% of the respondents in Dublin, London and Paris). The results show that it is important for half of the people surveyed in Rome, and important/very important in Barcelona (over 60%).
Finding #5: The range of services offered in hostels is considered as not important by the majority of the respondents in each city.

In order to get to know better the process of selection of backpackers, we asked them to choose between several options to describe how they did find their hostel. **Graph 3.8** shows that the most common way used to find information about hostels and decide where to go is the Internet (55.9%). Over 20% of the respondents chose their hostel by recommendation and nearly 14% used their travel guidebooks. A minority of the respondents were people coming back to the same hostel or were sent by travel agencies or tourist offices. In other word, the recommendations and Internet surfing are the most common decision process for backpackers.
# Tables 3.7 – Defining the factors influencing the backpackers when choosing a hostel to stay at

## How important is the location?

<table>
<thead>
<tr>
<th>#1 LOCATION</th>
<th>% Dublin</th>
<th>% London</th>
<th>% Paris</th>
<th>% Rome</th>
<th>% Barcelona</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not important</td>
<td>16.67%</td>
<td>28.571%</td>
<td>20.00%</td>
<td>0.00%</td>
<td>21.052%</td>
</tr>
<tr>
<td>Important</td>
<td>25.00%</td>
<td>14.285%</td>
<td>40.00%</td>
<td>50.00%</td>
<td>21.052%</td>
</tr>
<tr>
<td>Very important</td>
<td>58.33%</td>
<td>57.142%</td>
<td>40.00%</td>
<td>50.00%</td>
<td>57.894%</td>
</tr>
</tbody>
</table>

## How important is the cheap price?

<table>
<thead>
<tr>
<th>#2 CHEAP PRICE</th>
<th>% Dublin</th>
<th>% London</th>
<th>% Paris</th>
<th>% Rome</th>
<th>% Barcelona</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not important</td>
<td>33.33%</td>
<td>0.000%</td>
<td>40.00%</td>
<td>25.00%</td>
<td>16.666%</td>
</tr>
<tr>
<td>Important</td>
<td>16.67%</td>
<td>57.142%</td>
<td>40.00%</td>
<td>50.00%</td>
<td>22.222%</td>
</tr>
<tr>
<td>Very important</td>
<td>50.00%</td>
<td>42.857%</td>
<td>20.00%</td>
<td>25.00%</td>
<td>61.111%</td>
</tr>
</tbody>
</table>

## How important are the reviews published?

<table>
<thead>
<tr>
<th>#3 REVIEWS PUBLISHED</th>
<th>% Dublin</th>
<th>% London</th>
<th>% Paris</th>
<th>% Rome</th>
<th>% Barcelona</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not important</td>
<td>41.666%</td>
<td>57.142%</td>
<td>100.00%</td>
<td>25.000%</td>
<td>25.000%</td>
</tr>
<tr>
<td>Important</td>
<td>41.666%</td>
<td>42.857%</td>
<td>0.000%</td>
<td>25.000%</td>
<td>56.250%</td>
</tr>
<tr>
<td>Very important</td>
<td>16.666%</td>
<td>0.000%</td>
<td>0.000%</td>
<td>50.000%</td>
<td>18.750%</td>
</tr>
</tbody>
</table>

## How important is the character of the hostel?

<table>
<thead>
<tr>
<th>#4 CHARACTER/ATMOSPHERE</th>
<th>% Dublin</th>
<th>% London</th>
<th>% Paris</th>
<th>% Rome</th>
<th>% Barcelona</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not important</td>
<td>58.333%</td>
<td>57.142%</td>
<td>80.000%</td>
<td>50.000%</td>
<td>33.333%</td>
</tr>
<tr>
<td>Important</td>
<td>16.666%</td>
<td>28.571%</td>
<td>20.000%</td>
<td>50.000%</td>
<td>22.222%</td>
</tr>
<tr>
<td>Very important</td>
<td>25.000%</td>
<td>14.285%</td>
<td>0.000%</td>
<td>0.000%</td>
<td>44.444%</td>
</tr>
</tbody>
</table>

## How important is the range of services offered by the hostel?

<table>
<thead>
<tr>
<th>#5 RANGE OF SERVICES OFFERED</th>
<th>% Dublin</th>
<th>% London</th>
<th>% Paris</th>
<th>% Rome</th>
<th>% Barcelona</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not important</td>
<td>85.714%</td>
<td>50.000%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>55.555%</td>
</tr>
<tr>
<td>Important</td>
<td>14.285%</td>
<td>33.333%</td>
<td>0.000%</td>
<td>0.000%</td>
<td>22.222%</td>
</tr>
<tr>
<td>Very important</td>
<td>0.000%</td>
<td>16.666%</td>
<td>0.000%</td>
<td>0.000%</td>
<td>11.111%</td>
</tr>
<tr>
<td>Non answered</td>
<td>0.000%</td>
<td>0.000%</td>
<td>0.000%</td>
<td>0.000%</td>
<td>11.111%</td>
</tr>
</tbody>
</table>
Graph 3.8 - The comparative process of the customers staying in hostels (in %)

Source: Lemaresquier, C., 2008
c. The competitive advantages of international hostels

Now that we know what generally attract the backpackers to choose a hostel over another are the good location and the cheap price of the commodities, we need to find out whether or not the respondents were satisfied of their stay. In that way, we will use the customers’ opinions to outline the international hostels’ competitive advantages.

That is why we asked the respondents to score four factors on a scale of 5 (1=very poor, 2=poor, 3=average, 4=good, 5=very good). The Tables 3.9 below will detail the scores given by the customers to each factors. According to these results, we can see that the location is the factor most appreciated by backpackers in all the cities of the study. Then come the character/atmosphere of the place, the cheap price of the commodities and at last comes the wide range of services available.

Finding # 1: It comes out that the hostels best located are in Paris, Rome and Barcelona (Respectively 100%, 75 and 85.7% of the respondents thought that was good/very good in these places). Nevertheless the majority of the respondents scored the location of the hostels as good/very good in all the cities.

Finding #2: The best hostels with character and good atmosphere are in Barcelona, Spain. In the other destinations, the character/atmosphere of the hostel has been considered by the majority as poor or average.

Finding #3: Most of the respondents believed that the price/value of the hostels in London, Paris, Roma and Barcelona was average. Half of the respondents believed that the price for value in the hostels in Dublin was either good or very good. When people were asked to further explain their position they generally mentioned that they did not perceive that what they got was worth what they paid for.

Finding #4: Barcelona seems to have the best range of services offered compared to the other destinations (Dublin, London and Roma) where the rate is average only. 40% of the respondents staying in Paris believe that the range of services offered is good. The services most appreciated were usually free breakfast, free internet access and free lockers.
To sum up:

- Hostels in Dublin have competitive advantages in the location of the places (in the city centre, walk able distance from places of interests), wide range of services available and cheap price perceived “as good value for money”.

- Hostels in London generally mostly count the location as a competitive advantage as well as hostels in Paris or Rome.

- Hostels in Barcelona seem to be the most competitive on the international scene with its attractive location, good character/atmosphere and good range of services offered.

These findings gave us the basis to answer and discuss later in more detail (See part 4), the following questions:

**Question 1: What influences international backpackers to stay at particular hostels?**

**Question 2: What competitive advantages do renowned international hostels have over less renowned international hostels?**
Tables 3.9 – Defining the competitive advantages of International Hostels according to what appreciated most the respondents

Please score the location of the hostel

<table>
<thead>
<tr>
<th>#1 LOCATION</th>
<th>% Dublin</th>
<th>% London</th>
<th>% Paris</th>
<th>% Rome</th>
<th>% Barcelona</th>
</tr>
</thead>
<tbody>
<tr>
<td>very poor</td>
<td>10.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>4.76%</td>
</tr>
<tr>
<td>average</td>
<td>30.00%</td>
<td>28.57%</td>
<td>0.00%</td>
<td>25.00%</td>
<td>9.52%</td>
</tr>
<tr>
<td>good</td>
<td>30.00%</td>
<td>42.86%</td>
<td>60.00%</td>
<td>50.00%</td>
<td>47.62%</td>
</tr>
<tr>
<td>very good</td>
<td>30.00%</td>
<td>28.57%</td>
<td>40.00%</td>
<td>25.00%</td>
<td>38.10%</td>
</tr>
</tbody>
</table>

Please score the character/ atmosphere of the hostel

<table>
<thead>
<tr>
<th>#2 CHARACTER/ ATMOSPHERE</th>
<th>% Dublin</th>
<th>% London</th>
<th>% Paris</th>
<th>% Rome</th>
<th>% Barcelona</th>
</tr>
</thead>
<tbody>
<tr>
<td>very poor</td>
<td>10.00%</td>
<td>14.29%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>poor</td>
<td>30.00%</td>
<td>0.00%</td>
<td>40.00%</td>
<td>50.00%</td>
<td>14.29%</td>
</tr>
<tr>
<td>average</td>
<td>30.00%</td>
<td>42.86%</td>
<td>20.00%</td>
<td>25.00%</td>
<td>19.05%</td>
</tr>
<tr>
<td>good</td>
<td>20.00%</td>
<td>28.57%</td>
<td>40.00%</td>
<td>25.00%</td>
<td>47.62%</td>
</tr>
<tr>
<td>very good</td>
<td>10.00%</td>
<td>14.29%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>19.05%</td>
</tr>
</tbody>
</table>

Please score the cheap price of the hostel

<table>
<thead>
<tr>
<th>#3 CHEAP PRICE</th>
<th>% Dublin</th>
<th>% London</th>
<th>% Paris</th>
<th>% Rome</th>
<th>% Barcelona</th>
</tr>
</thead>
<tbody>
<tr>
<td>very poor</td>
<td>0.00%</td>
<td>14.29%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>4.76%</td>
</tr>
<tr>
<td>poor</td>
<td>30.00%</td>
<td>0.00%</td>
<td>20.00%</td>
<td>25.00%</td>
<td>9.52%</td>
</tr>
<tr>
<td>average</td>
<td>20.00%</td>
<td>42.86%</td>
<td>60.00%</td>
<td>50.00%</td>
<td>42.86%</td>
</tr>
<tr>
<td>good</td>
<td>20.00%</td>
<td>28.57%</td>
<td>20.00%</td>
<td>0.00%</td>
<td>38.10%</td>
</tr>
<tr>
<td>very good</td>
<td>30.00%</td>
<td>14.29%</td>
<td>0.00%</td>
<td>25.00%</td>
<td>4.76%</td>
</tr>
</tbody>
</table>

Please score the services offered by the hostel

<table>
<thead>
<tr>
<th>#4 RANGE OF SERVICES OFFERED</th>
<th>% Dublin</th>
<th>% London</th>
<th>% Paris</th>
<th>% Rome</th>
<th>% Barcelona</th>
</tr>
</thead>
<tbody>
<tr>
<td>very poor</td>
<td>0.00%</td>
<td>16.67%</td>
<td>20.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>poor</td>
<td>0.00%</td>
<td>33.33%</td>
<td>0.00%</td>
<td>50.00%</td>
<td>15.79%</td>
</tr>
<tr>
<td>average</td>
<td>70.00%</td>
<td>50.00%</td>
<td>40.00%</td>
<td>25.00%</td>
<td>31.58%</td>
</tr>
<tr>
<td>good</td>
<td>30.00%</td>
<td>0.00%</td>
<td>40.00%</td>
<td>25.00%</td>
<td>47.37%</td>
</tr>
<tr>
<td>very good</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>5.26%</td>
</tr>
</tbody>
</table>
3.4 Isaacs Hostel, an International Youth Hostel celebrating 25 years in Dublin

a. A bit of History:

We have been talking about Isaacs Hostel quite a lot now, and it is time to get to know more details about this business. The story of Isaacs Hostel started 25 years ago when Basil Good and Richard Evans funded this place in 1983. Basil Good is originally from Milltown in Cork has been living in Dublin since his college days. Richard Evans is originally from county Meath and is a solicitor. The both invested in Isaacs Hostel 25 years ago.

The building is located in Dublin 1, right in the city centre, at 5 minutes walk from the main street. As outlined by Sharon Clerkin (General Manager at Isaacs Hostel), Isaacs hostel became the first Failte Ireland approved holiday hostel in Ireland.

At its creation, Isaacs Hostel was a place where backpackers, young travellers and workers came to sleep very cheaply. The building was not renovated; people came over with their sleeping bags and were sharing a whole floor. The hostel did not offer a variety of rooms as it does now. With the years, the hostel has been diversifying its offer, and now has from single rooms to 16 beds dormitories. All bathroom facilities are shared.

With the success of Isaacs Hostel, the Isaacs group has been expanding its business and now owns three 3 stars hotels in Cork (Isaac Hotel Cork, which used to be a hostel), Dublin (Isaac hotel Dublin), and more recently in Waterford (Lismore House). The group also owns another hostel in Dublin City centre called Jacobs Inn. This second hostel is newer than Isaacs Hostel and also beneficiate of en-suite facilities in the rooms.
Isaacs Hostel’s offer:

The hostel has 315 beds in total shared between private rooms (single, double and triple) and shared dormitories (4, 6, 8, 10, 14 or 16 beds female, male or mixed). The bathrooms are shared and the busiest season starts in July and lasts until October.

Isaacs Hostel offers to its guests accommodation for prices as low as €10.00 (for a bed in large dormitories), people can book at the desk, by phone or on the Internet using either Isaacs Hostel’s website (i.e. www.isaacshostel.com) or travel networks such as hostelworld.com, hostelbookers.com, gulliver.ie, etc... Partnerships also exist with the local tourist offices for bookings.

Isaacs Hostel also offers a large variety of facilities such as: free Light breakfast, free WIFI access, free Sauna, free Activities and Competitions, free Headsets to call home on Skype, free Board games, free Walking Tour, Barbeques, Self-catering kitchen, key card access to rooms, luggage lockers rental, laptop safes, basement TV lounge, Live music, Internet lounge, pool table, coin operated laundry, security cameras and courtyard garden.

b. A Hostel full of ambition

To get to know the business vision of Isaacs Hostel, we interviewed the General Manager, Sharon Clerkin. She reckoned that the main priority of the Hostel is to provide a “cheap, secure and clean accommodation to students and young people travelling on a budget”.

*Its Objectives*

The main goal for Isaacs on a long-term plan, according to Ms Clerkin is to ensure that Isaacs hostel is the preferred option for students and backpackers staying in Dublin and that they provide the necessary and expected facilities. It is important to underline that the management board reconsiders their strategy every year in order to be as pro-active as possible and be responsive.

*Its priorities*

The board takes top priorities in listening to their customers. This is the reason why they work in collaboration with travel networks. On these networks, people write reviews on their stay and this gives ideas to the board on what is appreciated and what is not by the guests. For instance, the years before, the rooms used to be closed during the day as they were being
cleaned, between 11am until 2.30pm. People usually wrote on the reviews that this was a problem. That is why the management decided to reorganise the cleaning organisation and let people stay in their room during the day. Only people checking out had to leave the room by 11am and people checking-in get access to the rooms after 2.30pm. Since then, the reviews published on travel networks have improved, and people do not complain about this matter anymore.

c. General Profile of the respondents at Isaacs Hostel

Now that we have a clear perspective of what is Isaacs Hostel and what are its main objectives, we are going to explore the findings collected with the survey conducted with the Isaacs Hostel’s customers.

We can say that the sample of people interrogated was quite wide and varied. When distributing the questionnaires, we tried to get as many people without distinguishing whether they were male or female, young or older and from any nationality. The idea was to get more than a respondent profile, and get an overview of the customers of Isaacs Hostel.

As a result, 54.55% of the respondents were female and 45.45% were male (see Graph 3.10 below), the majority were between 20 and 25 years old (see Graph 3.11) and European (see Graph 3.12). Most of the guests answering the questionnaires came from France, Germany and the United States. But in total, people from 20 different destinations have participated (see Graph 3.13).

Most of the respondents came to Dublin to explore and get to know other cultures (37.9%) as well as relaxing and have fun (15.2%) or working abroad (15.2%). Some of them came for “other reasons” such as football games, drawing workshops, etc... (See Graph 3.14, below)

The panel of respondent is quite wide and counts with a high variety of people that represents the world of young travellers, also known as backpackers, and represents as well in this case the customer range staying at Isaacs Hostel.

These are the people the business would target in the future when elaborating marketing plans or strategies. They are the ones with specific needs to satisfy. The main points outlined when processing the data of the research will help us analyse the strategic situation of Isaacs Hostel as well as identifying the needs and wants of Isaacs Hostel’s customers.
Graph 3.10 – the gender of the respondents staying at Isaacs Hostel (in %)

Source: Lemaresquier, C., 2008

Graph 3.11 – the age of the respondents staying at Isaacs Hostel

Source: Lemaresquier, C., 2008
Graph 3.12 – region of origin of the respondents staying at Isaacs Hostel (in %)

Source: Lemaresquier, C., 2008

Graph 3.13 – Country of origin of the respondents staying at Isaacs Hostel

Source: Lemaresquier, C., 2008
3.5 The factors of attraction of Isaacs Hostel

We have seen in the previous section that the general factors of attraction of international hostels in Europe were the good location (in a city centre and at a walkable distance of tourists’ attractions). The interest now is to see whether the customers staying at Isaacs hostels had the same decision criteria as any other travellers in any other city referred to in this study. We can see that the respondents staying at Isaacs Hostel also consider the location and cheap price of accommodation very important/essential when choosing a place to stay at (see Tables 3.15 below). People were asked to score the importance of 5 main factors (1 = not important, 2 = important, 3 = very important/essential). They were then asked to detail their answers. The response rate of this question was quite high and will allow us to get a clear picture of what the respondents were looking for when choosing a hostel.

We also wanted to know how customers made their decision to stay at Isaacs Hostel. That is the reason why we asked them how they discovered the hostel. Seven options were given and they had to choose one. The results show in Graph 3.16 that 57.6% of the respondents got to know Isaacs hostel through the Internet, either by
using their website or other travel networks. More than 15% of the respondents got to know the place by reading their travel guidebooks and over 10% discovered the place by walking around the city. These findings will give us the keys to discuss and answer the following question:

**Question 3: To what extent does Isaacs Hostel meet the decision criteria identified in question 1?**

**Graph 3.15:**

**Finding #1:** The location of the hostel appears to be extremely important when travellers have to choose a place where to stay in Dublin. The respondents insisted on the fact that they were looking for hostels in the city so that they would be able to walk to the places of interest. In the case of Dublin city, they were looking to be at a small distance from "Temple Bar", the area where all people go out to party, to the pubs, night clubs and restaurants. Besides, they outlined the fact that the closeness to public transports such as bus or train stations was essential.

**Finding #2:** The cheap price of the stay has a great impact on the final decision making of backpackers. It must remain very low, between €10 to €20 per night/per person, depending on the length of the stay. When staying longer, people admitted that they did not want to spend more than €15 per night, while those staying less time did not worry so much about the low price. The majority of the respondents (over 70%) agreed that the main attraction in a hostel is the low price compared to a Bed & Breakfast or hotel.

**Finding #3:** Nearly 60% of the respondents thought that the pleasant character/atmosphere of the hostel were important/very important when choosing a place where to stay. Most of them explained that they were looking for a hostel with a common area in which it is easy to sit comfortable and socialise with other travellers. They aimed at meeting new people and socialising. Some of them explained to me that they were travelling alone and counted on the fact that they stayed in a hostel to meet people and maybe find new travel partners for the time being.

**Finding #4:** 62% of the people surveyed did not pay too much attention to the reviews published on the travel networks. They did not seem to base their decision on whether other guests believed that the hostel "x" was good or not. They wanted to judge by themselves
rather than referring to the reviews published. Those who looked at the reviews published were looking at what the people said about the cleanliness of the beds, buildings etc, and about the basic facilities (e.g. showers, beds etc...).

**Finding #5:** The range of services is considered as not important for more than 75% of the respondents. Some of them explained that by choosing to go to a hostel, they were not looking for a very wide range of services as they would be if they were going to stay in a hotel.

**Graph 3.16:**

**Finding #1:** The respondents staying at Isaacs Hostel discovered the place by using the Internet (56.2%). Most of them used travel networks such as hostelworld.com, hostelbookers.com and a minority went on the direct website (isaacshostel.com). It seems that travel networks are the most common ways of finding information on hostels and realising online bookings.

**Finding #2:** 15.2% of the customers surveyed found out about Isaacs hostel in their travel guidebooks. This is the second most important comparative process used.

**Finding #3:** Around 10% of the people discovered Isaacs Hostel while walking around in the city and 7% stayed there because they had been recommended by a friend. The rest of the respondents found out about the hostel through travel agencies or tourist offices and 3% of the customers came back because they knew and liked the place.
Tables 3.15 – Defining the factors influencing the backpackers staying at Isaacs Hostel, when they are choosing a hostel

Please score the importance of The location

<table>
<thead>
<tr>
<th>#1 LOCATION</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Important</td>
<td>15.00%</td>
</tr>
<tr>
<td>Important</td>
<td>38.33%</td>
</tr>
<tr>
<td>Very important/essential</td>
<td>46.66%</td>
</tr>
</tbody>
</table>

Please score the importance of the Cheap Price

<table>
<thead>
<tr>
<th>#2 PRICE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Not important</td>
<td>18.97%</td>
</tr>
<tr>
<td>Important</td>
<td>10.33%</td>
</tr>
<tr>
<td>Very Important/essential</td>
<td>70.70%</td>
</tr>
</tbody>
</table>

Please score the importance of the character

<table>
<thead>
<tr>
<th>#3 CHARACTER/ ATMOSPHERE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Important</td>
<td>41.18%</td>
</tr>
<tr>
<td>Important</td>
<td>41.18%</td>
</tr>
<tr>
<td>Very Important/essential</td>
<td>17.64%</td>
</tr>
</tbody>
</table>

Please score the importance of the reviews published

<table>
<thead>
<tr>
<th>#4 REVIEWS PUBLISHED</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Important</td>
<td>61.90%</td>
</tr>
<tr>
<td>Important</td>
<td>28.57%</td>
</tr>
<tr>
<td>Very Important/essential</td>
<td>9.53%</td>
</tr>
</tbody>
</table>

Please score the importance of the services offered

<table>
<thead>
<tr>
<th>#5 RANGE OF SERVICES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Not important</td>
<td>75.61%</td>
</tr>
<tr>
<td>Important</td>
<td>14.63%</td>
</tr>
<tr>
<td>Very Important/essential</td>
<td>9.76%</td>
</tr>
</tbody>
</table>
3.6 The competitive advantage of Isaacs hostels, according to the management board and its customers

a. What competitive advantages does Isaacs Hostel think it has?

According to Sharon Clerkin, Isaacs Hostel counts several competitive advantages. The first one would be the reputation of the hostels. In fact, Isaacs Hostel exists for 25 years now, and has built over the years a strong reputation through word-of-mouth phenomenon. Isaacs Hostel was the first hostel to be registered with the tourist board in Dublin, in 1983, and for that reason, a lot of people (Irish or international) know the place and look for it when going to Dublin. Then, she believes that one of the main advantages of Isaacs Hostel is the great location, right in the city centre. In fact, Isaacs Hostel is located just round the corner to the main Bus Station (Busaras) and is 5 minutes walk from the Dart station (local train going along the Dublin coast, an interesting spot for tourists and local people). Added to the great location, Sharon Clerkin declared that the prices offered at the hostel were the cheapest in town. In fact, none other hostel in Dublin can give beds for €10 a night (per person). This gives Isaacs Hostel a major competitive advantage. At last, but not least, Sharon Clerkin sees
Isaacs Hostel as a “sociable place”. She believes that some of the guests stay in there not only for the price, but because there is a cosy atmosphere in it that makes the people feel like home.

Isaacs Hostel strongly believes that it counts with four major competitive advantages and this is what drives their business. We are now going to compare the data collected with the questionnaires and see whether the customers think the same as Isaacs’ management board.

3.7 What competitive advantages do customers think Isaacs Hostel has?

The respondents have been asked to give a mark to four main factors. They had to give a mark from 1 to 5 (1=very poor, 2 = poor, 3 = average, 4 = good, 5 = very good) to express their satisfaction of what they got while staying at Isaacs hostel. By seeing what factors were most appreciated, we will be able to articulate what are the competitive advantages customers confer to Isaacs Hostel. These findings will give us a starting point to answer the research question (see Table 3.17 below):

**Question 4: To what extent does Isaacs Hostel meet the decision criteria identified in question 2?**

**Finding #1:** More than 85% of the respondents believe that the location is good/very good. They got what they were looking for. They explained that the centric location was a perfect deal to be able to explore the city without having to rent a car. They were able to walk everywhere and enjoy the city. Besides, they felt that the area was quite pleasant.

**Finding #2:** 62% of the people surveyed thought that the character and atmosphere at Isaacs Hostel was good/very good. When detailing their answers, most of them really appreciated the cosy feeling left by the helpful staff and the large common area in which they were able to socialise and talk with other guests.

**Finding #3:** 61% of the respondents believed that what they get compared to the price was good/very good. They usually said that "for €10, cannot complain!"

**Finding #4:** 55% of the people participating to the survey, the wide of services was goo/ very good. The services most appreciated were in majority the free Wi-Fi access, the barbeques and the staff at the reception.
These results demonstrate that Isaacs Hostel’s management board and Isaacs Hostel’s customers confer the same value to the location and the pleasant character/ atmosphere. For the customers, the cheap price comes third and the range of services last.

To give more content to these results, we also asked to respondents two open questions to find out what was the best and the worst part of their stay at Isaacs Hostel. The questions were open so that the person answering could give its own opinion, and give us hints on something we did not think of.

The response rate to this answer has been surprisingly high and the variety of answers consequent. In order to get a clear idea of what people best like or absolutely dislike when staying at Isaacs Hostel, we will focus only on the most repetitive answers.

As a result, the attention was drawn towards the social aspect of the hostel. People repeatedly mentioned that the best part of their stay was either the people they met, the friendships they had created with their roommates or other guests and the nice atmosphere. What came up also very often was the friendly relationship with the staff at the reception desk as they found they were helpful and gave them some useful travel tips.

When talking about the worst part of the stay, people mostly mentioned that the rooms were noisy because of the train passing by in front of the windows and because of some noisy roommates. Then, a good part of the respondents complained about the showers (being timed and never at the same temperature) or the kitchen being too small for the number of users and too old with missing equipment (not enough cutlery, not enough toasters etc...). At last but not least, some of the people surveyed believed that was not fair to be charged for the lockers to store their luggage (i.e. €2 charge a day + €10 deposit).

But, when asking if after their experience at Isaacs Hostel they would be ready to come back or not, we found out that nearly unanimously, people would either come back or recommend the place to others (See Graph 3.18 below). This specific result shows that these previously stated downfalls would not impede people to come back.
Table 3.17 - Defining the competitive advantages of Isaacs Hostel according to what appreciated most the respondents

Please score the location of Isaacs

<table>
<thead>
<tr>
<th>#1 LOCATION</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>very poor</td>
<td>1.61%</td>
</tr>
<tr>
<td>Average</td>
<td>12.90%</td>
</tr>
<tr>
<td>good</td>
<td>45.17%</td>
</tr>
<tr>
<td>very good</td>
<td>40.32%</td>
</tr>
</tbody>
</table>

Please score the character/atmosphere of Isaacs

<table>
<thead>
<tr>
<th>#2 CHARACTER/ ATMOSPHERE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>poor</td>
<td>6.35%</td>
</tr>
<tr>
<td>average</td>
<td>31.75%</td>
</tr>
<tr>
<td>good</td>
<td>39.68%</td>
</tr>
<tr>
<td>very good</td>
<td>22.22%</td>
</tr>
</tbody>
</table>

Please score the prices of Isaacs

<table>
<thead>
<tr>
<th>#3 CHEAP PRICE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>very poor</td>
<td>3.13%</td>
</tr>
<tr>
<td>poor</td>
<td>9.38%</td>
</tr>
<tr>
<td>average</td>
<td>26.56%</td>
</tr>
<tr>
<td>good</td>
<td>34.37%</td>
</tr>
<tr>
<td>very good</td>
<td>26.56%</td>
</tr>
</tbody>
</table>

Please score the variety of services offered at Isaacs

<table>
<thead>
<tr>
<th>#4 RANGE OF SERVICES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>very poor</td>
<td>1.93%</td>
</tr>
<tr>
<td>poor</td>
<td>7.69%</td>
</tr>
<tr>
<td>average</td>
<td>34.62%</td>
</tr>
<tr>
<td>good</td>
<td>40.38%</td>
</tr>
<tr>
<td>very good</td>
<td>15.38%</td>
</tr>
</tbody>
</table>
Graph 3.18 – After your stay would you like to: Come back, recommend the place to others, never come back or spread the word on your bad experience?

Source: Lemaresquier, C., 2008
4. Discussion

4.1 Discussion: Introduction

This last section will help the readers to understand better the findings previously described. The ultimate objective of this section is to analyse and interpret the findings in order to demonstrate the relevance of this whole research while answering the five research questions that were raised at the beginning of this report:

**Question 1:** What influences international backpackers to stay at particular hostels?

**Question 2:** What competitive advantages do renowned international hostels have over less renowned international hostels?

**Question 3:** To what extent does Isaacs Hostel meet the decision criteria identified in question 1?

**Question 4:** To what extent does Isaacs Hostel display the competitive characteristics identified in question 2?

**Question 5:** If question 3 and 4 show that Isaacs Hostel is performing badly, what can they do to improve their competitive position and attract more customers?

At the end of this work, the readers will know what decisional factors are influencing backpackers in general when choosing a hostel and they will know what the competitive advantages of international hostels in the Top Five backpackers’ European destinations are.

The final goal of this report is also to provide Isaacs Hostel some strategic information about its customers and perceived competitive advantages. We will find out whether Isaacs Hostel meets the needs and wants of backpackers and if their competitive advantages are in line with the rest of international hostels. As a result, we will be able to tell how Isaacs Hostel is performing compared to the international competition, and we will emphasise the points that could be improved in order to attract more customers. We will also try and outline what makes the uniqueness of Isaacs Hostel, so that they can build their future strategy on this information.
4.2 Discussion 1: What influences international backpackers to stay at particular hostels?

This question has been partially answered by the findings showing that more than 70% of the respondents staying in the five cities studied (London, Barcelona, Dublin, Paris and Rome) were looking for a “good” location when choosing a hostel. This was the main factor receiving unanimous results by all the respondents. Then the importance of the cheap price was shown as over 60% of the respondents in each destinations thought that the cheap price of commodities was important/very important. Neither the character / atmosphere of the place, reviews nor the wide range of services offered had any real influence for the backpackers participating at the survey.

The findings also demonstrated the comparative process of people staying in London, Barcelona, Dublin, Paris and Rome with the one of people staying at Isaacs Hostel. We now need to analyse these results so that we can emphasise what decision tools are used by the backpackers.

In that way, we will have a clear picture of what are the decision criteria and what are the decision tools favoured by backpackers around Europe. This will eventually give us the focus on what hostels must be good at to attract many customers.

a. What is a “good” location?

We saw that backpackers were unanimous when saying that the “good” location is an essential for them when choosing a hostel in London, Barcelona, Dublin, Paris or Rome. But what is a “good” location? The findings were not that clear about it. Most of the respondents added the information saying that they were looking for a hostel in a city centre, close to all amenities. In fact, the literature reviewed showed and emphasised the fact that backpackers are travelling on a budget and as a result, they are looking for ways to avoid too much spending. By being central in the city, hostels are close to train stations, bus station, tourist attractions, grocery shops, etc... In other word, the importance of being in a city centre means that backpackers can go everywhere walking or using public transport. They do not have to rent a car or add major expenses on their budget. Based on personal experience, we can say that the advantage of staying in a centric located hostel is that you are in the city you want to visit and once you put your bags in the room, you are ready to go and explore the city or party in the local pubs, etc...
The other important point of the “good” location we believe is to be accessible to the backpackers. They sometimes avail of public transports to drive customers from the airport, train station or ferry port to the hostels (or a close place). In that way, backpackers know that it is easy to find, and no time will be wasted driving around looking for the hostel.

b. The cheap price of the accommodation: how cheap?

The findings mentioned that the accommodation must be cheap to become attractive to backpackers. But, the findings did not provide the information of what range of price do backpackers expect. That is why we had to look up the rates displayed by the hostels participating at the survey and the hostels in which stayed the respondents. As a result, the budget allowed is usually between €10 / €20 per night and per person. By looking up the prices on travel networks, we can find hostels offering beds in shared dormitories between €9 and €20. The cities with the cheapest offers are London and Rome (€9 and €9.90), then Dublin and Barcelona (€10 and €11) and the most expensive beds are in Paris (€20 minimum) (Source: www.hostelworld.com).

But say that what attracts the backpackers is the cheap price is not enough. The customers have to feel the value for what they pay. In fact, the respondents outlined the fact that basic services such as included breakfast, self-catering kitchen, free linen and clean beds / showers were essential. These were the basic requirements from backpackers when choosing a place. They do not consider these as added services; they believe these are part of the product/service.

c. The comparative process of backpackers: the Internet and recommendations are the main tools

When the respondents of both surveys have been asked how they did find about the hostel they were staying at, the results from the five destinations were different from the results collected at Isaacs Hostel.

In fact, for the backpackers staying in London, Barcelona, Dublin, Paris and Rome the selection process went through the use of the Internet (55.9%, using travel networks or websites), recommendations (20.3%) or the read of travel guidebooks (13.6%). That means that backpackers have no problems using electronic devices such as the Internet, and trust the recommendation of their friends and relatives. That also means that the hostels in the five top
destinations are well introduced on the web and have managed to create a positive phenomenon of word-of-mouth.

To conclude, hostels must emphasise on their good location, their easy accessibility and their cheap price to attract backpackers and make them choose one hostel rather than another. They should also have a good website and a strong presence on the Internet (search engine optimization, etc...) to draw the attention of the backpackers towards their business.

But, this is not enough to build competitive advantages and grow strong on the international hostelry market. We are now going to see what makes a hostel really competitive.

4.3 Discussion 2: What competitive advantages do renowned international hostels have over less renowned international hostels?

We have seen that the good location, cheap price and the Internet are influencing the decision of the backpackers when choosing where to stay. These are decision criteria and decision tools. Now we are going to focus on what backpackers appreciated the most during their stay in hostels based in London, Barcelona, Dublin, Paris and Rome. The aim of this analysis is to define what competitive advantages have these hostels located in the Top Five backpackers’ destinations.

Backpackers were looking for good location and cheap price, but the findings highlighted that the good location and good atmosphere/character of the place, were the two factors the most appreciated.

That means that the hostels taking part of the survey met the needs and want of their customers in regards of the good location. The majority of the respondents thought that the location was either good or very good. That means that the hostels correctly informed their customers of their location. For that reason, customers got what they expected and were satisfied. There was no surprise at the arrival.

The interesting point of the findings was the appreciation the respondents had for the character and atmosphere of the place. As we have seen earlier, the atmosphere displayed in the hostel is not a decisional factor, but it becomes a competitive advantage once people have stayed in the hostel. This is what would make people come back or spread the word on their good experience.
Using the comments added by the respondents, we can say that the character and atmosphere becomes a competitive advantage when it is pleasant. The respondents appreciate the atmosphere when there is a large common area where they can sit, relax after a day of visiting around to socialise with other travellers. But it does not become a motive of complaint if it is not as pleasant. This is what we could call a "plus", this adds value to the place and helps enhancing the loyalty of the customers and make them come back or create a positive word-of-mouth phenomenon. The focus should be put on this area to retain the existing customers and attract new ones. The decision tools also showed that a major part of the backpackers chose their hostel because a friend or relative recommended to them.

The atmosphere has to be created carefully, by having professional yet friendly staff that will help the customers feeling comfortable and by creating common areas where social exchanges are encouraged.

The cheap price was not considered as a competitive advantage in all the cities studied, but it was in Dublin as 50% of the respondents who stayed in Dublin believed that the cheap price was good/very good. That means that their services are considered as good for what is paid. The balance seems to be reached. The hostels in other cities may have to reconsider their offers and provide more attractive prices related to the services offered (i.e. increase cleanliness, customer service, etc...).

When analysing these findings, we can see that the good location of the hostel is what attracts the customers and also what gives them satisfaction. As a result, the location is without a doubt an important advantage for hostels in Europe (London, Barcelona, Dublin, Paris and Rome) on which hostels should enhance information in order to attract more people and enhance their competitiveness. Added to that, the character and friendly atmosphere of the place helps to build a long term advantage by encouraging existing customers to stay longer, come back or recommend the place to others.

4.4 Discussion 3: To what extent does Isaacs Hostel meet the decision criteria identified in question 1?

When focusing on the results given by the survey carried out at Isaacs Hostel, we can see that Isaacs Hostel has a quite similar customers’ profile as the other places studied. In fact, the majority of people who travelled to London, Barcelona, Dublin, Paris and Rome and participated to the surveys were mostly European, aged between 20 and 30 years old. At
Isaacs Hostel, the majority of the respondents were European and 59% of them were aged between 20 and 25 years old. Even though the population staying at Isaacs Hostel seems to be a little younger, the profile remains the same as the same generation is represented in all destinations.

Having a similar profile of respondent tells us at a first sight, that Isaacs Hostel plays on the same segment as the other hostels in London, Barcelona, Dublin, Paris and Rome as they target the same type of population. This means that the comparison we are going to make will be relevant.

We have seen previously that when backpackers go to places such as London, Barcelona, Dublin, Paris or Rome, they are mainly looking for hostels very well located and offering a cheap price. The cheap price is included in a bracket from €10 to €20 per night and person in average.

   a. Isaacs hostel’s location meets the criteria

The good location consists in being located in a city centre close to all amenities. We can say that Isaacs hostel meets this criterion. In fact, the building is in Dublin 1 (2-5 Frenchmans Lane). Clearly, the hostel is round the corner to the main bus station (Busaras). The guest can walk five minutes and get to the main train station (Connolly station) or to the main street (O’Connell Street) where most of the bus stops for the city bus are. Besides, the main attractions are around 15 minutes walk far from the hostel. For instance, the guests can walk 15 minutes and enjoy a night out, a dinner at a restaurant or a party in one of the numerous night clubs in Temple Bar. This is an important point mostly for young people looking for fun and adventures.

In other word, the location of Isaacs Hostel meets the decision criteria defined by the backpackers around Europe.

   b. Isaacs Hostel’s prices are aligned with the competition

Regarding the prices, we can say that the prices given at Isaacs Hostel for beds in shared dormitories are aligned with the competition. In fact, the cheapest prices found in Dublin, is actually €10 and it is €9 in London. Besides, the linen, self-catering kitchen, Wi-Fi access and breakfast are included in the price. The building is cleaned several times a day so that people can have a feeling of good value for money. Isaacs Hostel meets the decision criteria
of cheap accommodation even though many of the respondents pointed out that the kitchen was in a bad state and not user-friendly. This last point could be improved by planning some renovations.

c. Isaacs Hostel needs to enhance the recommendation phenomenon

The strong presence on the Internet is also essential for Isaacs Hostel. Backpackers are big Internet users and Isaacs Hostel must ensure that they have a search engine optimisation so that their website comes up very easily when someone makes a research. Besides, they need to keep on working on positive collaborations with travel networks such as Hostelworld.com or hostelbookers.com as most of the backpackers use these websites to book their accommodations.

We have seen that 15.2% of the guests at Isaacs Hostel found their accommodation by using their travel guidebook. This is a very important share of the customers and that is the reason why the relationships with journalists and guidebooks writers must be considered with care. It is important to inform them of any innovation, or services that the hostel would be implementing. This would be the way to ensure their presence in the guidebooks and this would encourage even more people to stay at Isaacs Hostel.

Then, Isaacs Hostel should take great care of its facade and reception area as over 10% of the people decide to stay at Isaacs Hostel by walking around the city and by seeing the place. This is a unique point that did not appear with the other European places and great focus should be placed on this factor. This is unusual and based on human factor: the trust people get when seeing the place and meeting the reception staff.
The main difference with the criteria identified in the European destinations is the share of people choosing the hostel by recommendation. It seems that backpackers trust their traveller friends or relatives and go to places if they are told that it is good. Nevertheless, only 7% (compared to 20% in the other destinations) of the guests have come to Isaacs hostel because they got the recommendation from someone. This share should be increased as it is reckoned that the positive word-of-mouth phenomenon is crucial to grow service businesses. The customer satisfaction has to be privileged.

In other word, Isaacs hostel is good with the criteria identified (location and price) but it must have a good website (which is currently being done), a nice and clean appearance and insists on the quality service to enhance the customers’ satisfaction and increase the recommendation phenomenon. This would help to attract more customers.

4.5 Discussion 4: To what extent does Isaacs Hostel display the competitive characteristics identified in question 2?

The competitive characteristics identified in question 2 are the good location and the good atmosphere in the hostel.

a. Isaacs Hostel’s location: a strong advantage

Objectively, we already saw that Isaacs Hostel location was good as it is very central and at a walking distance from all interesting spots in the city. But now, we need to analyse what the customers surveyed did really think of it.

Isaacs Hostel’s location is perceived as good/very good by around 85% of the people interrogated. They were very satisfied with the place. They appreciated mostly the fact that they could walk everywhere in city, and they had no need to rent a car or use too many buses.

Nevertheless, some of the respondents wrote that the lane where the hostel is located looks a bit obscure at night and is not reassuring. These remarks were made mostly by young girls. This was not the majority, but for that reason some girls might not recommend the hostel to other girl friend. The idea might be to negotiate and see if this would be possible to get maybe more lights in the street or emphasise the message on the safe location.

To conclude, Isaacs Hostel has a comparative advantage with its location.
b. Isaacs Hostel’s character and atmosphere are very appreciated

When we are talking about the atmosphere and character of Isaacs Hostel, we need to know what the customers think of it. We saw that over 60% of the guests surveyed thought that the atmosphere was good/very good.

The respondents outlined the fact that the common area was large and that they felt comfortable talking to other people. But, added to that what came out of the survey is the friendly relationship that the guests got with the staff at the reception. A very high number of respondents mentioned the friendly staff as the best part of their stay. This is a unique point that did not come up from the surveys in the European hostels.

Besides, the guests surveyed enjoyed animations such as barbeques, free walking tours, pool table tournaments during which they got the opportunity to socialise and get to know people.

Some people did mention that the lounge area in the basement would benefit some renovation as facilities such as television, music, books were missing. Arrange a television area or provide a radio could be a good idea.

In other word, the character and atmosphere at Isaacs Hostel is good and is a definite competitive advantage but can still be improved by working on the details that would make people feel even more comfortable.
4.6 Discussion 5: If question 3 and 4 show that Isaacs Hostel is performing badly, what can they do to improve their competitive position and attract more customers?

We have seen all along this report that Isaacs hostel is performing quite well in the international hostelry market. Isaacs hostel definitely meets the decision criteria (location and cheap price) and uses the decision tools (websites, travel networks) favoured by backpackers. Isaacs Hostel has created along the years some important competitive advantages based on their central location in Dublin City centre and its friendly atmosphere for people to socialise. That means that Isaacs Hostel should enhance its generic strategy on cost leadership and differentiation.

This atmosphere must be privileged and the management should keep on organising more events, the barbeques and free walking tours are good opportunities for the guests to get to know people. Live music is another way of socialising and Isaacs Hostel is already doing that. Maybe organising art exhibition, group activities (drawing, sports, etc...) for a small fee could also become very attractive. Arrange special fees with tourist offices or independent guides could also be an idea. The aim is to keep on working on the socialisation effect of the guests while maintaining what has been done already.

Nevertheless, Isaacs Hostel should develop its Unique Selling Points. In fact, we have seen that over 10% of the guests staying at Isaacs Hostel found the hostel by walking around the city. That means that the place has a great potential to attract new customers because it looks good, clean and friendly at the reception. This is something we did not see in the hostels of the Top Five backpackers’ destinations. Installing more signs in the city, always making sure that the outside door looks good and the reception area is clean, this could be a way of increasing the arrival of new guests.

To conclude, we can say that this research allowed us to demonstrate that the good location of a hostel and its cheap price (good value for money) are the main decision criteria for international backpackers. Besides, the Internet and recommendations are the two main tools used by young travellers to find information about hostels and choose where to stay. The competitive advantages of hostels based in London, Barcelona, Dublin, Paris and Rome are the good location (international cities attracting young travellers and central location close to public transports and amenities).
We also demonstrated that Isaacs Hostel, based in Dublin (Ireland) meets the decision criteria defined by the findings of the survey as it is very well located in the city centre, close to public transports and major amenities, places to visit etc... The use of the Internet to promote the hostel has to be favoured as well as the relationships with guidebooks writers.

The research showed that Isaacs Hostel has the comparative advantages with the European hostels studied as its location is appreciated by the backpackers as well as its character/atmosphere.

We demonstrated that Isaacs Hostel benefits of a Unique Selling Point that other European Hostels do not have, as to know the attraction for travellers walking around the city and choosing Isaacs Hostel as their place to stay. This point has to be taken into consideration by the Management Board in order to boost this factor and increase the arrival of new guests. Suggestions have been made as to increase the panel of activities offered and work on the details that would make backpackers feel comfortable.
CONCLUSIONS AND RECOMMENDATIONS

The aim of this report was to do a cross comparison of the strategic situation international hostelry industry (based on the Five Top Backpackers’ destinations: London, Barcelona, Dublin, Paris and Rome) and the strategic position of Isaacs hostel (an independent hostel based in Dublin, Ireland).

The main idea was to find out what are the decision criteria of international backpackers when they have to choose a place where to stay. Why do they choose a place rather than another? Do they base their choice on the price, the location, the range of services offered, etc...

The literature reviews helped us to define the terms in use in this report: what a hostel is, who the backpackers, why do we talk about “Top Five Backpackers’ destinations” and what is the international hostelry market. When it came to define the international hostelry industry, we noticed that it was difficult to define as the boundaries of services are quite vague compared to the ones of a hotel. In other word, a hostel provides accommodation to travellers as do hotels. There was a gap to be filled as none of the authors provided a defined map of the industry that would illustrate the threats and opportunities. Besides, no one did answer the main question of our topic.

That is the reason why we decided to proceed with the research and established a methodology based on critical realism and pragmatic approach. As the literature was very scarce, the research was going to be based mostly on primary research. The secondary research has been used only to provide a detailed map of the industry, using Michal Porter’s 5 Forces Model and Bowman’s Strategy Clock Theory. The secondary research left us with a clear understanding of the international hostelry industry, its threats, and opportunities. Thanks to that we were able to give the positioning of European hostels and of Isaacs hostel.

Then, we processed the data of two questionnaires. One has been self-administered to hostels in the Top Five backpackers’ destinations (to get the customers answering the questions) and through the Internet to international travellers having stayed in a hostel in one of these cities. The other has been self-administered to the customers of Isaacs Hostel.
The main conclusions of this research are:

1. The decision criteria for backpackers are the good location and cheap price of the commodities. The favourite decision tools for international backpackers are the Internet, guidebooks and recommendations.

2. The main competitive advantages of European hostels are the good location and the great character/ atmosphere of the hostels.

3. The results showed that Isaacs Hostel meets the decision criteria and must emphasise the use of the decision tools used by backpackers (Internet, guidebooks). But it also showed that Isaacs hostel has a Unique Selling point as people are attracted by the hostel when seeing it while walking around the city.

4. Isaacs Hostel is aligned with the competition as location and good atmosphere are also its main advantages. Nevertheless, suggestions have been made so as to improve their advantages.

All these conclusions can be used by Isaacs Hostel’s Management board in order to adapt their strategic options and build their future plans to fit these needs of the market.

This research has some limitations. In fact, the time allocated was quite short and we believe that with more time, the response rate to the questionnaires would have been higher. That would have provided a more reliable picture of the international hostelry industry. This report aimed at providing guidelines for further and intensive research.

Besides, the choice of research approach aimed at providing a balance between objectivity and subjectivity, and we hope that it has been reached. Nevertheless, we believe that if the research was carried out by someone completely foreign to this sector, the level of objectivity might have been higher.
LIST OF REFERENCES

Bowman et al., “Strategy Clock Model”, 1996


Backpack Europe:

Caterer Search, Hostel Intentions, August 2001:
http://www.catererssearch.com/Articles/2001/08/06/37699/hostel-intentions.html


360-bed Euro Hostel http://www.euro-hostels.co.uk/find-your-euro-hostel, Sept. 2008
APPENDIX 1

Copy of the questionnaire self-administered to the customers at Isaacs Hostel, Dublin (IRELAND)
I thank you in advance for taking few minutes to answer this questionnaire.

This questionnaire has been designed to get a better understanding of backpackers and what motivates them when choosing a place to stay during their travels.

This questionnaire is part of an academic research and the answers will remain confidential and anonymous.

**Few questions about you:**

1. **Gender (Please tick the corresponding answer):**
   - Male
   - Female

2. **What is your country of origin? (Please tick the corresponding answer):**
   - Europe: Please specify: ....................................
   - Latin America: Please specify: ...............................
   - North America: Please specify: ...............................
   - Asia/Pacific: Please specify: ...............................
   - Africa: Please specify: ....................................

3. **What age are you? (Please tick the corresponding answer):**
   - Under 20
   - 20-22
   - 23-25
   - Over 30
   - 26-30

4. **What is your education level? (Please tick ONE answer):**
   - Primary
   - Secondary
   - Certificate/ Diploma
   - Bachelor Degree
   - Postgraduate degree

5. **What is your current employment situation? (Please tick the corresponding answer):**
   - Part-time employee
   - Full-time employee
   - Student
   - Retired
   - Unemployed
   - Retired
6. Why did you undertake your trip? (Please tick the corresponding answer)

- Language course
- Study Abroad
- Work abroad
- Volunteering
- Visiting friends and relatives
- Explore other countries/cultures
- Relax and have fun
- Other (please specify)

7. How long are/were you staying in this city? (Please tick the corresponding answer, in days)

- 1-2
- 3-4
- 5-7
- 8-14
- More than 14

Few questions about Isaacs Hostel:

8. How did you discover Isaacs Hostel? (Please tick the corresponding answer)

- Internet/ Website (Please specify website: …………………………..)
- Tourist office
- Travel Agency
- Walking around in the city
- Guidebooks
- Previous Visit
- Recommendations / word of mouth
- Return

9. How many places did you check/compare before choosing Isaacs Hostel? (Please tick the corresponding answer)

- 0
- 1-2
- 3-4
- More than 5

10. How many nights did you originally book in the hostel?

- 1
- 2-4
- 5-7
- More than 8
11. What attracted to Isaacs Hostel the most? (Please rank in order of importance: 1=not important, 2= important, 3=very important / essential)

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<th>Value 1</th>
<th>Value 2</th>
<th>Value 3</th>
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<tr>
<td>The cheap price</td>
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<td></td>
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<tr>
<td>The character/atmosphere of the place</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>The reviews published on the Internet/Recommendations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The variety of services offered (If yes, please specify below):</td>
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<tr>
<td>Other</td>
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</tbody>
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12. Please score Isaacs Hostel as follows: 1=very poor, 2=poor, 3=average, 4=good, 5=very good

<table>
<thead>
<tr>
<th>Location</th>
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<th>Value 2</th>
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<th>Value 4</th>
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<td>The variety of services offered (If yes, please specify below):</td>
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</table>

13. What was your first reaction when you arrived at Isaacs Hostel?

- That is worse than I expected! 😞
- That looks alright, same as I expected 😊
- This looks better than I expected 😊
- Why? ........................................................................................................................................

14. How many nights did you eventually stay in Isaacs Hostel?

- 1
- 2-4
- 5-7
- More than 8
15. Did the actual experience match your expectations?

1. Not all 😞
2. Pretty much so 😛
3. Very much so 😊
4. Got more than expected 😄

Why/ How? ..................................................................................................................................................................

16. Would you describe yourself as:

1. Dissatisfied 😞
2. Satisfied 😛
3. Delighted (very satisfied) 😊

Why? ..................................................................................................................................................................

17. What was the best thing of your stay in Isaacs Hostel? (please explain below):

..................................................................................................................................................................
..................................................................................................................................................................

18. What was the worst part of your stay, and why? (please explain below):

..................................................................................................................................................................
..................................................................................................................................................................

19. After your stay would you like to:

○ Come back!
○ Never come back!
○ Recommend the place to others!
○ Spread the word on your bad experience!
○ Other ………………………………

I thank you very much for your time and your cooperation.
If you agree to meet me for a face-to-face interview, fill out the following:
Name: ………………………………………………………
Country of origin: ………………………………………
Phone number: …………………………………………
Email address: …………………………………………

If you need further information about this survey please do not hesitate to contact me: Coralie Lemaresquier: Email: coralie.lemaresquier@gmail.com or 07113781@portobellocollege.ie

Thank you!
APPENDIX 2

Copy of the questionnaire self-administered to international hostels located in London, Barcelona, Dublin, Paris and Rome.
I thank you in advance for taking few minutes to answer this questionnaire.

This questionnaire has been designed to get a better understanding of backpackers and what motivates them when choosing a place to stay during their travels.

This questionnaire is part of an academic research and the answers will remain confidential and anonymous.

Few questions about you:

1. Gender (Please tick the corresponding answer)
   - Male
   - Female

2. What is your country of origin? (Please tick the corresponding answer)
   - Europe:
     Please specify: ....................................
   - Asia/Pacific:
     Please specify: ....................................
   - Latin America:
     Please specify: ....................................
   - Africa:
     Please specify: ....................................
   - North America:
     Please specify: ....................................

3. What age are you? (Please tick the corresponding answer):
   - Under 20
   - 20-22
   - 23-25
   - 26-30
   - Over 30

4. What is your education level? (Please tick ONE answer):
   - Primary
   - Secondary
   - Certificate/ Diploma
   - Bachelor Degree
   - Postgraduate degree

5. What is your current employment situation? (Please tick the corresponding answer):
   - Part-time employee
   - Full-time employee
   - Student
   - Retired

6. What is the city in which you are/were staying (Please tick the corresponding answer):
   - Dublin
   - London
   - Roma
   - Paris
   - Barcelona
7. Why did you undertake your trip? (Please tick the corresponding answer)

- Language course
- Study Abroad
- Work abroad
- Volunteering
- Gap year
- Visiting friends and relatives
- Explore other countries/cultures
- Relax and have fun
- Other (please specify)
- Relax and have fun
- Other (please specify)

8. How long are/were you staying in this city? (Please tick the corresponding answer, in days)

- 1-2
- 3-4
- 5-7
- 8-14
- More than 14

Few questions about your choice of hostel:

9. How did you find out about the hostel? (Please tick the corresponding answer)

- Internet/Website
- Tourist office
- Travel Agency
- Walking around in the city
- Guidebooks
- Previous Visit
- Recommendations / word of mouth
- Return
- Previous Visit
- Recommendations / word of mouth
- Return

10. How many places did you check/compare before deciding where to stay? (Please tick the corresponding answer)

- 0
- 1-2
- 3-5
- More than 5
- More than 5

11. How many nights did you originally book in the hostel?

- 1
- 2-4
- 5-7
- More than 8
- More than 8

12. What attracted you the most in this place? (Please rank in order of importance: 1=not important, 2=important, 3=very important / essential)

- The location
- The cheap price
- The character/atmosphere of the place
- The reviews published on the Internet/Recommendations
- The variety of services offered (If yes, please specify below): ........................................
- Other

_ The location
_ The cheap price
_ The character/atmosphere of the place
_ The reviews published on the Internet/Recommendations
_ The variety of services offered (If yes, please specify below): ........................................
_ Other

1          2          3
1          2          3
1          2          3
1          2          3
1          2          3
1          2          3
1          2          3
Few questions about your stay in the hostel of your choice:

13. What is/was the name of the hostel?

………………………………………………………………………………………………………………………..

14. Please score the hostel: 1=very poor, 2=poor, 3=average, 4=good, 5=very good (circle the score)

  _ The location 1 2 3 4 5
  _ The cheap price 1 2 3 4 5
  _ The character/atmosphere of the place 1 2 3 4 5
  _ The variety of services offered (If yes, please specify below): …………………………………

15. What was your first reaction when you arrived at the hostel?

  ○ That is worse than I expected! 😞
  ○ This looks better than I expected 😊
  ○ That looks alright, same as I expected 😞

Why? ……………………………………………………………………………………………………………………………..

16. How many nights did you eventually stay in the hostel?

  ○ 1
  ○ 2-4
  ○ 5-7
  ○ More than 8

17. Did the actual experience match your expectations?

  ○ 1_ Not all 😞
  ○ 2_Pretty much so 😞
  ○ 3_Very much so 😊
  ○ 4_Got more than expected 😊

Why/ How? …………………………………………………………………………………………………………………………….

18. Would you describe yourself as:

  ○ 1_Dissatisfied 😞
  ○ 2_Satisfied 😊
  ○ 3_Delighted (very satisfied) 😊

Please explain why : ………………………………………………………………………………………………………………….

19. After your stay would you like to:

  ○ Come back?
  ○ Spread the word on your bad experience?
  ○ Recommend the place to others?
  ○ Other……………………………………
  ○ Never come back?

I thank you very much for your time and your cooperation. If you need further information about this survey please do not hesitate to contact me: Coralie Lemaresquier - Email: coralie.lemaresquier@gmail.com OR 07113781@portobellocollege.ie