



# Investing in Cultural Tourism: A Strategic Crossroads for Vila Galé Hotel Group

## Case

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**Industry:** Accommodation | Accommodation and food service activities

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## Abstract

Jorge Rebelo de Almeida (JRA), CEO of Vila Galé Hotel Group in Portugal, has an opportunity to invest in two important historical heritage sites in the countryside. Doing so will mean cutting back in other areas he wants the business to grow, such as internationalization. Will the investment be worth the risks? Vila Galé is the second largest Portuguese hotel group, with three decades of existence and properties spanning the length of Portugal. It also operates several hotels and resorts in Brazil. With the consolidation of its position in the national market, JRA and the group's board of directors have invested strategically in segmentation, diversification, and innovation, becoming a recognized brand in family beach tourism and other areas. Cultural tourism with the recovery of historical heritage is a business area that various board members and some in the Rebelo de Almeida family favor entering, even though it carries risks. They know it is a market segment where there is still a long way to go; it implies partnerships with third parties and opens new challenges (Hughes & Carlsen, 2010). In this case study students are invited to: (a) explore the challenges of strategic management and innovation in a crucial and extremely competitive sector; (b) identify the competitive advantages and disadvantages of diversification and segmentation for a given business; and (c) discuss the issues that emerge from the Vila Galé Group management in terms of decision making.

## Case Learning Outcomes

The main goal is to answer the following question: "What will be the best business strategy for Vila Galé Group's growth over the next 10 years?"

By the end of this case study, student should be able to:

- Make an in-depth analysis of the strategic crossroads for Vila Galé in the light of the following concepts:
  - Secrets of success (in the light of Kenyon-Rouvinez, 2017)
  - Innovation (see for example Porter, 1996)
  - Strategic options: from competitive analysis to business strategy (see for example Ansoff, 1957; Mintzberg, 1988; Porter, 1980)
- Frame the information about the evolution of the tourism sector and characteristics of the hotel group in the context of decision making and making predictions for the sustainability of the group.
- Contextualize the decision to be taken by Vila Galé in terms of strategic management and, in the light of theory, support the decisions made.

## Introduction

On June 9, 2018, Jorge Rebelo de Almeida (hereafter referred to as JRA) and Gonçalo Rebelo de Almeida, father and son, traveled from Lisbon, Portugal northward to Braga to celebrate Vila Galé Hotel Group's 30th anniversary with the inauguration of their 30th hotel property, the Vila Galé Collection Braga. A few days earlier, JRA, the founder and leader of the group, had received two different proposals for partnership in the renovation of two historical cultural heritage sites in the inland region of the country. During the trip, JRA shared this news with his son. Over the course of the 4-hr journey, they wondered about the strategic paths that lay open to them, which steps to take, and goals they should try to achieve. Some memories were recalled, new challenges were discussed, and some new ideas for the future designed.

The first of the two partnership opportunities was with the municipality of Elvas to restore the Convent of Saint Paul, composed of an old convent including a church, and establish a historic hotel under the Vila