

Master's Degree Dissertation

Internationalization of The Social Hub to Canada

Lena Fast
Lindsay Mazliach
Fleur Isabelle Obdeijn

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Mentor: Valentí Camps

Resumen

Esta tesis de máster presenta un plan de negocio completo para la expansión estratégica de The Social Hub (TSH) en el prometedor mercado de la hostelería híbrida de Montreal, Canadá. El proyecto corrobora la viabilidad teórica y práctica de la internacionalización de este centro híbrido de hostelería y co-working.

Este informe conlleva una evaluación exhaustiva, que abarca tanto las dimensiones internas como externas del mercado de Canadá, y sus perspectivas potenciales. En el presente trabajo incluye: marco operativo, plan de marketing, estrategia de gestión de la cadena de suministro, plan de recursos humanos, al igual que un exhaustivo análisis financiero.

El objetivo es ofrecer una estrategia de internacionalización bien conceptualizada que posicione eficazmente a TSH en el nuevo mercado para establecer una fuerte presencia y ofrecer experiencias excepcionales a sus clientes. Con la ejecución del plan mencionado, TSH estará preparada para convertirse en un actor destacado en el sector de la hostelería híbrida de Montreal, con nuevas oportunidades de expansión por toda Norteamérica en el futuro.

Keywords: sector de la hostelería híbrida, Montreal, co-working, plan de internacionalización

Abstract

This master thesis project presents a comprehensive business plan for the strategic expansion of The Social Hub (TSH) into the thriving hybrid-hospitality market of Montreal, Canada. The project substantiates the theoretical and practical viability of internationalizing this hybrid-hospitality and co-working facility.

The business plan entails a comprehensive assessment, encompassing both internal and external dimensions of the Canadian market and its potential prospects. Beyond the market analysis, the following report includes an operational framework, a comprehensive marketing plan, a supply chain management strategy, a human resource plan as well as a thorough financial analysis.

The aim is to deliver a well conceptualized internationalization strategy that will effectively position TSH in the new market in order to establish a strong presence and deliver exceptional experiences to its customers. With careful execution of the outlined plan, TSH is poised to become a prominent player in the Montreal hybrid hospitality sector with further expansion opportunities throughout North America in the future.

Keywords: hybrid hospitality industry, Montreal, co-working, internationalization plan

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1. Executive Summary

This business plan explores the potential for The Social Hub (TSH), a Dutch company, to expand overseas, specifically into Montreal, Canada. TSH is a community-oriented hybrid-hospitality business, and a subsidiary in Montreal has the potential of truly leveraging the vibrant community. The city boasts a substantial number of students and young professionals and is recognized as an attractive location for remote work (Work Motion, n.d.). With a strong presence in 13 countries across Europe, TSH has already demonstrated the potential and demand for its unique approach.

Montreal offers an ideal environment for TSH's expansion, particularly due to its status as one of the world's most popular student cities, its cultural similarities to many European cities. As Montreal witnesses a growing number of coworking spaces, the absence of a multifaceted business model like 'The Social Hub' further amplifies the potential for success.

The shift towards remote work and the post-COVID landscape have increased the demand for community-driven spaces and remote work, especially among students, digital nomads and entrepreneurs. We anticipate that TSH will receive support and enthusiasm from the Canadian market in response to these trends.

In order to penetrate the Canadian market, establishing a subsidiary is considered the most fitting approach, aligning with the company's previous successful expansions in Europe. This mode of entry provides TSH with enhanced control and valuable opportunities for learning and knowledge acquisition, ensuring a strategic fit with the nature of the company's expansion efforts thus far.

A comprehensive financial analysis indicates anticipated losses for the initial three years of operation. However, by the third year, losses will decrease significantly, and profitability is projected from year four onward. This analysis underscores the importance of a strategic approach to ensure long-term success.

Our strategy's ultimate goal is to achieve a thriving expansion in Montreal and become the go-to destination for coworking and co-living, delivering a unique experience for TSH's customers. Subsequently, TSH aims to pursue further expansions, initially targeting the North American market. Overall, the potential for TSH's expansion into Montreal is significant and will pave the way for future internationalization.

2. Business Description

2.1 Introduction of The Social Hub

The Social Hub (TSH), originally known as The Student Hotel, was established in 2012 in Amsterdam by Charlie McGregor. This company, in its first iteration, was a pioneer for hybrid hospitality, for students to live and connect all over Europe. It has since undergone a rebranding and redirection in 2022 to cater to a larger, more inclusive demographic. TSH, as a hybrid hospitality brand, provides a unique space for like-minded individuals to stay, work, learn, and socialize together, offering accommodations, co-working facilities, meeting and event rooms, restaurants, bars, and a gym, all within a single facility. Based on a membership model, TSH has successfully expanded its presence in several major cities across Europe and is actively seeking further opportunities for growth. TSH is a privately owned company, meaning that the company owns and operates all of its locations. Wholly owned subsidiaries allow for higher control, easier marketing, simpler logistics, and room to work in complex environments (O'Neill, 2022).

2.2 Hybrid Hospitality Industry

Hybrid hospitality blends together the traditional trappings of the hospitality industry and the foundations of the co-working industry, creating a space that allows people to stay, work, connect, collaborate and socialize. It combines multiple services within one single space to create a unique experience for customers. The hybrid hospitality sector has grown significantly since the advent of "digital nomadism" and the reconceptualization of the traditional workplace since COVID-19, making it a very profitable as well as up-and-coming industry (Stay the Night, 2022).

In the context of TSH, hybrid hospitality stands for the integration of hospitality services, such as accommodation, food and beverage, as well as events with co-working spaces. The concept caters to the needs of individuals who seek a productive work environment that also provides opportunities for social interaction in a hospitality atmosphere.

2.3 Branding

The Social Hub underwent a rebranding in late 2022, transitioning from its previous identity as "The Student Hotel." This change was prompted by the company's shift in target group and the evolution of its hybrid spaces into vibrant community hubs that foster impactful and exciting ideas for individuals of all ages. The brand's image was updated to reflect this transformation while maintaining its core hybrid hospitality concept. Additionally, the 2022 rebranding of the company further enhanced its overall brand perception by incorporating a touch of luxury to the entire experience. Despite being a relatively recent rebrand, TSH remains committed to adapting its brand to meet

the evolving needs of its clients. This adaptability will extend to the Montreal location, even though it has a distinct history compared to other venues.

The brand's tone of voice is characterized by playfulness and dynamism, appealing to an inclusive audience. It adopts a youthful, educated voice with a genuine interest in social issues. The brand encourages curiosity and celebrates human connection, inviting guests to interact and engage with one another. TSH breaks down the barriers that separate individuals based on their professions, calling upon all creatives and free thinkers to join together and create something extraordinary.

2.4 Mission, Vision, and Values

Mission: TSH “more than a hotel” (TSH, 2022). Its mission is “to bring together a new generation of digital nomads and entrepreneurs around the globe” (Kucic, 2022) through its inclusive co-living and co-working spaces. Charlie MacGregor, founder of TSH is quoted sharing the company’s “focus on community connections” (MacGregor, 2022) and how this truly drives TSH forward.

Vision: The vision of TSH is to be a leading global brand for co-living and co-working spaces, creating a network of innovative and socially responsible communities around the world. It aspires to transform the traditional approach to living and working by providing a new model that promotes collaboration, creativity and personal development.

Values: TSH’s values reflect its beliefs, principles and cultural norms. They represent the company's philosophy and guide decision-making, actions and behavior of employees. Its values are, curious, fun, bold, conscious and entrepreneurial (TSH, 2023).

2.5 CSR and Sustainable Development Goals

TSH places a strong emphasis on corporate social responsibility (CSR) and aligns its business practices with sustainable development goals. TSH's CSR tendencies can be described as top-down, with a commitment to social and environmental responsibility throughout the organization.

TSH actively supports local initiatives, focusing on areas such as mental health and food waste. By collaborating with like-minded individuals and companies, TSH creates an ecosystem that promotes positive social impact. The company believes in thinking globally and acting locally, recognizing the interconnectedness of global issues and the importance of addressing them at a community level.

In TSH's 2020-21 Impact Report (2021), the company outlined several sustainable development goals for its operations such as gender equality, eliminating food-waste, and accessibility to clean water (TSH, 2021). The aim is to expand their initiatives to all TSH locations and across all levels of staff, highlighting the importance of fostering an inclusive and diverse work environment.

Prioritizing sustainable cities and consumption, TSH has set ambitious targets to reduce waste by 40% and achieve zero waste in its food and beverage operations. In line with its dedication to sustainability, TSH aims to reduce energy consumption by 3%. These goals, outlined in the 2020-2021 Impact Report, will be embraced within the TSH Canada model, exemplifying the company's dedication to fostering a more sustainable supply chain and actively engaging with society (TSH, 2021).

2.6 The Social Hub Business Plan

The Social Hub holds a unique and valuable position in the market. It operates at the intersection of two industries, hospitality and coworking, making it a pioneer in this space and one of the few companies worldwide that occupies this niche. Here is where TSH's competitive advantage lies. Despite facing indirect competition, TSH enjoys almost no direct competitors. Moreover, the company's business model demonstrates the remarkable ability to adapt to changing circumstances. The flexibility of its space allows for seamless adjustments to cater to the needs of the community, whether that involves providing long-term accommodations, short-term stays, or different types of memberships and space utilization. The demand for hybrid living and working is high in today's world, and our generation seeks meaningful connections with like-minded individuals. TSH offers a space that facilitates networking, exploration, creativity, and enjoyment - a true home away from home.

The objective of this business plan is to facilitate the expansion of TSH beyond the European market and establish a strong international presence. It outlines a comprehensive and strategic roadmap to support TSH in its endeavor to grow overseas, beginning with North America. The initial phase of this plan involves the establishment of TSH Montreal, which will serve as the headquarters for TSH's operations in Canada. Maintaining a unified and centralized structure, TSH manages all its locations as a single entity under the umbrella of TSH Amsterdam. This approach ensures consistency and cohesion throughout the brand. The expansion plan aligns with this centralized business model, as TSH Montreal will operate as a wholly owned subsidiary of the parent company, rather than adopting a franchise model. By strategically selecting Montreal as the launchpad for TSH's expansion, the company can capitalize on the city's vibrant community, its reputation as an attractive destination for remote work, and its considerable population of students and young professionals. This expansion will enable TSH to introduce its unique concept of a hybrid hospitality brand.

The reason why we decided to create an internationalization plan for TSH is because we strongly believe in the hybrid hospitality and co-working industry and its potential for growth. We are confident in TSH's ability to excel in this space especially due to the company's competitive advantage as an early entrant in this unique market, positioning itself in a blue-ocean space. Given the fact that TSH has been able to consistently keep up with challenging times over the last decade gives us faith that the

company has the potential to continue to grow and adapt to the ever-evolving world we live in today.

3. Internal Analysis

3.1 Current Customers

TSH targets a variety of clients, including students, young professionals, and digital nomads. According to impact reports from FY 2019-2020 and FY 2020-2021, the majority of customers are students, representing 73% and 64% of their total customers, respectively (TSH, 2021) (TSH, 2022). However, since 2020 TSH has experienced an increase in the number of young professional and digital nomads. TSH hosts a diverse group of international individuals, the majority of whom are European. In recent years, the company has also experienced an increase in guests from Asia and the Americas. As the company shifts from catering to students to a broader array of individuals, its services are slowly advancing in quality. TSH offers a four-star experience at a medium to high price point (as will be discussed later on), suggesting a clientele that can afford such services.

3.2 Product Portfolio

Hotel Rooms: TSH provides fully furnished hotel rooms, which are available in different sizes and types, including Standard, Premium, and Suite rooms.

Co-Living Apartments: TSH offers shared apartments that provide a community-oriented living experience for students and young professionals.

Co-Working Spaces: TSH provides co-working spaces that are designed to encourage creativity and collaboration.

Meeting and Event Spaces: TSH offers a variety of meeting and event spaces that are suitable for different occasions, such as conferences, seminars, and workshops.

Fitness and Wellness Centers: TSH provides fitness and wellness facilities, which include gyms, swimming pools, and yoga studios. These facilities are available to both residents and external members.

Community Spaces: TSH provides a range of community spaces, including restaurants, bars, and game rooms. It is designed to encourage social interaction and facilitate community building.

Food and beverage: TSH has an array of food and beverage options, including cafes, bars and restaurants onsite. The restaurant/bar area in Montreal will be outsourced to a local company.

3.3 SWOT Analysis

| | |
|---|--|
| <p>Strengths</p> <ul style="list-style-type: none"> - TSH offers all its services under one roof - customers are able to work, study, stay, eat, drink, workout and socialize (The Social Hub, n.d.). - It targets a broad demographic (The Social Hub, n.d.). - Unique hybrid hospitality concept that offers a combination of hotel and co-living spaces. - Multiple locations within Europe (The Social Hub, n.d.). - Strong community feeling. - Partnerships with universities and companies. - Positive and strong environmental and societal performance (Westerborg, n.d.). - Flexible business model. | <p>Weaknesses</p> <ul style="list-style-type: none"> - No presence and very little recognition outside of Europe (see survey). - Prices are rather high for students and professionals new to the workforce. - Other hybrid hospitality brands & co-working spaces have more brand recognition (see survey). - People prefer staying at a Hotel, Hostel or Airbnb than in a hybrid hospitality concept (see survey). - Almost 65% of respondents are not familiar with the concept of hybrid hospitality and about 87% have never used a hybrid hospitality facility (see survey). - Approximately 75% of respondents have never heard of TSH (see survey). |
| <p>Opportunities</p> <ul style="list-style-type: none"> - Services catering to a wide range of people (MacGregor & Puerto, 2022). - Meeting the increasing demand for hybrid hospitality solutions (Akasa, 2023). - Expanding into the emerging market of Montreal. - Investing in technology. - Capitalizing on the trend of combining travel and remote work (Peek, n.d.). - Strong interest in hybrid hospitality facilities (see survey). - Convenience of having everything under one hub as major factor attracting people to hybrid hospitality facilities (see survey). - Utilizing Social Media marketing to target the right demographic. - Strong interest in TSH services in Montreal (see survey). | <p>Threats</p> <ul style="list-style-type: none"> - Strong competition especially in the co-working sector. - As many businesses see opportunities in the hybrid hospitality industry, there is the threat of many new entrants into the market. - Regulations in Montreal (for example language laws) may make it more difficult to enter the market. - Changing consumer preferences and trends. |

It can be concluded that TSH and its business model has significant potential with numerous untapped opportunities. Factors such as the rising trend of remote work, the flourishing hybrid hospitality industry, and TSH's environmental initiatives provide substantial advantages. However, the survey indicates that many people are not well-acquainted with the concept of a hybrid-living as well as the general industry, presenting a potential challenge for TSH, particularly in the new market. Nevertheless, the interest of respondents in this emerging industry can transform this challenge into opportunities, ultimately leading to great success for TSH Montreal. Please refer to appendix 1 to view the survey conducted to obtain said results.

3.4 Resources and Value Chain

Primary Activities:

1. **Inbound logistics:** Procurement and transportation of goods from suppliers to TSH's facilities, including food, beverages, hotel supplies, laundry service, and inventory for coworking spaces.
2. **Operations:** Management of facilities, staffing, and processes to provide services to customers.
3. **Outbound logistics:** Delivery of products and services to customers, including food, beverages, clean accommodation, and well-equipped coworking spaces.
4. **Marketing and sales:** Promotion of TSH brand and services through social media channels, online advertising, and word-of-mouth referrals.
5. **Customer service:** High-quality customer service, personalized recommendations, quick responses to queries, and meeting customer requests.

Secondary Activities:

1. **Procurement:** Sourcing and acquiring materials, supplies, and equipment for TSH's properties, focusing on sustainability initiatives.
2. **Human Resource Management:** Prioritizing employee wellbeing as well as diversity and inclusion through workshops and an inclusive hiring policy.
3. **Infrastructure improvement:** Implementing measures to streamline operations, enhance the guest experience, and reduce environmental impact, including online check-in, energy management systems, digital platforms, and responsible business practices.
4. **Technological initiatives:** Leveraging technology to enhance guest experience, streamline operations, and promote sustainability, including a digital guest experience platform, mobile app for employees, data analytics, and innovative sustainability technologies.

A visual representation of Porter's Value Chain for TSH can be found in appendix 2.

3.5 Stakeholder Map

In the process of internationalizing TSH, it is crucial to acknowledge the significance of stakeholders involved in the process. A thorough stakeholder map (see appendix 3) has been developed to visually understand the breadth of stakeholders in the company. This includes immediate stakeholders, including the management, TSH employees, business consultants, and legal advisors, as well as partners, financial institutions, customers, suppliers, and competitors. Additionally, more distant stakeholders such as the government, local community, social networks, environmental organizations and local media have been considered.

4. External Analysis

4.1 Choosing Target Destination

Canada is selected as the first destination for TSH to grow outside of Europe and penetrate the North American market. Despite having a smaller overall population and a lower GDP per capita than the US, Canada was selected for a variety of reasons (GH, 2023). There is significant oversaturation in the US market when it comes to the hospitality industry, a lack of connectedness in many US cities, as well as a lower commitment to environmental matters across the board (English, 2018) (Poushter, 2016). Another key factor is Canada's cultural diversity and global outlook which makes it attractive for TSH expansion. Canada's multicultural society and welcoming attitude towards immigrants make it an attractive choice for TSH (Aanchal, 2023). The country's reputation for inclusivity aligns well with TSH's commitment to providing a welcoming and diverse community for its guests. By expanding into Canada, TSH can tap into this multicultural landscape and cater to a diverse customer base.

A scoring model was implemented to assess the suitability of various cities within Canada, namely Toronto, Montreal, Vancouver, Calgary, and Ottawa. In this evaluation, we took into account significant factors such as GDP per capita, unemployment rate, number of hotels, number of co-working spaces, cost of living, cost of apartment rent, number of universities, and the transportation convenience offered by these cities. The findings identified Montreal as the optimal choice for our expansion efforts. Please consult appendix 4 for the detailed scoring model.

4.2 Macroenvironment

4.2.1 PESTLE-Analysis of Canada

Political: Canada is a parliamentary democracy, constitutional monarchy, and federation known for its commitment to human rights, political tolerance, and social equality. Politics in Quebec have unique characteristics due to its distinct cultural identity and historical tensions with the rest of Canada. The relationship between French-speaking and English-speaking Quebecers has been contentious, with

Quebec implementing policies to promote the French language and preserve cultural heritage, sometimes leading to tensions with the English-speaking population.

Economic: Canada has a diverse economy and is a member of various international economic organizations. The country has experienced steady economic growth in recent years, with a significant GDP. The service sector employs the majority of the population, while Canada is also rich in raw materials and has a strong agriculture and forestry sector. The unemployment rate is relatively low, and Canada has seen growth in exports, particularly in petroleum products. However, different provinces may experience variations in economic performance.

Socio-cultural: Canada's socio-cultural landscape is diverse. It is predominantly English-speaking, although both English and French are recognized as official languages at the federal level. Quebec has a unique cultural heritage and is the only francophone region in North America, officially recognizing French as its primary language.

Technological: The country has become a tech hub attracting international tech companies. However, technological advancements have also led to a demand for more educated workers, creating an imbalance between skilled and unskilled workers. Canada's government strongly supports the tech sector through initiatives and incentives such as tax incentives for research and development activities and funding for innovation.

Legal: Canada's legal system is based on a common law system influenced by British and French law. The judiciary is known for its independence and impartiality, with a strong tradition of protecting human rights and promoting social justice. Canada faces legal challenges related to issues such as the legalization of marijuana and data privacy protection. Companies expanding into Quebec need to comply with unique provincial laws regarding labor and employment, business registrations, taxation, consumer protection, environmental laws, language requirements, and intellectual.

Environment: Canada is known for its stunning natural beauty, rich resources, and strong commitment to environmental protection. The government is actively addressing climate change by reducing emissions and transitioning to a low-carbon economy. Environmental challenges, including air and water pollution, habitat loss, and responsible resource management, are also prioritized. However, Canada has implemented initiatives to tackle some of these issues. The country is recognized for its environmental friendliness, with hydroelectric sources contributing over 60% of electricity generation. Quebec, in particular, stands out with over 80% of its electricity derived from hydroelectric power.

Conclusion: By conducting a PESTLE analysis of Canada, and more specifically, the province of Quebec it becomes clear that the external factors that make up a country are stable, and even present the ideal circumstances to penetrate the market. Please see appendix 5 for complete details.

4.3 Microenvironment

4.3.1 Host Market Size

The demographic of interest, or host market size, should encapsulate TSH's very diverse target group consisting of remote workers, travelers, young professionals and digital nomads. While the exact market size is difficult to calculate considering data about the population of Montreal, students in Montreal, remote workers in the city as well as digital nomads and travelers that spend time in Montreal can help estimate. However, the market size is at least 1,225,118 individuals which is equivalent to the total number of citizens of Montreal between the age of 20 and 44. Please refer to appendix 7 for complete data on the population of Montreal.

4.3.2 Competition Analysis

As TSH is a blue ocean, meaning it exists at the intersection between the hospitality industry and the co-working industry, it currently has no competition that offers the exact same experience. That being said, an analysis of both industries must be considered as competition. It is also important to note that there is not much direct competition at this time in Montreal, which would give TSH a first-mover advantage in this emerging industry.

The co-working places that could be competition for TSH in Montreal are WeWork, Regus, Notman house, Anticafé and Crew Collective Café. In the hospitality sector, hostels like The Alternative Hostel of Old Montreal and M Montreal as well as hotels with co-working spaces like Hotel Bonaventure Montreal, Hotel Monville Humaniti Montreal, Boxotel and Alt Hotel Montreal are considered competitors. A detailed description of all these can be found in appendix 8.

4.3.3 Channels Analysis

TSH's impact reports for FY 2019-2020 and FY 2020-2021 indicate that the company relies heavily on online booking platforms, such as Booking.com, Expedia, and Airbnb, as well as their own website to drive direct bookings (TSH, 2022). TSH also uses social media channels, such as Instagram, Facebook, LinkedIn, YouTube and Spotify to promote their brand and engage with customers. TSH has a strong presence on Instagram and regularly posts updates and promotions to attract new customers and retain existing ones. Additionally, TSH partners with universities and companies to facilitate access to their services.

The physical space of the company serves as a distribution channel for their products and services. These include their hospitality/co-working spaces, fitness and wellness centers, and community spaces, such as restaurants and bars. These physical locations provide opportunities for customers to learn about and experience TSH's brand and offerings.

The company's social media strategy appears to focus on building and engaging with their community and showcasing the lifestyle and culture of its locations. TSH's social media content is often visually appealing, with high-quality photos and videos (e.g., Reels on Instagram) showcasing the amenities, events, and experiences available at their locations. They use hashtags and location tags to increase visibility and reach, and often collaborate with local businesses, artists, and influencers to create engaging content. In addition, TSH uses social media to promote their brand values, such as sustainability, inclusivity, and community building. An overview of TSH's current social media platforms can be found in appendix 9.

4.3.4 Segmentation Analysis

a) Geographic

Urban/Rural: TSH primarily targets individuals who are interested in living and working in urban areas, as its co-living and co-working spaces are located in major metropolitan areas. While it may attract some individuals from suburban or rural areas, the space is best suited for those who thrive in an urban environment.

Country/Continent: TSH attracts people from a variety of countries but is most likely to appeal to individuals from Western Europe, North America and other parts of the world where co-living and co-working spaces are more common.

b) Demographic

Age: TSH primarily targets young adults and professionals from about 20 to 40 years of age, although it may also attract some older individuals who share its values and lifestyle.

Gender: TSH targets men and women as well as the whole LGBTQIA+ community.

Education level: TSH may appeal to individuals with higher education levels, such as university students/graduates, who are more likely to work in knowledge-based industries and value the flexibility and community of co-living and co-working spaces.

Occupation: TSH targets remote workers, entrepreneurs, and other professionals as well as students who can work and/or study from anywhere and value the benefits of a flexible work-life balance.

c) Psychographic

Lifestyle: TSH targets individuals who prioritize work-life balance and value the freedom and flexibility that co-living and co-working spaces provide. They are likely to enjoy a healthy and active lifestyle, with an interest in fitness and wellness, as well as socializing and meeting new people.

Socio-economic status: TSH targets individuals in the upper-middle to upper social class, who have the financial means to afford the cost of renting a private room or

apartment in a co-living space. These individuals may work in creative or knowledge-based industries and have a relatively high disposable income.

Personality: TSH attracts individuals who are open-minded, adventurous, and curious about new experiences and cultures. They are likely to be self-starters and creative thinkers, with an entrepreneurial spirit and a desire to make a positive impact in the world.

Interests: TSH appeals to people who are interested in sustainability and environmentalism, as well as community building and social impact. They may be involved in local organizations and initiatives that align with its values and seek out opportunities to earn and grow through personal and professional development.

d) Behavioral

Occasions: TSH targets individuals who are seeking a unique and innovative way to live and work or study. These individuals may be relocating to the city for a new job, starting their business, studying for university, or are looking for a change of pace in their work and personal life. They may also be attending events and activities hosted by TSH, such as networking events or workshops.

Benefits sought: TSH offers a range of benefits to its customers, including flexibility, community, and convenience. People who seek out these benefits, such as the opportunity to work remotely while enjoying the benefits of socializing with like-minded people, are likely to be attracted to TSH.

Loyalty status: TSH may cultivate a loyal following of customers who value the community and benefits provided by the hub. Loyal customers may refer friends and colleagues to the space, attend events and activities on a regular basis, and renew their membership for multiple months or even years.

Usage rate: The usage rate of TSH may vary depending on the needs of its customers. Some may use the co-working spaces and meeting rooms on a daily basis, while others may primarily use the communal areas for socializing and networking. Similar applies for the accommodations - some may use a room or apartment for several months, whereas others may only use it for a couple days.

Attitude toward service: TSH attracts individuals who have a positive attitude towards co-living and co-working spaces, and who see the benefits of this type of living arrangement. They may view TSH as a unique and valuable service that enables them to live and work in a supportive and dynamic community and may recommend it to others who share their values and interests.

4.3.5 Target Personas

To obtain a comprehensive understanding of the ideal customers' needs, preferences, and tendencies, three target personas have been carefully crafted (see appendix 10). These personas represent three distinct individuals - an international student, a

businessman, and a digital nomad - who can greatly benefit from the services provided by TSH. By developing these personas, a clearer insight into the mindset and characteristics of potential customers is gained, enabling the creation of marketing and sales strategies that evoke intrigue and interest.

4.3.6 Brand Perception

A survey was conducted to gain a deeper understanding of the current perception of the TSH brand (see appendix 1). The purpose of the questionnaire was to gather more specific information regarding how much people know about the hybrid hospitality industry and specifically TSH as a company. The survey questions were designed to cover a range of topics, including demographics, the co-working industry, the hybrid hospitality industry, and people's responses to our expansion plans.

Based on the survey results, it can be concluded that the majority of respondents are in the 21-26 age range and are currently either employed or students. The preferred work setting is primarily from home, with a relatively low exposure to co-working spaces. Interestingly, a significant majority of respondents are not familiar with the concept of hybrid hospitality, although they still express interest in its potential. TSH as a brand is also not widely known, but respondents would be interested in using its services in Montreal, with a strong preference for features such as bar/restaurant/cafe, coworking, and individual workspaces. Overall, the survey results provide valuable insights that can help make decisions related to the expansion of TSH to Montreal, as well as future marketing activities. There is enough interest in the industry itself to assume that an internationalization project has potential to be successful.

4.3.7 Positioning

Because TSH is a blue ocean, its competitors come from two different industries: Hospitality (Hostel/Hotels) and Co-working. For this reason, the perceptual map reflects the range from hospitality to co-working on the y-axis and plots the competition between both extremes depending on their brand, whereas the x-axis reflects price stratification (please refer to appendix 11).

Price: This dimension represents the perceived affordability of the brand's offerings. Brands that are perceived as more affordable are positioned towards the left side of the map, while brands that are considered premium priced are positioned towards the right side of the map.

Hospitality/Co-working: This dimension represents the perceived level of the brand being more a hotel-oriented business or a fully co-working space. Brands that are perceived as more focused on creating a sense of community among guests like hostels are positioned towards the middle on the y-axis of the map, while brands that are more focused on solely hotel services are positioned towards the upper side of the map.

After situating all of the competitors from the host market onto the graph, it seems as though TSH has a low level of direct competition, thus there is room for it to exist in this market. On this same map TSH could be positioned between co-working and hospitality, and as a company that is perceived as offering a strong sense of community due to its focus on shared spaces and events. It would also be positioned as providing high quality accommodation for reasonable prices. As such, TSH may be positioned on the map in the middle position on the right side.

5. Strategy and Entry Mode

5.1 Entry Mode

TSH will enter the new market through the establishment of a wholly owned subsidiary. While this approach may be more expensive compared to franchising or setting up a joint venture, it is of utmost importance to remain consistent with the expansion strategy TSH has adopted thus far.

Considering the significance of this overseas expansion, it is important to maintain control over the business in Canada. Montreal was chosen as TSH's first stop in North America for the mere reason that there exist many similarities in culture and lifestyle to European cities. It is essential for TSH to gain firsthand experience and knowledge in this new market, which is easier to manage and control in-house through a subsidiary model. By establishing a subsidiary, we can actively engage and understand as well as adapt to the unique dynamics of the Canadian market.

While a joint venture or franchise could have been theoretically feasible, these options would entail sharing decision-making power and potential compromises that would have to be made with these local partners. Such arrangements may not be in line with TSH's goals or provide the desired flexibility in the business model. After all, TSH's objective is to adapt to the new market successfully and continue to grow in North America.

6. Marketing Plan

6.1 Strategic Objectives

6.1.1 Qualitative Objectives

The qualitative strategic objectives revolve around increasing brand awareness of TSH in the new market. After conducting a survey concerning awareness of both the brand and the industry, it is clear that the hybrid hospitality concept is still relatively new. What is more, the brand 'TSH' is unknown to approximately 75.3% of respondents and brand perception of TSH is average. Therefore, the following objectives need to be considered:

Increase brand awareness, recognition & reputation: TSH aims to increase awareness by creating a strong and coherent brand identity and promoting it via different marketing channels. This is achieved through the use of various social media platforms, content marketing, advertising and events. Since TSH does not yet exist in North America, it is necessary to export TSH's already established reputation and build brand awareness using the methods that have worked best for the company thus far. The ultimate goal is to become the leader in the hybrid hospitality sector in Montreal within the first five years after opening.

New customers & membership growth: In order to be successful in the new market, TSH aims to develop a customer base in Montreal, as well as retaining existing customers that have already experienced TSH, by offering its services and amenities in a new location. By developing successful marketing strategies that target TSH's demographic, the company will be able to create leads and turn them into customers. Search engine optimization (SEO), Google ads, social media advertising, and email marketing as well as word of mouth will help with this. The Montreal subsidiary is expected to welcome approximately 1,000 new members and more than 50,000 guests in the first six months (Tageskarte, 2022).

Event Promotion & collaboration: TSH is committed to enhancing the community aspect and fostering networking opportunities by organizing a diverse range of events. With a focus on education, health and well-being, self-awareness, business networking, sports, and more, TSH will host a total of 20 events per month. These events will encompass a wide variety of engaging activities such as community dinners, podcast productions, workshops, fitness classes, and more. By collaborating with local event planners and companies as well as promoting its event spaces and services TSH will be able to establish several new partnerships within Montreal.

Perceived as leader in sustainability efforts in the hybrid hospitality industry: Due to TSH's sustainable promise and actions towards environmental protection, gender equality, clean water and sanitation, affordable and clean energy, sustainable cities and consumption, responsible consumption and production as well as climate actions, TSH Canada will be perceived among the leaders of sustainability in the hybrid hospitality sector (The Social Hub, 2021).

6.1.2 Quantitative Objectives

Promotional objectives:

Increasing occupancy rate: TSH Montreal aims to attain 40% occupancy for the accommodation division in the first year. This is expected to grow after the first year, reaching 91% in year 5. Therefore, TSH Montreal will promote special offers and incentives as well as create targeted advertising campaigns.

Market share: Gaining market share in Canada and increasing it over the years is one of TSH's major objectives. Knowing that one major competitor, Wework, has 25% market share in Canada, with about 21 locations in the country (McLean, 2020) the

aim is for TSH Montreal is to gain approximately 2% market share in the hybrid hospitality industry in Canada within the first three years of operations.

Increasing website-traffic & boosting conversion rates: Website traffic will increase by approximately 10% within the first six months due to the promotion of the Montreal landing page. SEO, paid ads and social media marketing will help achieve this goal. Furthermore, by optimizing user experience the number of bookings and email sign-ups will increase and therefore conversion rate will improve.

Social media followers: By establishing/making use of Facebook, Instagram, TikTok, LinkedIn, Twitter, Spotify and YouTube accounts specifically for the Montreal location, TSH will have approximately 6,000 followers on Instagram, 1,000 on Facebook and Twitter and 20,000 followers on TikTok within the first six months.

Financial objectives:

Profitability: The goal is to run a profitable business, to increase revenue and decrease expenses. As TSH requires significant upfront investments in real estate, staffing, equipment etc. it will take the company some time to be profitable in Montreal. However, with great experience from European locations and the focus on long-term sustainable growth, the aim is to be profitable within the first five years of operations.

Maximizing revenue: By increasing occupancy rates, optimizing pricing strategies and offering additional services the aim is to maximize revenues for TSH.

Managing costs: The goal is to establish favorable contracts with local suppliers, optimize staffing levels and schedules and manage costs effectively to keep them low.

6.2 Marketing Mix

6.2.1 Product

Core Product (Service): TSH's core services encompass coworking memberships and both short and long-term accommodation. This remains consistent across all subsidiaries.

Actual Product: TSH's actual product comprises all tangible elements provided by the facility. This includes private rooms, furniture and equipment in coworking and co-living spaces, and the innovative design and architecture of the building.

Augmented Product: The augmented product encompasses additional services that enhance the overall experience. This includes laundry and housekeeping services, access to amenities such as gyms and pool areas.

Standardizing vs. Adapting the Product: TSH offers standardized products and caters to the same target population regardless of location. However, certain aspects such as government regulations, languages, and pricing may be adapted to suit the specific location. Community engagement and events are also tailored to reflect the unique characteristics of the city and country where each location is situated.

6.2.2 Price

Accommodation: When assessing the cost of accommodation, we used existing TSH locations as a reference point. To ensure accuracy, we compared the GDP per capita of Canada with other countries. By selecting the same night for all four locations and considering rooms of similar sizes, our aim was to identify any significant disparities in pricing. This approach allowed us to obtain a comprehensive understanding of the price range for room rentals in these cities and make relevant comparisons.

| Madrid | Vienna | Bologna | Amsterdam |
|---|---|---|---|
| For 1 night (May 1-2 2024) | For 1 night (May 1-2 2024) | For 1 night (May 1-2 2024) | For 1 night (May 1-2 2024) |
| Standard Single: 156.40 EUR | Standard Single: 132.88 EUR | Standard Single: 127.27 EUR | Standard Single: 181.80 EUR |
| Standard of living ES (2021): | Standard of living AT (2021): | Standard of living ITL (2021): | Standard of living NL (2021): |
| GDP per capita: 30,103.51 USD | GDP per capita: 53,637.71 USD | GDP per capita: 35,657.50 USD | GDP per capita: 57,767.88 USD |

Canada GDP per capita: **51,987.94 USD (2021)**

Given that the GDP per capita of Austria is similar to that of Canada, it can be that prices for accommodation will be similar but converted into Canadian currency. Please refer to the income statement for exact pricing.

Co-working: As for the coworking membership options, TSH has standard European pricing. To remain consistent with the company, TSH Canada will adopt the same pricing converted into Canadian currency.

| EUR | CAD |
|---|--|
| Passes: (Flexi Membership - 1 Month): 99 EUR / month | Passes: (Flexi Membership - 1 Month): 145 CAD / month |
| Designated Desk: 289 EUR / month | Designated Desk: 420 CAD / month |
| Meeting Room: 30 EUR / hour | Meeting Room: 45 CAD / hour |

*Currency exchange from 14 May 2023

Comparing pricing to some of its future competitors in Montreal (Benchmark):

| Notman House | Crew Collective |
|---|---|
| Shared office space: 300 CAD Private office: 855 CAD Connect membership: 80 CAD | Day pass = 20 CAD Meeting room = 45 CAD / hour or 350 CAD /day Basic membership = 300 CAD Dedicated desk = 675 CAD |

While the different spaces offer different services, it is clear that the price point of TSH coworking division would fit between Notman House and Crew Collective. Knowing that Montreal has both lower and higher options for similar services, keeping with the standard European pricing is fitting.

6.2.3 Place

TSH distributes its services via the TSH facility. The physical location plays a crucial role as it serves as the primary point of contact for the target audience. In relation to accessibility and convenience, the facility has been strategically positioned to ensure easy access for TSH's customers. Its central location grants the advantage of excellent connectivity and various transportation options, resulting in a seamless experience for customers when availing TSH's services. This geographical benefit enables us to engage effectively with our target audience and to serve them efficiently.

6.2.4 Promotion

The promotional strategy that will be implemented in TSH Montreal will involve intertwining the company into the local landscape of the vibrant city. Engaging with the local community can be achieved through hosting events using social media accounts, local brand ambassadors, as well as traditional methods such as local media and out-of-home advertising.

Incorporating an ambassador strategy, similar to the successful approach employed in TSH's European locations, would greatly boost promotion efforts. The strategy involves collaborating with well-connected individuals, not just limited to traditional social media influencers, who possess a substantial network in the city. These ambassadors will act as spokespersons for TSH, receiving perks and benefits such as accommodation at any TSH location and access to free working spaces. This approach would effectively amplify brand visibility and generate word-of-mouth recommendations within the local community. Building on previous successes it has had in other cities, TSH will continue collaborating with universities to assist students, especially international students, in finding accommodation and creating a social network in Montreal.

The organization of on-location events at TSH follows a consistent approach due to the company's centralized model. Headquarters establishes guidelines for the base level, allowing individual locations the freedom to host events based on their preferences. TSH Canada will remain in line with this method. While each location has the flexibility to create their own unique events, there are certain "signature events" that occur across all TSH locations. These events align with the inclusive ethos of "everyone is welcome" such as the celebration of awareness days like Black History Month, Pride Month, Women's Day, and more. These events serve a purpose and contribute to the overall brand identity of TSH.

The goal for TSH Montreal is to organize a minimum of 20 events per month. The range of events includes daily fitness classes, which can be arranged through collaborations with local yoga studios and fitness clubs to benefit the community. Various activities such as language classes, art sessions, book clubs, collaborations with markets and restaurants, brunches, running clubs, educational activities, and DJ sets are organized to attract people to the space. TSH Europe uses Eventbrite as the platform for event management. This will also be used as the platform of choice for the

Montreal location. (These insights are sourced from an interview with Puck, The Social Hub Events Coordinator). Furthermore, strategic partnerships with prominent city events and festivals like the Montreal Jazz Festival, Just For Laughs Comedy Festival, Osheaga, Murale, and the Montreal International Documentary Festival (RIDM) can provide excellent opportunities to showcase TSH's community engagement and artistic values.

To enhance brand visibility, strategic promotion efforts should include out-of-home advertising such as placing billboards in high-traffic areas of Montreal's city center, like bus stops and metro stations, and around the Plateau Mont Royal neighborhood where the facility shall be located. These locations serve as hotspots for the target audience, maximizing the chances of reaching potential customers. Finally, cooperation with local media in the form of earned media is an important component for TSH's PR activities.

6.3 Digital Marketing Strategy

Digital marketing is integral to companies' overall marketing strategies. The usage of online networks, including social media, has consistently grown, with Canada having 34.47 million social network users in 2022. With an impressive social network penetration rate of 89%, Canada stands out as one of the most digitally connected populations globally (Statista, 2022).

Statista conducted a study concerning the market share of leading social media networks in Canada in 2022 revealing that Facebook was the market leader (55.71%) followed by Pinterest (14.45%), Twitter (13.78%), Instagram (11.14%), Reddit (2.06%) and YouTube (1.75%)(Dixon, 2023). Although Pinterest and Reddit are among the market leaders in Canada, websites like Facebook, Twitter, Instagram, YouTube, LinkedIn as well as TikTok, are more suitable for our purposes and strategy.

TSH aims to effectively target a diverse demographic through multiple channels, engaging with the audience across various platforms. By tailoring messaging and content to resonate with different individuals, TSH seeks to maximize reach, increase brand awareness, and foster meaningful connections with its diverse customer base.

6.3.1 Website Optimization and SEO

TSH Montreal will have its dedicated landing page integrated into the main TSH website, providing a seamless transition for users seeking specific information about the Montreal location. The landing page will undergo continuous optimization to ensure it is well-maintained and user-friendly, following the same standards applied to all other TSH subsidiaries. To enhance search engine visibility and attract relevant traffic, a comprehensive SEO scheme will be implemented. Extensive keyword research will identify key phrases such as "student accommodation Montreal", "short-term rentals Montreal", "accommodations Montreal Plateau Mont Royal", "The Social Hub Montreal", "TSH Montreal", "TSHMTL", "coworking Montreal", "digital nomad accommodation Montreal", and "coliving Montreal". These keywords will be

strategically incorporated into the website content, ensuring that it aligns with the search intent of potential visitors (see appendix 12).

6.3.2 Content Marketing

TSH Montreal's content digital marketing plan will rely upon a diverse range of media formats, such as articles, videos, and infographics. The primary objective is to consistently release captivating content that resonates with the company's core values and beliefs. This content will be shared across all social media channels and the website, catering to both the broader TSH network and the unique characteristics of the Montreal location. Meticulously curated by our skilled marketing and social media teams, the content will showcase the ambassadors, event hosts, community members, and dedicated staff. The marketing strategy will primarily revolve around highlighting the city's progressive developments that align with TSH Montreal's mission. This includes showcasing the impactful outcomes of TSH-hosted events, championing important causes, and featuring notable individuals who share a connection with our space. A comprehensive multi-channel approach aims to captivate a broader audience and foster meaningful engagement with potential customers.

6.3.3 Social Media Marketing & Paid Advertising

It is crucial for TSH to have a strong presence on key social networks. Paid ads specifically on TikTok, Instagram and YouTube can further amplify their success. Prior to the opening day, TSH plans to create and showcase an advertising video through paid ads, utilizing algorithms to ensure effective targeting. TSH intends on creating a buzz three to four months prior to opening day to get people curious and excited. Additionally, TSH Montreal intends on collaborating with social media influencers on relevant platforms to enhance their marketing efforts.

TikTok: TSH is already present on TikTok with approximately 130 followers, however so far, no videos have been posted. TikTok has become one of the most popular social networks, ranking number six on Statista's worldwide ranking (Dixon, 2023). Bringing this account 'to life' and using it to showcase the Canadian location, amenities, services and events will help reach out to TSH's target audience in the new market. Additionally, partnering with local TikTok influencers will increase TSH's visibility and reach.

Facebook: TSH's general Facebook account is avidly used and liked by approximately 25,000 people, cooperating with this account in the manner of re-postings will increase reach even further. Additionally, Facebook Ads will be used to target TSH's demographic in Montreal.

Instagram: TSH runs one Instagram account per city it operates in. Therefore, another profile will be set up for the Montreal location. The account will be used to share videos and pictures and capture the community feeling as well as share news, events and more. In order to achieve a high follower rate and keep the community engaged regular posts will be shared and the generally known Hashtag #TheSocialHub and #TSH used.

#TSHMTL will be added to the repertoire. Again, it is important to collaborate with TSH's main account which currently has around 34,000 followers. Collaborations with popular Montreal-based influencers, from micro-influencers to bigger influencers, which attract our target group specifically, will be started. This partnership will include content creation, invitations to events and offering them special discounts for their community.

Twitter: So far, TSH does not have an active presence on Twitter. The platform has potential as an effective platform for engaging with the target audience and therefore will be leveraged for proactive real-time communication and interaction. By establishing a Twitter account, TSH aims to promptly address customer inquiries and feedback, as this plays a vital role in upholding a positive brand image. The new profile will be initially created by TSH Canada, but its accessibility should extend to other TSH locations to ensure its utility across the entire network.

Spotify: In the previous iteration of the company, The Student Hotel's Director of Sustainability & Impact, Amber Westerborg, hosted a Spotify podcast called TSH Unravels, where she would invite speakers to "unravel society" and discuss social issues from different perspectives. While this show is no longer being produced, TSH Canada intends on spearheading a new Spotify podcast, reinvigorating what came before. The plan is to host the podcast from Montreal, but eventually expand outwards and have segments from all locations. The purpose of doing so will help connect the community and spread awareness about important issues.

LinkedIn: As the most important business and employment-based social media platform it is important to make use of the already existing LinkedIn account. TSH's current LinkedIn account demonstrates an impressive reach of approximately 33,000 followers. Leveraging this account especially as a recruitment tool and to share news proves to be highly effective and cost-efficient for the company.

YouTube: The already existing TSH YouTube channel, with approximately 1,400 subscribers, will be mainly used for big advertising spots, videos about interviews and events as well as to promote the new location.

6.3.4 Email Marketing

The email marketing strategy focuses on delivering biweekly newsletters to our members and guests, providing them with valuable information and promoting upcoming events. All TSH Montreal members and dwellers are automatically subscribed to receive these newsletters, with the option to unsubscribe at any time. The newsletters will feature local businesses, artists, and community members to highlight their contributions and collaborations. Promotions, special offers, and event spotlights will be included to create excitement and engagement. The newsletters are designed to be visually appealing and interactive, incorporating images, videos, and interactive elements. Clear and compelling calls-to-action are included to encourage recipients to take action, such as registering for events or exploring more details on

our website. We segment our email list to deliver personalized content that is relevant to each recipient. By tracking metrics and gathering feedback, we continually improve our email marketing efforts to provide a valuable experience for our subscribers and foster a sense of community within TSH Montreal.

6.4 Marketing Budget and Action Plan

Initially, the focus will be on the opening of the new location in Montreal and generating awareness for TSH. This will involve creating social media accounts dedicated to the Montreal location and reaching out to influencers three to four months before the doors open. Building relationships with local companies, brands, and universities will also be essential for developing brand awareness before TSH's arrival to Montreal. Using Google Analytics will help track attention drawn to TSH Montreal and guide the positioning of the brand for maximum visibility. Additionally, a dedicated Montreal landing page will be created on the TSH website, marketing material will be adapted to the local languages of French and English, and advertising campaigns will be established. Forming a marketing team specifically for TSH Montreal will be crucial for project execution. For the first year, the marketing budget allocation will be the largest, constituting 20% of the total revenue. In order to generate awareness and spread the news about the new facility, it is crucial to initiate marketing activities well in advance, approximately three to four months prior to the opening.

Moving forward, the action plan includes continued focus on events and social media, aiming to reduce overall marketing expenditure while allocating larger, if not sustained, budgets. The budget for the following years will be 16% in Year 2, 14% in Year 3, 12% in Year 4 and 11% in Year 5. While digital marketing activities as well as collaboration with Brand Ambassadors and establishing relationships with partners and universities start months before opening, the kickoff for events will be the opening party of the new facility. The intensity of social media posts as well as PR work will be increasing towards the grand opening.

Furthermore, the Montreal landing page will cater to both French and English-speaking audiences with continuous optimization. Targeted advertising campaigns will be developed and tracked using analytics tools for optimal performance. Regular evaluations of campaign performance will optimize the marketing budget, allocating resources to effective channels. Cost-effective tactics, such as targeted social media ads and influencer collaborations, will be explored. Through this iterative approach, TSH aims for sustained growth, increased sales, and efficient marketing expenditure. Marketing activities will be maintained from the moment of opening, ensuring a continuous flow without interruptions.

7. Logistics Plan and Supply Chain

7.1. Location

In line with TSH's values and commitment to sustainability, Montreal was chosen as the ideal location for the company's first expansion beyond Europe. The city's heavy reliance on hydroelectricity and its excellent transportation infrastructure, including highways, a well-connected port, airport, and public transportation system, provide

efficient accessibility for both people and goods. Additionally, Montreal's strict composting and recycling regulations align perfectly with TSH's principles.

The decision to establish The Social Hub in Plateau Mont Royal, a vibrant neighborhood slightly east of the city center, reflects the importance of being well-located to attract guests, customers, and establish strong connections with businesses and suppliers. The Plateau is renowned for its appeal to young professionals, artists, students, digital nomads and serves as a thriving hub for startups and forward-thinking companies. By setting up in the Plateau, The Social Hub strategically targets its ideal demographic and becomes a valuable asset to the community. TSH, as a company, is dedicated to seamlessly integrating itself into the urban landscape of the cities it enters. This commitment extends not only to the brand but, more significantly for our objectives, to the infrastructure itself. The aim is to establish our facility by repurposing and revitalizing existing spaces, aligning with a prevalent trend observed in Montreal in recent years. This approach preserves the allure of the city's historic architecture while minimizing waste and emissions.

7.2. Inventory Management

Inventory management in Montreal will benefit from maintaining the same operating system as those employed in the European locations. However, since the new location in Canada will become TSH's first touchstone in North America, the inventory system will be decentralized from the Amsterdam headquarters. In the future, if TSH continues to expand in this market even further, the system can be controlled more easily from Montreal than from Amsterdam. Implementing the decentralized inventory system, TSH effectively monitors the status of goods, including restocking requirements, availability and transit information. By analysing historical data and trends, TSH Canada will be able to predict how much and when it will need inventory. Data regarding bookings and memberships will be captured and recorded using an online booking system. In order to always match supply and demand, TSH adopts strategic planning to optimize its inventory levels. This is especially necessary to avoid overstocking during low season and shortages during peak seasons. Developing close relationships with suppliers is crucial and will ensure that inventory is delivered in the right quality and at the right time.

7.3. Supplier Management

In Montreal, a bustling hub for various industries, including the thriving hospitality sector, TSH recognizes the potential for valuable partnerships with local suppliers. TSH aims to prioritize eco-friendly choices when selecting suppliers, and thus collaborate with mostly Canadian suppliers, specifically for interior, housekeeping, and laundry services, hotel amenities, waste management services and office equipment and supplies.

CleanRiver Recycling Solutions, for example, offers recycling and waste management solutions. Also, Bellingham Nettoyeur, a local Montreal dry cleaning and laundry service, aligns strongly with TSH's core values, providing high-quality service with a low environmental impact. TSH will rely on Bellingham Nettoyeur for laundry services in the hotel and hospitality section of the facility. Additionally, Cascades, a Quebec-based company with operations across Canada, will supply TSH with sustainable

packaging, waste paper, and hygiene solutions. For office supplies in the coworking space, TSH Canada will collaborate with EcoEnclose, an American company that provides innovative and sustainable paper product solutions. While not local, EcoEnclose's mission aligns with TSH's values, and fostering this relationship will support TSH's goal of developing stronger roots in North America by expanding cross-border partnerships.

7.4 Partners

TSH Montreal will establish partnerships with local restaurants and cafés, thereby offering them a dedicated space to provide their services. Outsourcing restaurant and cafe spaces will allow the company to focus heavily on its primary revenue streams (i.e. hospitality, co-working, events), while assuring clients high quality food and beverage services. In addition, partnering with local companies will help TSH gain exposure throughout the Montreal community and assist its incorporation into the landscape of the city. The plan is to partner up with Dispatch café as well as Mélisse restaurant - two companies that truly embody the young, vibrant culture of Montreal. For further information on these two companies please refer to appendix 13.

7.5 US-Canada Transportation rules

TSH needs to establish new logistics and transportation networks to ensure that goods and services can be delivered to the new location efficiently and cost-effectively. This will involve establishing partnerships with shipping companies or logistics providers. As some of the suppliers mentioned in '7.3 Supplier Management' are located in the US, TSH will have to deal with border control. Importing goods from the US to Canada involves complying with customs and regulations set out by the Canada Border Services Agency (CBSA). TSH will work with its suppliers to ensure that they comply with all applicable regulations and that the necessary documentation is provided to customs officials. In addition, the free-trade agreement CUSMA includes provisions related to customs and border procedures, which are designed to make it easier for goods to move between the US and Canada.

7.6 Import Contract (Incoterms)

TSH will opt for the DAP Incoterm® rule when importing goods from the US (suppliers) to its location in Montreal, Canada. The DAP rule is a good option as it is the most flexible of all the Incoterm® rules and can be used for any mode of transport. Under the DAP rule, the seller is responsible for delivering the goods to the carrier at the designated location in Montreal. The DAP Incoterm® is an appropriate choice for TSH because it places the responsibility on the seller to deliver the goods to a designated place in Montreal, as mutually agreed upon. This means that seller is tasked with handling the transportation, documentation, and customs clearance processes to ensure the goods' safe and timely arrival at the specified location (ICC, 2020). In terms of risk management, the DAP Incoterm® transfers the responsibility for any potential

loss or damage during transportation from the supplier to TSH. Once delivered at the designated location, TSH assumes the risk.

Any US supplier for TSH will be using the DAP rule to provide their goods to the TSH facility. An example of such a contract can be found in appendix 14.

7.7 Bottlenecks

In light of the lessons learned from COVID-19, it is crucial to take into account potential bottlenecks in TSH's supply chain. One effective way to mitigate risks is by maintaining local operations. By prioritizing local sourcing, TSH can minimize reliance on long-distance or international deliveries, thereby gaining advantages in terms of efficiency, flexibility, and reliability.

To ensure a smooth supply chain, effective inventory management is essential. This entails ordering the right goods at the right time while maintaining a safety stock for the most important goods as a buffer against unforeseen changes. The safety stock acts as a safeguard, enabling TSH to address any disruptions for fluctuations in demand. TSH will prioritize products from A-products to C-products and match this with the safety stock needed per product category.

In the event that main suppliers are not able to deliver, TSH will also establish relationships with alternative suppliers, particularly for critical products such as hotel supplies and IT-related items. This proactive measure ensures a backup plan and reduces the vulnerability of the supply chain. Maintaining a collaborative partnership with all suppliers will help foster mutual support and cooperation during times of disruptions.

Given That TSH offers a service that revolves around creating a unique experience, the company is inherently adaptable to changes that may arise. Be it changing the rooms from long-term stays to short-term stays or the other way around or using alternative suppliers for hotel amenities and more. TSH possesses the ability to navigate and sustain its business operations even in the face of unexpected circumstances.

8. Human Resources Plan

While the top-level management resides in the Amsterdam headquarters, TSH Canada will consist of its own executive team that will be in charge of all North American operations, and report to the headquarters.

The reason for establishing a new distinct head office is to be able to ensure compliance with local laws and regulations related to labour relations and employment practices, as well as in developing policies and procedures that align with the expectations and needs of the local workforce. Given the independent nature of the local cafes and restaurants, their employees would not fall under the purview of the

TSH HR department. However, the HR department may need to work closely with these external partners to ensure that their hiring and employment practices align with the values and standards of TSH.

8.1 Recruitment and Selection

Potential candidates can apply for positions via LinkedIn and through TSH's company website.

Corporate Recruitment: Since the team in Montreal will be made from the ground up, the headquarters in Amsterdam will assist with the initial recruitment process, following the method that is used in all other locations. Once the HR team of Canada is established, recruitment will be in the hands of the Canadian team.

As a model, TSH intends on hiring a diverse team for the purposes of representing interest of people of all ages, genders, races, etc. It is important to select individuals who embody TSH's true values as a company in order to build a cohesive, goal-oriented team. Therefore, we will conduct an extensive recruitment process which will include (1) two rounds of interviews, (2) an emotional intelligence test (see appendix 15) and (3) a work sample. The interview will allow us to get to know the candidates on a personal level to be able to assess their alignment with the company. The emotional intelligence test will demonstrate candidates' EQ and show how they handle stressful situations. Finally, the work sample will help the recruitment team get a feel for candidates' capacities and competencies in the role they are applying for. In brief, the qualities we search for in our corporate team are open mindedness, outgoingness, creativity, and responsibility. We aspire to set up a dynamic team of experts who are eager to establish a precedent for TSH Canada's company culture.

Facility staff recruitment: For facility staff recruitment, the HR department will conduct in person interviews as well as a work sample to assess the candidate's suitability for the position. The interview will help to evaluate the candidate's communication skills and work ethics. With the work sample the recruitment team will determine candidates' ability to work in a team as well as how they deal with customers.

8.2 Compensation and Benefits

In line with TSH's values, TSH intends to compensate employees fairly, and according to market standards in Montreal (Please see the financial section for concrete salaries). Payment will be composed of base salaries and skill-based compensation. Hence, TSH's HR department will establish clear performance metrics and goals for each employee and evaluate employees' regularly. Furthermore, employees will receive a 30% discount on their personal stays at TSH locations as well as paid vacation days and social security. While it is important to offer competitive compensation, the HR department will also have to consider the company's budgetary constraints. A pay policy that aligns with the company's overall financial goals is therefore crucial. Lastly, as transparency is an important factor for TSH, employees will be provided with a clear

understanding of how their pay is determined and what they can expect in terms of compensation and benefits (please refer to appendix 16 for pay raise methods).

8.3 Performance Management

In order to best evaluate employees' results, critical skills, values and potential, the HR team will implement both a behavioral approach and a results approach to manage performance.

Behavioral approach: TSH adopts a behavioral approach to performance management, recognizing the significant interpersonal aspect of its employees' roles. The HR team provides regular and thorough feedback to each individual, emphasizing the assessment of behavioral competencies. Biases are mitigated through a systematic rotation of evaluators, ensuring multiple perspectives are considered. An essential focus for TSH is to foster open lines of communication between employees and managers, creating a culture of transparency and trust. This method of performance management facilitates effective collaboration, instilling confidence and promoting a positive work environment. To accommodate its expanding operations across Canada, TSH has implemented a decentralized approach to performance management in order to gain a localized understanding of team dynamics and facilitate tailored evaluations that address specific needs. By leveraging individual HR teams to oversee their specific staff, the company ensures meticulous and scalable performance management processes, supporting sustained growth and employee development.

Results approach: TSH adopts a results approach to performance management focusing on management by objectives. As a highly flexible company, TSH strives to create an environment where employees have the freedom to work on their own terms. This approach allows for easy evaluation and empowers employees with greater responsibility and autonomy, emphasizing the completion of tasks rather than the number of hours spent at their desks. The results approach is particularly suitable for assessing the performance of employees in positions that involve less direct interaction with guests but require a higher level of responsibility. Collaborating with their managers, employees actively participate in identifying their goals and objectives, ensuring their involvement in the performance management process. By evaluating employees based on their output, TSH maintains a fair assessment system that considers individual pacing while ensuring alignment with job requirements and expectations.

9. Financial Analysis

In Year 1, the company anticipates a net loss of -\$4.1M, followed by a -\$2.2M loss in Year 2, and a -\$0.3M loss in Year 3. Afterwards, it is anticipated that the company will obtain a net profit of \$1.9M in Year 4, and finally \$4M in Year 5. For detailed tables and figures, please refer to appendix 17.

9.1 Sales Forecast

Sales will be driven by 3 different types of revenue streams. The largest source of revenue will be the accommodation segment. TSH Montreal anticipates a first year occupancy rate (OCC) to be 40%. Compared to the co-working segment, TSH projects a slower year over year growth rate for our accommodation; 30% in year 2, 50% in year 3, 20% in year 4, and finally, 17% in year 5. Taking into account the starting OCC, as well as the year over year growth, the company is predicting to reach a 91% OCC by the end of year 5, across various types of rooms. The second revenue stream, and also our second biggest source of revenue, will be the co-working space segment. The company foresees a lower OCC rate than the accommodation segment in year one, around 35%. Since this will be the first of its kind in Montreal, we project a faster growth in this segment compared to the accommodation. This being said, the company forecasts a 40% growth in year 2, 30% in year 3, 22.5% in year 4, and 17.5% in year 5. Taking into account our starting OCC, as well as the year over year growth, TSH anticipates to reach a 92% OCC by the end of the fifth year, across the various types of co-working options. Lastly, the third revenue stream will be the sublet revenue from the rental of our restaurant, bar and cafe space. TSH will be charging its tenant \$10,000 per month, ongoing. All forecasts take into account a 2% annual inflation - the Bank of Canada target. The total forecasted sales for year 1 is \$15.7M, followed by \$20.8M in year 2, \$26.6M in year 3, \$32.5M in year 4, and \$38.9M in year 5. Please refer to the attached Figure 1 in appendix 17 for more detailed information.

9.2 Income Statement Forecast

TSH anticipates a gross margin of 64.1%, or \$10.1M in year 1, 66.9% or \$13.9M in year 2, 68.7% or \$18.3M in year 3, 70% or \$22.8M in year 4, and 70.7% or \$27.5M in year 5. TSH is forecasting a net loss of -\$4.1M in year 1, followed by a -\$2.2M loss in year 2, and a -\$0.3M loss in year 3. Afterwards, TSH Montreal expects to turn a net profit of \$1.9M in year 4, and finally \$4M in year 5. T. All employees will be receiving a 4% annual increase for 2 reasons: to increase employee retention rates, and to account for 2% inflation, which the Bank of Canada is working to achieve. The remaining expenses also include marketing expenses, representing 11% of revenues to allow the proper and expected company growth, as well as the tech expenses, the office supplies, insurance, training, legal fees, renovation expenses, and miscellaneous expenses. Lastly, such values include the forecasted amortisation and depreciation, financial expenses, and provincial and federal corporate taxes. Note that

obsolescence is captured through amortisation and through the other operating expenses found in the income statement. Please refer to Figure 3 in appendix 17 for more detailed information on how we obtained each expense cost.

9.3 Cashflow Statement, Funding and Investment

Opening TSH Montreal will require some up front and ongoing equity/loans to cover the costs of opening and maintaining the operations of the business. TSH is looking to obtain the funding through 50% equity and 50% loan. In total, \$8.3M will be needed to ensure the smooth opening and ongoing operations of the new Montreal location. The \$4.15M loan portion will have a 5% annual interest rate. The loan repayment will begin in year 4. Accounting for the revenues, expenses, financial expenses, taxes, working capital, equity and loans, TSH will have a positive ending cash balance in all 5 years: \$3.1M in year 1, \$632K in year 2, \$58K in year 3, \$654K in year 4, and finally \$2.9M in year 5. Although the net cashflow is anticipated to be negative in year 2 and 3, TSH will have sufficient financial resources to cover all financial operations. Please refer to Figure 2 in appendix 17 for more detailed information. Finally, TSH will need to be equipped with various items such as beds, tables, chairs, nightstands, etc. (see full list in Figure 4). The total investment needed for TSH is CAD\$1,018,718.

9.4 Hedging Currency Risk

The Social Hub Canada will primarily be working together with local suppliers. As TSH's roots lie in the Netherlands, we will be working with Rituals, a fellow Dutch company that supplies eco-friendly products for hotels and shares core values with our company. Rituals will supply TSH with hotel room and bathroom amenities (Rituals, 2023). Rituals has a distribution center in Canada, however, the company expects to be paid in their functional currency, the Euro.

In order to mitigate the currency risk of the Euro appreciating compared to the Canadian Dollar, we consider three different tools in order to hedge, namely Forwards, Futures and Options. For this purpose, we compared these hedging tools to find out which one is most suitable for buying Euros in our case.

Moreover, when calculating the FPPP, it is evident that the exchange rate is expected to increase in the future.

In the case of a futures contract, the bank would offer TSH contracts for CAD 10,000 each at the spot rate of CAD 1.46 per Euro (as of May 18, 2023). Since the amount to be hedged is EUR 99,090, TSH would receive nine contracts and the remaining amount at the spot rate of January 1, 2025. Consequently, it will cost TSH 144,830.66 CAD to purchase 99,090 EUR on 1 January 2025 using a futures contract.

While the forward rate gives us the best rate, we have to consider that it comes with extra costs for setting up a tailored contract. Considering the relatively modest size of the amount requiring hedging, we believe that incurring additional expenses would not

be justifiable. Using an Option would only be suitable if the spot rate on January 1, 2025 was lower than 1.45 (and therefore “in the money”). Exercising an option would be more costly than taking a forward or a future. Please refer to Figure 5 in appendix 17 for calculations of the different hedging tools.

9.5 Taxation

Provincially, Quebec has an 11.5% corporate tax rate. Federally, Canada has a 15% corporate tax rate for general corporations. Together, the anticipated tax rate for the TSH operations is 26.5%.

10. Important Laws to Consider

Expanding The Social Hub into a new country necessitates adherence to a unique and comprehensive set of laws. Canada operates under a federal system, wherein the interplay of federal and provincial laws becomes crucial for international companies entering the market. The three most important laws to consider when expanding into Quebec specifically are Bill 96, The Canada Business Corporation Act, and The Quebec Business Corporation act. Please consult the appendix 18 for an in-depth explanation of the laws to consider, as well as information regarding TSH's application for a trademarked name in Quebec.

11. Long Term Strategy

TSH's long-term goal is not only to be successful in Montreal and to increase profits annually, but to develop a true and successful North American division. The company plans to begin extending its reach further into Canada, first to Toronto and later to Vancouver, and then subsequently within the US, beginning with big cities such as Los Angeles, Chicago, New York City and Boston. With several more openings in North America, the objective is to increase market share as well as serve an even larger customer base. Consequently, this can increase the general awareness as well as the reputation of TSH worldwide. In addition, TSH's business model is generally very adaptable which makes it easier to adjust to distinctive needs of new markets and demographics. Within the first 10 years of TSH's establishment in Montreal, TSH is expected to become the "go-to" place for digital nomads in North America. In the very long run, other markets, such as the Asian market, could be of interest after successful expansion into North America. However, this still requires extensive research and analysis.

12. Contingency Plan

From its inception, TSH has embraced a malleable concept, allowing the company to adapt to evolving needs and external factors. This flexibility extends to both accommodation and coworking spaces, positioning TSH for long-term success by facilitating reinvention in line with future trends. TSH'S proven ability to persevere through challenging times, exemplified during COVID-19, instils confidence in the company's capacity to navigate any unforeseen circumstances that may arise.

TSH's mother company is committed to providing essential financial support to subsidiaries during periods of crisis, ensuring their stability and continuity. It is worth noting that the strategic selection of locations mirrors thriving cities where TSH has achieved success. Consequently, any challenges faced by a subsidiary would likely have wider implications throughout the organization. The company's track record demonstrates its ability to implement significant shifts in space utility on a comprehensive scale. This adaptability distinguishes TSH from competitors and empowers it to make adjustments that are not typically feasible.

In the unlikely scenario where the concept does not gain expected traction within the initial five-year period, we have identified contingency options. One such option involves shifting TSH's focus even further away from student accommodation and toward the growing market of digital nomads, aligning with the future trend of remote work. Lastly, if all else fails, we retain the possibility of selling our facility to a competitor or a hotel chain, ensuring that we have a viable exit strategy in place. However, given our proactive approach to contingency planning and the strength of the business model, such an outcome remains improbable.

In the event that Montreal does not embrace the concept of TSH, despite our research indicating its potential for success, it is crucial to also have a plan for this scenario ready. The survey revealed a lack of awareness and interest among many people regarding our company and this type of space. To overcome this challenge, TSH will have to heighten the volume of marketing and promotional events, forge collaborations with popular and like-minded brands, establish partnerships with university campuses, and engage with progressive, young companies that attract employees interested in a space like TSH. To support these efforts, the contingency plan involved increasing the marketing and event budget during the initial years of the venture. This will enable TSH to actively reach out to digital nomad companies, universities, and other stakeholders who may be interested in our concept. In case of a crisis, additional funds can be sourced from the mother company to ensure the project's sustainability and maximize its chances of success.

13. Conclusion

The internationalization of The Social Hub (TSH) presents a significant opportunity for the company's continued growth. This project marks TSH's first international expansion outside of the Eurozone, paving the way for future expansions and establishing a strong foothold in new markets. By adopting a subsidiary approach, TSH will gain valuable insights and knowledge specific to the Montreal market, facilitating a deeper understanding of customer preferences and local dynamics, which will also be a helpful steppingstone for further expansions in North America.

Being the first mover in the hybrid hospitality industry in Montreal grants TSH a competitive advantage. Establishing a strong position and reputation in the market will provide the company with an edge over competitors entering the market later. By leveraging this advantage, TSH can minimize vulnerability to potential market entrants and solidify its position as a market leader.

With this business plan, all strategic decisions necessary for the new market have been carefully executed, including a comprehensive analysis of the internal and external market factors, the development of a comprehensive marketing plan, logistics considerations, human resources planning, and thoroughly thought-out financial projections for the first five years of operation. These strategic choices provide a strong foundation for TSH's successful entry into the Canadian market.

We firmly believe that TSH's unique concept and the exceptional experience it offers to its customers will resonate well in the new market. By positioning and establishing itself effectively, TSH Montreal is poised for success, attracting a loyal customer base and setting a new standard in the hybrid hospitality industry.

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15. Appendix

Appendix 1: Survey

Limitations of the Survey: The margin of error should be taken into consideration due to certain factors that could have been addressed differently to ensure a more representative and accurate sample. For instance, only about 160 surveys were gathered, thus it is difficult to make any conclusive remarks with such a small sample size. Some of the survey questions were catered to people who have actually visited a hybrid hospitality facility, which may have excluded many respondents from sharing their opinions. Also, while the survey was focused on Montreal, it should have asked participants if they would like to see a TSH location in their city as well, as many respondents may not have any connection to Montreal. Deeper questions about staying in hostels would have also been a lot more helpful. Having this question answered would help gain an understanding of how interested people around the globe might be about the brand itself, and about the industry.

Outcome of the survey: The majority of the respondents are between 21 and 23 years old (30,8%), a slightly smaller group is represented in second place between 24 and 26 years (30,2%). As a third position the age group between 27 and 29 years old (18,2%) is represented in the survey. Focusing on the current occupation of the respondents it can be observed that the majority (40,9%) are employed workers, followed by students (37,7%) and student workers (11,9%).

Regarding the work setting, more than half of the respondents (56,6%) prefer to work from home, followed by working from the office (46,5%). 23,3% of our sample selected co-working space to be their preferred setting to work or study. In addition, a large majority (71,1%) has never worked in a co-working space, indicating how new, or potentially unknown, the industry might still be.

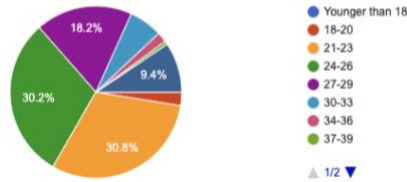
The hybrid hospitality questions have had surprising results. An important majority (64,8%) of the respondents is not familiar at all with the concept of hybrid hospitality. Some (23,3%) have heard of it, and only (11,9%) of the respondents is familiar with the concept. Consequently, more than three quarter of the respondents (87,%) have never used a hybrid hospitality facility. Many of the respondents (84,9%) state they would have an interest in hybrid hospitality. Those who have experiences with hybrid hospitality have mainly stayed in Selena and TSH (34,6% both).

The Social Hub as a brand has not been known very well among the respondents, only around 25% have heard of the brand. Focusing on Montreal, almost half of the respondents (46,5%) have not visited Montreal but would be interested to do so. The second majority (17,6%) is living currently in Montreal. Although the majority of respondents (53,5%) feel neutral towards the expansion of TSH to Montreal, it can be seen that once TSH would be settled there, the respondents would be interested in

using TSH's services. Their preferences for specific features mainly go to bar/restaurant/cafe (73,4%) and coworking (69,1%) and individual workspaces (67%).

How old are you?

159 responses



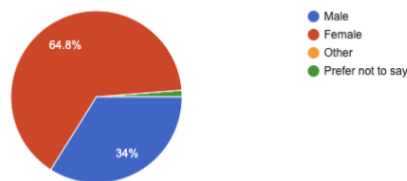
What is your nationality?

159 responses



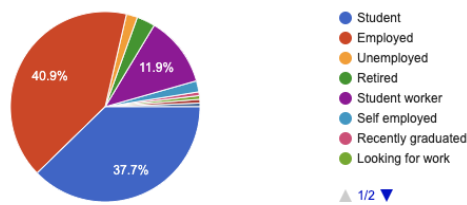
What do you identify as?

159 responses



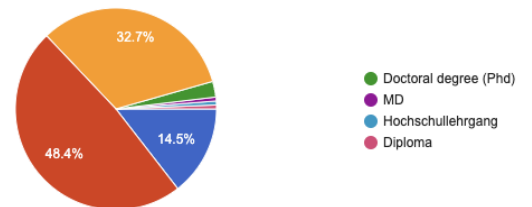
Select your current occupation:

159 responses



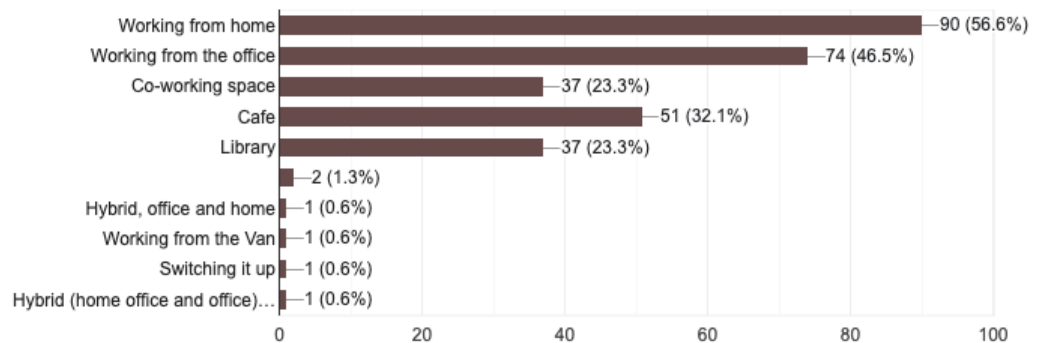
Select your highest educational level

159 responses



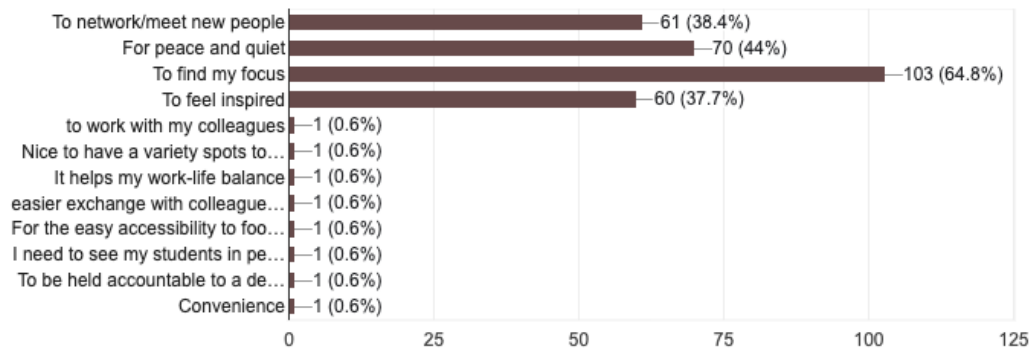
What setting do you prefer while working/studying?

159 responses



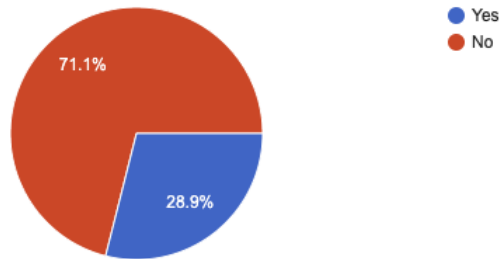
Why do you prefer working/studying in your selected setting?

159 responses



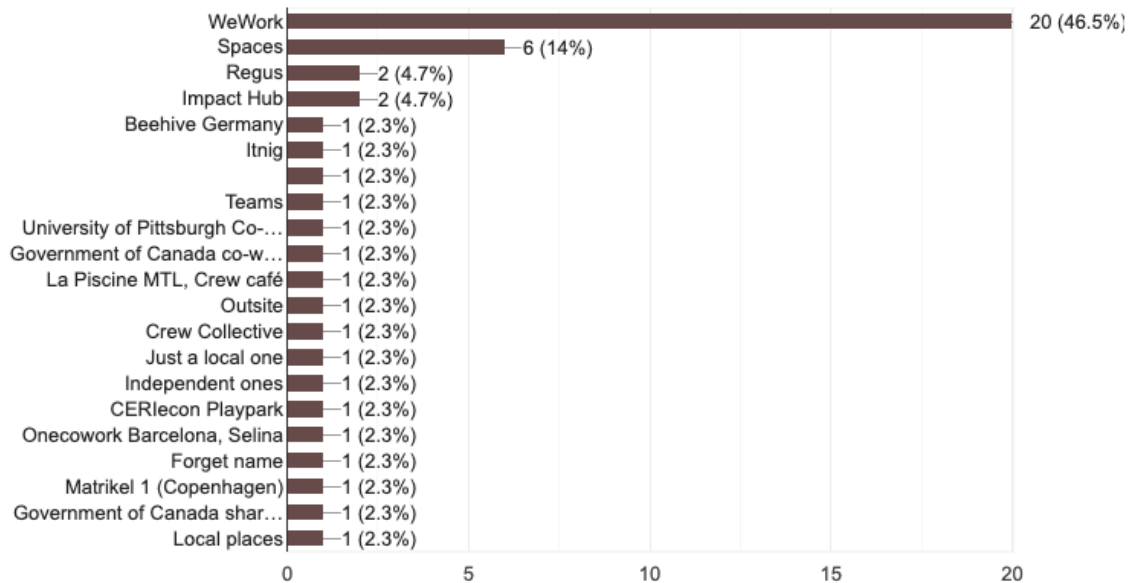
Have you ever worked in a co-working space?

159 responses



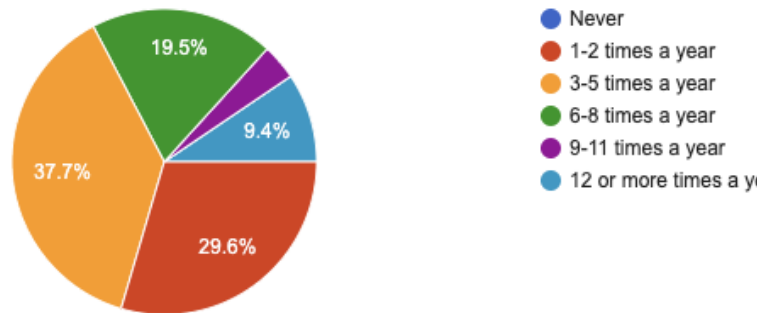
If you have worked in a co-working space, please select which one(s)

43 responses



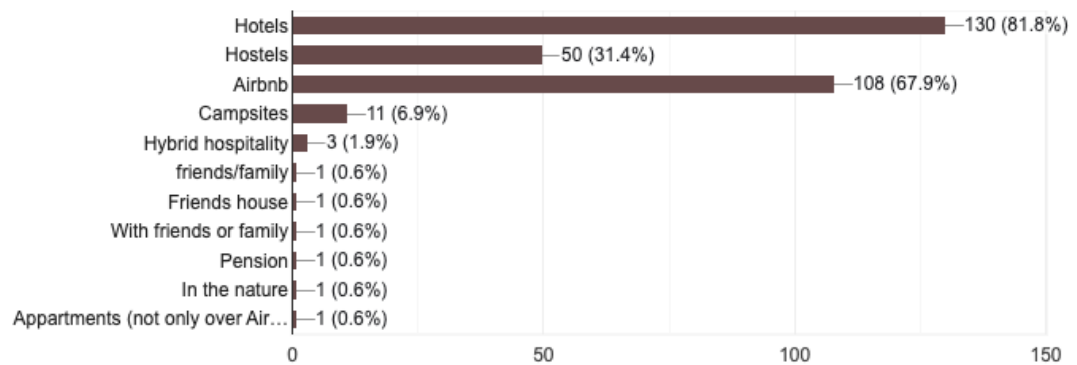
How often do you travel?

159 responses



When you travel, where would you typically stay?

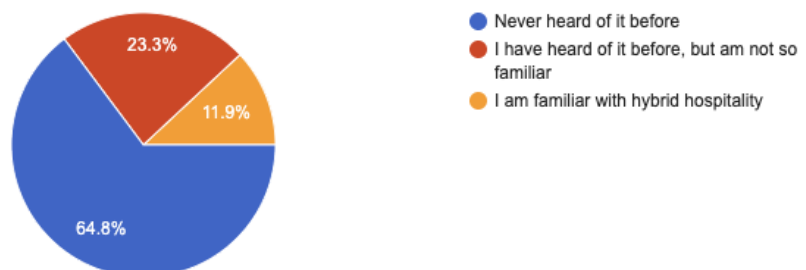
159 responses



Section 2: Hybrid Hospitality

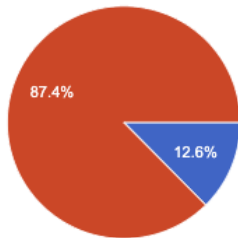
How familiar are you with the concept of hybrid hospitality?

159 responses



Have you ever used a hybrid hospitality facility?

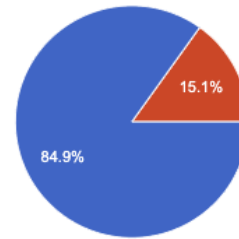
159 responses



If not, would it be of interest?

139 responses

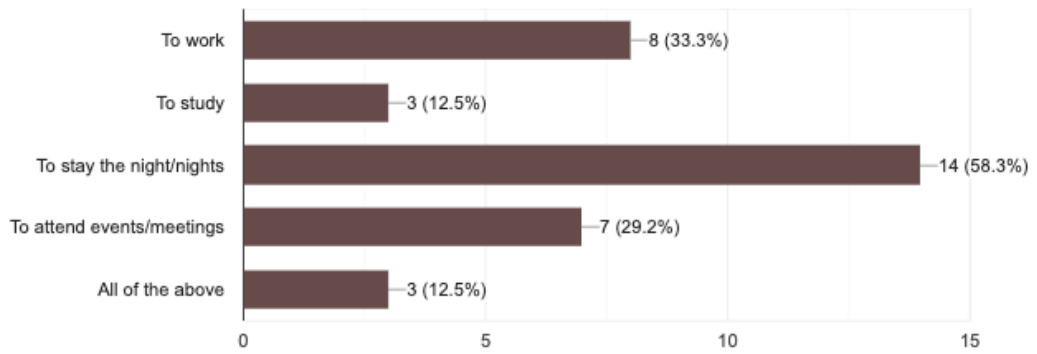
● Yes
● No



● Yes
● No

If yes, what was your purpose?

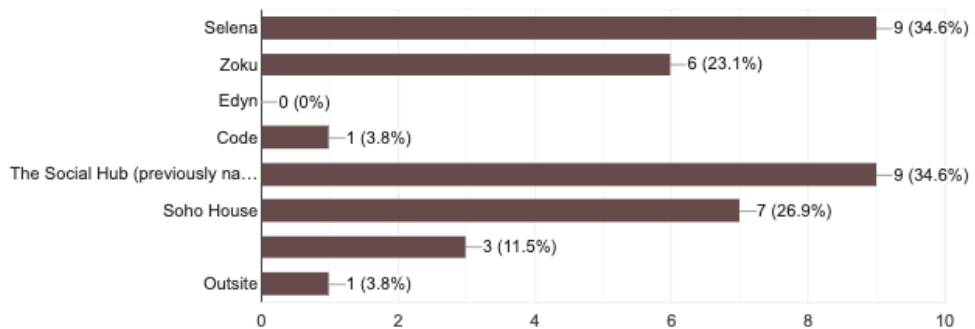
24 responses



If you have experienced hybrid hospitality, please select which one(s)

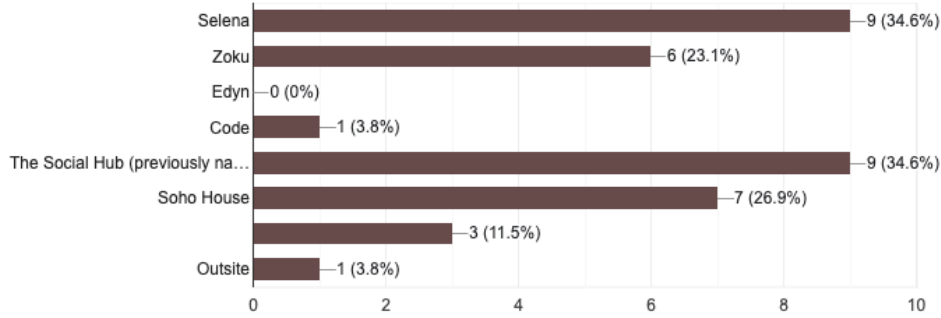


26 responses



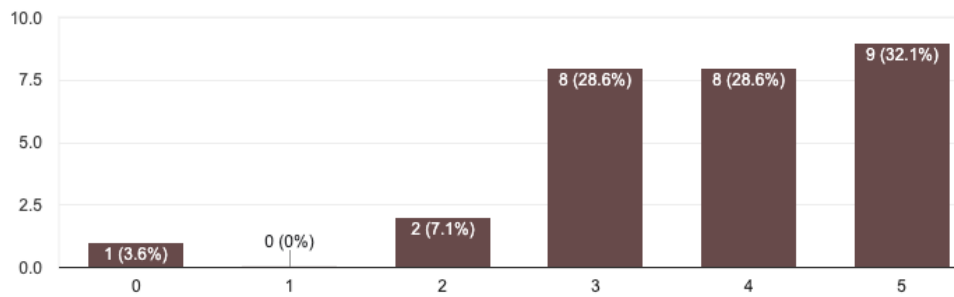
If you have experienced hybrid hospitality, please select which one(s)

26 responses



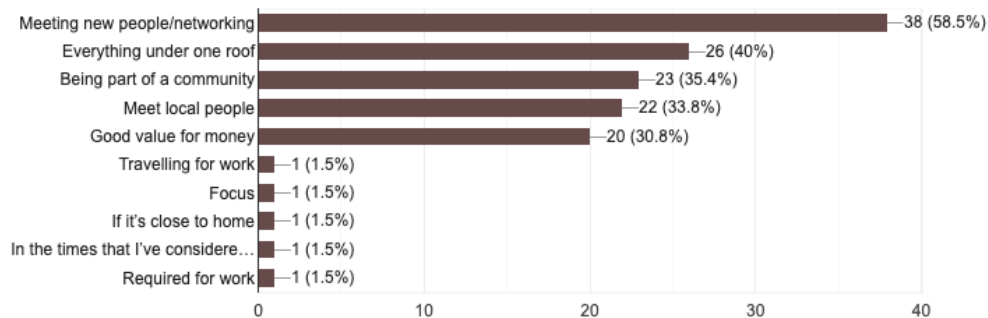
Rate your satisfaction regarding your experience in a hybrid hospitality/ coworking space

28 responses



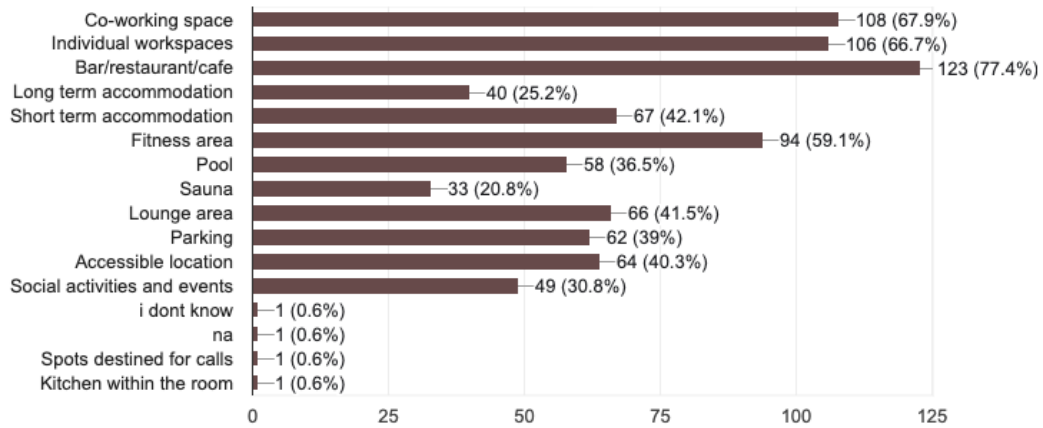
What draws you to hybrid hospitality?

65 responses



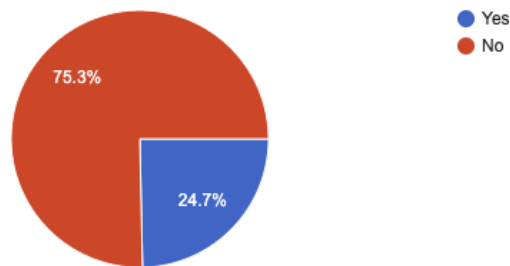
What features or services would you like to see offered in a hybrid hospitality setting?

159 responses



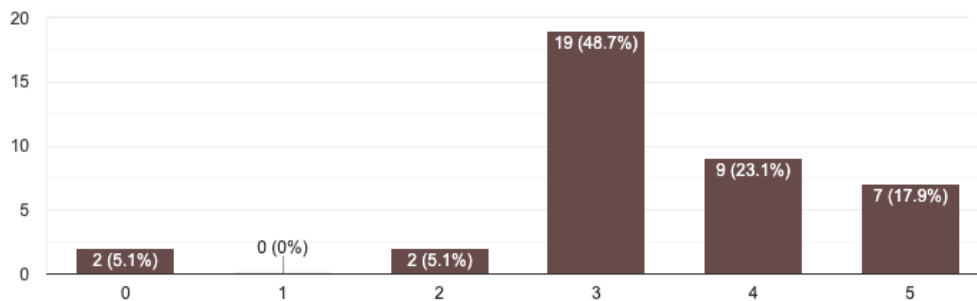
Have you heard of The Social Hub (previously named the Student Hotel) brand?

150 responses



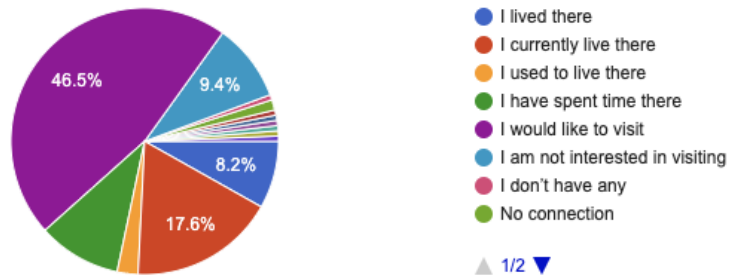
Rate your perception of The Social Hub brand (0 being lowest rating, 5 being highest rating)

39 responses



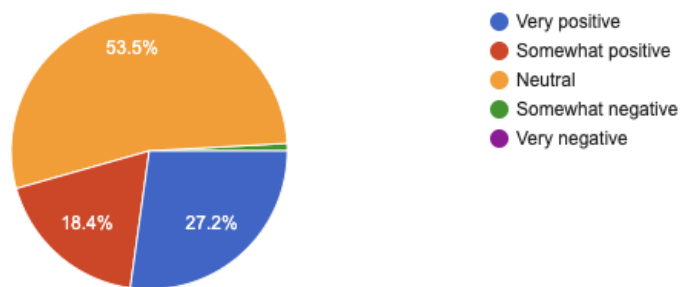
What is your connection to Montreal?

159 responses



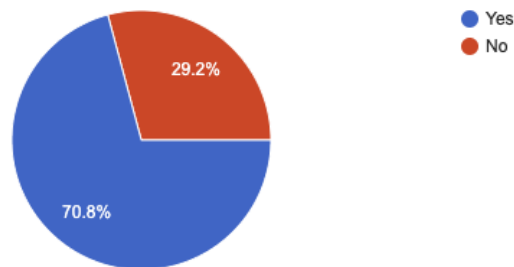
What would be your perception of The Social Hub expanding to Montreal?

114 responses



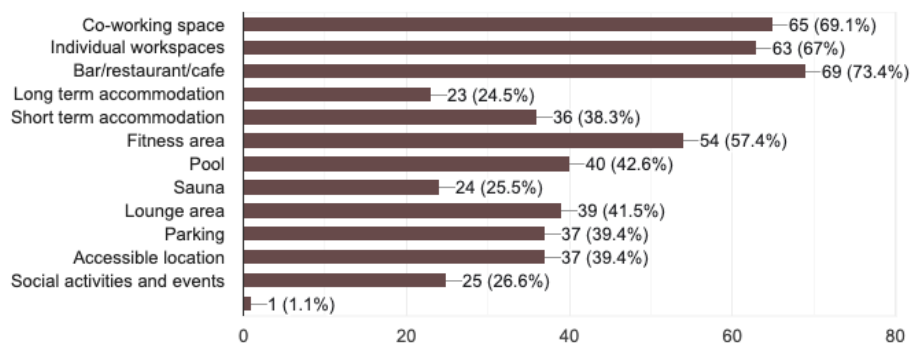
Would you be interested in using The Social Hub's services if they were available in Montreal?

120 responses

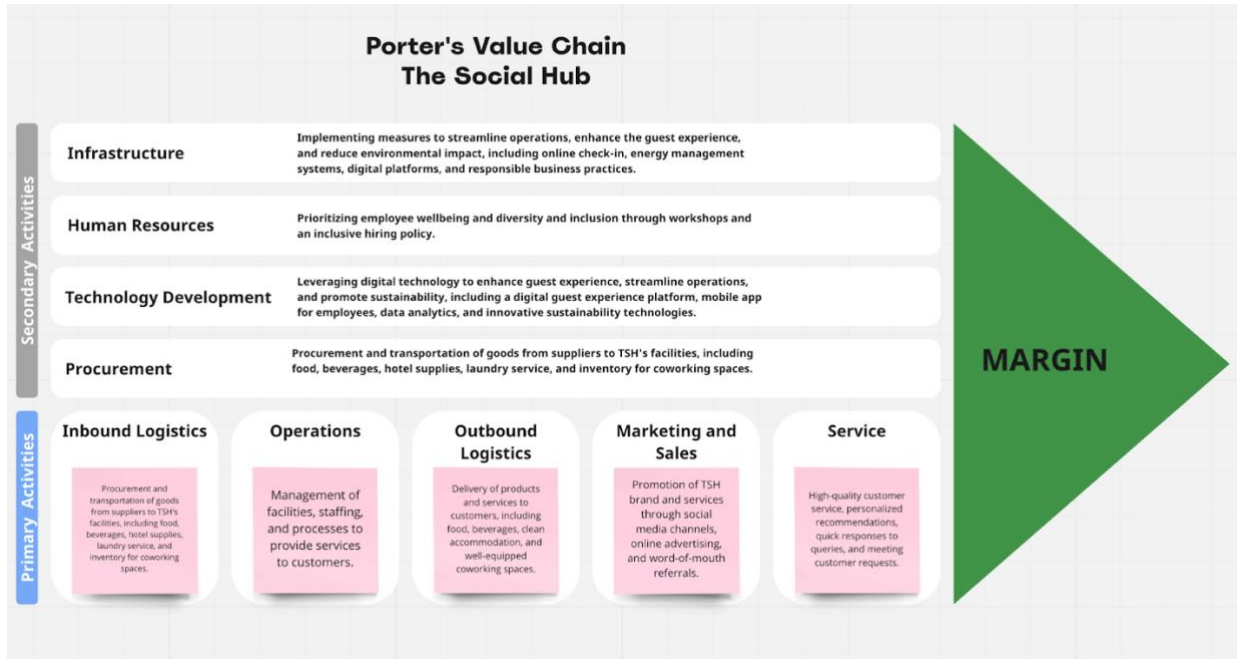


Are there any specific features or services you would like The Social Hub to offer in Montreal?

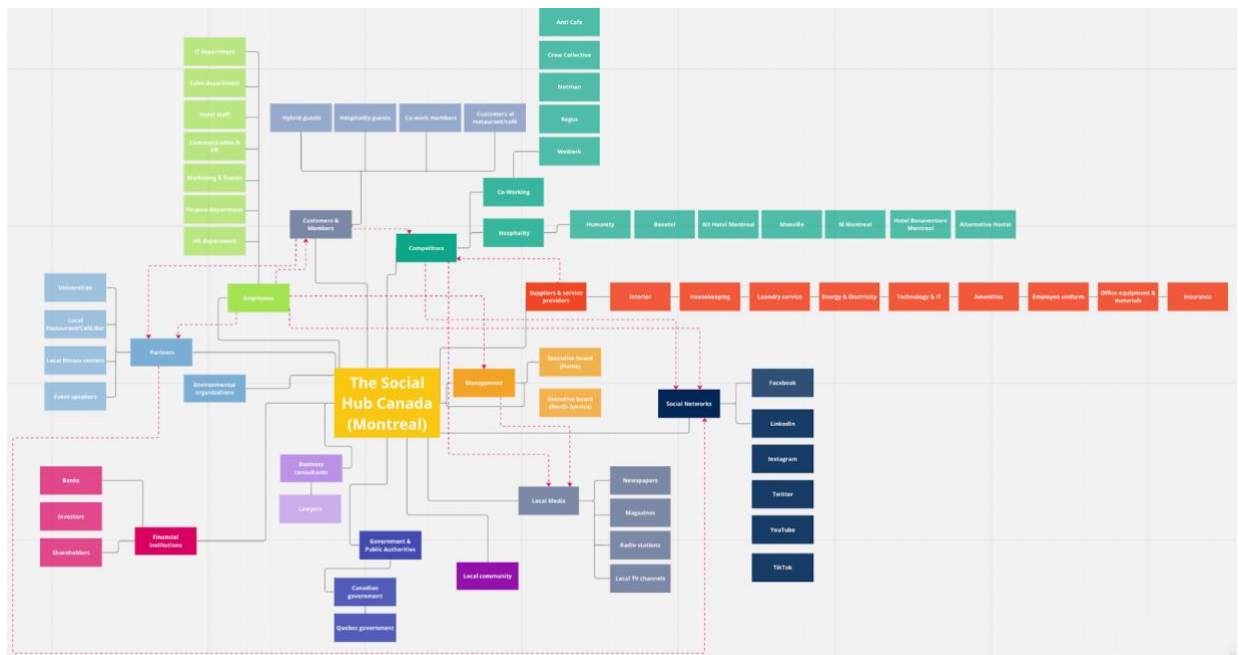
94 responses



Appendix 2: Porter's Value Chain for TSH



Appendix 3: Stakeholder map



Appendix 4: Scoring model

| No. | Factor | Source | Weight | Toronto | | Montreal | | Vancouver | | Calgary | | Ottawa | |
|--------------|-----------------------------|-------------------------------------|-------------|-------------|-------|------------|-------|-------------|-------|-------------|-------|-------------|-------|
| | | | | Rank | Score | Rank | Score | Rank | Score | Rank | Score | Rank | Score |
| 1 | GDP per capita | Harvard | 15% | 5 | 0.75 | 5 | 0.75 | 5 | 0.75 | 5 | 0.75 | 5 | 0.75 |
| 2 | Unemployment rate | Statista | 10% | 3 | 0.3 | 5 | 0.5 | 5 | 0.5 | 1 | 0.1 | 5 | 0.5 |
| 3 | Number of Hotels | STR | 10% | 3 | 0.3 | 4 | 0.4 | 4 | 0.4 | 4 | 0.4 | 5 | 0.5 |
| 4 | Number of Co-working Spaces | Coworking Resources | 10% | 3 | 0.3 | 4 | 0.4 | 4 | 0.4 | 5 | 0.5 | 5 | 0.5 |
| 5 | Cost of Living | Numbeo | 15% | 2 | 0.3 | 3 | 0.45 | 2 | 0.3 | 2 | 0.3 | 2 | 0.3 |
| 6 | 1 Bedroom apartment rent | Numbeo | 15% | 3 | 0.45 | 5 | 0.75 | 2 | 0.3 | 4 | 0.6 | 4 | 0.6 |
| 7 | Number of universities | Top Universities | 15% | 5 | 0.75 | 5 | 0.75 | 4 | 0.6 | 3 | 0.45 | 3 | 0.45 |
| 8 | Transportation | RHB Magazine | 10% | 5 | 0.5 | 5 | 0.5 | 5 | 0.5 | 1 | 0.1 | 2 | 0.2 |
| Total | | | 100% | 3.15 | | 4.0 | | 3.25 | | 3.10 | | 3.60 | |

| No. | Factor | Source | Toronto | Montreal | Vancouver | Calgary | Ottawa |
|-----|-----------------------------|-------------------------------------|--------------|--------------|--------------|--------------|--------------|
| 1 | GDP per capita | Harvard | 51,700 C\$ | \$48,200 C\$ | 49,300 C\$ | 52,800 C\$ | 49,600 C\$ |
| 2 | Unemployment rate | Statista | 5.8% | 4.7% | 4.8% | 6.6% | 4.2% |
| 3 | Number of Hotels | STR | 1,058 | 860 | 690 | 580 | 470 |
| 4 | Number of Co-working Spaces | Coworking Resources | 148 | 135 | 120 | 105 | 95 |
| 5 | Cost of Living | Numbeo | 1,418.6 C\$ | 1,210.2 C\$ | 1,390.0 C\$ | 1,444.7C\$ | 1,424.5C\$ |
| 6 | 1 Bedroom apartment rent | Numbeo | 2,432.77 C\$ | 1,475.61 C\$ | 2,528.73 C\$ | 1,669.75 C\$ | 1,758.24 C\$ |
| 7 | Number of universities | Top Universities | 4 | 7 | 3 | 5 | 2 |
| 8 | Transportation | RHB Magazine | 78 | 77 | 74 | 43 | 49 |

| Rating system | |
|---------------|-------------------|
| 1 | very unattractive |
| 2 | unattractive |
| 3 | neutral |
| 4 | attractive |
| 5 | very attractive |

| Criteria 1: GDP per capita | |
|----------------------------|---------------|
| 1 | <30,000 |
| 2 | 30,000-34,999 |
| 3 | 35,000-39,999 |
| 4 | 40,000-44,999 |
| 5 | >45,000 |

| Criteria 2: unemployment | |
|--------------------------|----------|
| 1 | 7-6.5% |
| 2 | 6.4-6.0% |
| 3 | 5.9-5.5% |
| 4 | 5.4-5.0% |
| 5 | 4.9-4.5% |

| Criteria 3: Number of hotels | |
|------------------------------|-----------|
| 1 | >3000 |
| 2 | 3000-2000 |
| 3 | 1999-1000 |
| 4 | 999-500 |
| 5 | 499-0 |

| Criteria 4: Co-working spaces | |
|-------------------------------|---------|
| 1 | >200 |
| 2 | 200-170 |
| 3 | 169-140 |
| 4 | 139-110 |
| 5 | <110 |

| Criteria 5: Cost of living (CAD/month) | |
|--|-----------|
| 1 | >1500 |
| 2 | 1500-1350 |
| 3 | 1340-1200 |
| 4 | 1190-1050 |
| 5 | <1050 |

| Criteria 6: Apartment rental | |
|------------------------------|-----------|
| 1 | >3000 |
| 2 | 3000-2500 |
| 3 | 2499-2000 |
| 4 | 1999-1500 |
| 5 | <1500 |

| Criteria 7: Number of Universities | |
|------------------------------------|-----|
| 1 | 0 |
| 2 | 1-2 |
| 3 | 3-4 |
| 4 | 5-6 |
| 5 | >6 |

| Criteria 8: Transportation | |
|----------------------------|-------|
| 1 | 36-44 |
| 2 | 53-45 |
| 3 | 62-54 |
| 4 | 71-63 |
| 5 | 80-72 |

Appendix 5: PESTLE Analysis

| | |
|-----------|---|
| | Host Market - Canada (Montreal) |
| Summary | Macro analysis |
| Political | <p>Federal: Canada is a parliamentary democracy, a constitutional monarchy, and a federation. It is a leader in protecting human rights, political tolerance and social equality, scoring a 8.87 out of 9 on the democracy index (Amoros et al., 2022).</p> <p>Canada is historically dominated by two main political parties: the Conservative party and the Liberal party. The New Democratic Party and Green Party are important to the system as well. Canada currently has a minority government led by Justin Trudeau, head of the Liberal Party, with substantial Conservative representation in the House (<i>Economic and Political Overview of Canada, 2023</i>).</p> <p>Some of the main issues Canada has been dealing with as a country over the last many years have been the financial and health challenges posed by COVID-19, reconciliation with indigenous peoples, addressing climate change, legalizing marijuana and the amelioration of LGBTQ rights.</p> <p>Provincial: Politics in Quebec take on its own form due to its unique cultural identity. It has a long history of political and economic tensions with the rest of the country, namely regarding the question of Quebec sovereignty. This movement has made substantial noise in Quebec's political landscape for many decades, leading to many referendums, the most recent occurring in 1995. Many inhabitants continue to support the cause for independence. The relationship between french speaking and english speaking Quebecers has been met with much contention over the last many decades.</p> <p>The Parti Quebecois (PQ) has traditionally been the main political party representing the sovereignty movement in Quebec. The other important parties in the province are the Liberal Party of Quebec and the Coalition Avenir Quebec (CAQ). CAQ is currently the Political party elect, with Francois Legault as its leader. Depending on the political party in charge, the Quebec government has implemented many policies aimed at promoting the french language, preserving the province's cultural heritage, at the expense of the english speaking population (<i>2022 Quebec General Election, n.d.</i>).</p> |
| Economic | <p>Canada is an economically diverse country. It is a member of the USMCA, the OECD and the G7 group of richest industrialized countries. The Canadian economy has been growing steadily since 2012, and GDP in 2022 was estimated at 4.5% by Trading Economics (Trading Economics, 2022). On the provincial level TD Economics (2022) states more specifically that real GDP effectively stalls out across most provinces (TD Economics, 2022). In particular, the oil-producing provinces (Alberta, Saskatchewan, Newfoundland) have benefited from the increase in oil prices this year.</p> <p>Three-fourths of the population works in the service sector (Johnston, 2021). Canada is rich in raw materials (mining: gold, nickel, uranium, diamonds, lead) and has a strong agriculture and forestry sector.</p> <p>The majority of Canadian imports are from the United States (49%), and from China (14%) (Trading Economics, 2022). Ontario, Quebec, British</p> |

| | |
|----------------|---|
| | <p>Columbia, Alberta, and Manitoba are the key recipients of imports (OEC, 2022). As data from Trading Economics shows, Canada's exports go for 76% to the US and second again to China for 4.5% (Trading Economics, 2022). Canada has experienced growth in exports over the years (with the exception of the pandemic period), mainly due to exports of petroleum products (thanks in part to production from the Hebron platform in Newfoundland & Labrador).</p> <p>Trading Economics (2022) demonstrates that Canada experiences a low unemployment rate of 5.2% (Trading Economics, 2022). More specifically, according to the Canadian Government, Quebec has an unemployment rate of 4.1%. This unemployment rate is the lowest compared to the other provinces of Canada (Government of Canada, 2022).</p> <p>For September 2022, the consumer price index (CPI) increased 6.9% year-on-year, following a 7.0% increase in August, marking the third consecutive monthly slowdown in inflation. Lower gasoline prices were largely responsible for the slowdown. Although gasoline prices dropped in September compared to August, Canadians continue to be affected by higher food prices (Statcan, 2022).</p> |
| Socio-cultural | <p>Because Montreal is the specific city in question, and because the socio-cultural identity of the province of Quebec differs from the rest of Canada, we consider both Canada and Quebec in this element of the analysis. Such differences stem from the fact that it proudly belongs to the francophone diaspora, and has different laws and norms that apply provincially. Quebec has the official status of being a French speaking region. It is, in fact, the only francophone region in North America.</p> <p>According to Statistics Canada, the most recent official calculation of the total population of the country is about 39 million (Statcan, 2022). The population residing in Quebec in 2022 is approximately 8,700,000 (Statista, 2022). A large share of the population is in their working years - being between 25 to 64 years of age (Statista, 2022).</p> <ul style="list-style-type: none"> • The age range category of 25-44 contains approximately 2,300,000 individuals (Statista, 2022). • The 45-64 age bracket includes approximately 2,300,000 individuals (Statista, 2022). • Another significant age range to consider is the up and coming generation. According to Statistique Quebec, about 1.5 million people make up the age range of 15-29 years old (Statistique Quebec, 2022). <p>Canada has two official languages: English and French, however, English is spoken by the majority of the country. Constitutionally and federally, it holds the status of bilingual, however, as mentioned, provincially, French is the official language of Quebec. This has been the case since 1974. It is the only province that is primarily composed of French speaking individuals and as mentioned in the section on politics, language is guarded legally (Busque, 2022).</p> <p>In 2021, 85.5% of the Quebec population recorded speaking French at home. This equates to approximately 6.5 million people. Considering Montreal specifically, French is the first official language spoken with a percentage of 58.4%, while in all other regions this number is much higher (Statcan, 2022). Only 1 in 10 individuals speak mostly English at home. The majority of these people live in the Montreal and Montérégie regions. In</p> |

| | |
|---------------|---|
| | <p>terms of the province as a whole, 46.6% of the Quebec population reported being bilingual in 2021 (CBC Canada, 2022). In 2021, bilingualism among the youth specifically (15-29 years old) was approximately 67% (Statistique Quebec, 2022).</p> <p>In 2021, almost one quarter of the Canadian population “were, or had ever been, a landed immigrant or permanent resident in Canada” which is the largest proportion since confederation. In fact, Canada has the largest proportion of immigrants among the G7 countries (Statcan, 2022). This contributes to the multicultural hub Canada is known to be.</p> <p>In 2021, 66% of people in Canada, between the ages of 25 and 34, obtained their tertiary education qualification, compared to 47% on average across OECD countries, signifying an above average rate of higher education (OECD, 2022). For Quebec specifically, data collected in 2021 shows that approximately 3.6 million of the population holds a post secondary degree (Statista, 2022).</p> <p>COVID has resulted in the restructuring and redefining of methods of work which have had long lasting changes. In 2021, 5 million Canadian employees were working remotely, representing over 30% of Canadian workers. This value is significantly higher than what it was in 2016 - only 4% of the workforce was working remotely.</p> <p>A study conducted among Canadians this year demonstrates that very few employees are interested in fully reintegrating to in-person work in this post-COVID era. Only about 4% of Canadian women and 3% of men have indicated a willingness to go back to a full in-person schedule. The majority of people showed interest in some form of hybrid work, or to telework entirely (Angus Reid Institute, 2022) .</p> <p>In the province of Quebec more specifically, Statista reported in 2022 that only 4% of Quebecers were interested in working from the office in a full time capacity. A percentage of 14% indicated interest in working from the office most of the time, while having some time remote, 47% were interested in working mostly from home, and 33% opted for full telework (Statista, 2022). This data is helpful insofar as it demonstrates that there is a significant population that can be a prime target for TSH.</p> |
| Technological | <p>The Canadian tech industry is one of the fastest growing and is in high demand, especially in the education, professional and leisure sectors. Due to the strong growth of the industry and the many opportunities, Canada appeals to many international tech companies who invest in the country and see great potential to expand their businesses (David, 2021).</p> <p>However, according to the International Monetary Fund (IMF), the development in the technological sector also leads to a demand for more educated workers and consequently to an imbalance between employment of skilled and unskilled workers (International Monetary Fund, 2021).</p> <p>In general, Canada has become a tech hub, which is also due to the fact that companies in this sector are strongly supported by the government. According to Kevin Peesker, President of Microsoft Canada, “Canada is increasingly recognized as a world leader in technology and the investments we make today and in the future will help ensure that Canada continues to be a pillar of innovation” (Invest in Canada, 2022). The change in revenue of the ICT (Information and Communication Technology) industry in Canada from 2007 to 2021, which according to Statista was about 240 billion Canadian dollars in 2021 (Sava, 2022).</p> |

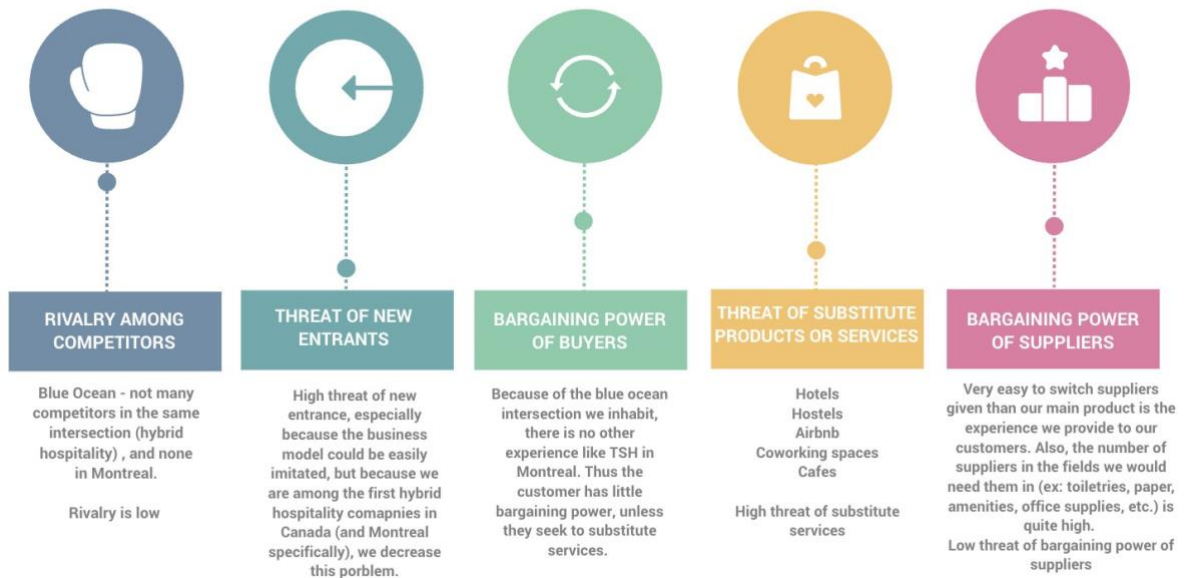
| | |
|---------------|---|
| | <p>Especially in the areas of software, artificial intelligence (AI) and cybersecurity, Canada is constantly developing. According to the most recent statistics, Canada's software and computer service businesses have seen an operational revenue growth of 14.2% annually. Furthermore, also regarding AI, Canada's government shows significant support especially in terms of business finances. In accordance with Canada's National Cyber Security Strategy, the country will invest about 80 million dollars to reinforce Cyber Security R&D, the growth of skills and talents as well as commercialization (Invest in Canada, 2022).</p> <p>When it comes to incentives for technological advancements, the Canadian government supports companies specifically with their Scientific Research and Experimental Development (SR&ED) program, which offers tax incentives and reimbursements of selected R&D activities (Government of Canada, 2022). Furthermore, the Strategic Innovation Fund (SIF) aims at promoting innovation in the country. Therefore, the government is financing major initiatives (Government of Canada, 2022). In terms of R&D, data by The World Bank shows that spending as a percentage of GDP is not particularly large in Canada. However, growth can be seen between 2019 and 2020 (The World Bank, 2022).</p> |
| Legal | <p>The legal system in Canada is based on a common law system, inspired by British and French law. Quebec is the only province with a civil code, heavily influenced by the French Napoleonic code (Government of Canada, 2021).</p> <p>Courts: The supreme court of Canada is the highest court in the country. Then, there is the federal court which is in charge of handling matters related to the federal government. Most provinces contain courts of appeal and trial courts. These are called “the Court of Queen’s Bench or the Supreme Court.” Each province also has courts for smaller offenses such as family, traffic and small claims courts (Hanomansing, 2012).</p> <p>Canada has a strong tradition of protecting human rights and promoting social justice through its legal system. The judiciary is known for being highly independent and impartial. It is a signatory to several international rights treaties. Issues such as the legalization of marijuana, the protection of data privacy, and the regulation of the technology sector are significant legal challenges facing Canada.</p> <p>For a company to expand into Quebec, they would need to comply with laws unique to the province of Quebec. These include labor and employment laws, business registrations, Taxation, Consumer protection, Environmental laws, language requirements and intellectual property (Gagnon et al., 2023).</p> |
| Environmental | <p>Canada is an attraction for its scenic beauty. It is abundant in natural resources and has a strong commitment to protecting the environment. Climate change is a major issue for the Canadian government, with a focus on reducing emissions and transitioning to a low-carbon economy. Other environmental issues facing Canada include air and water pollution, habitat loss, and the management of natural resources such as forests, minerals, and oil and gas. Air pollution is one of the largest environmental concerns for Canadians, and Canada is very focused on implementing initiatives to help this issue (<i>PESTEL Analysis of Canada (Country Profile)</i>, 2023). Generally speaking, Canada is an environmentally friendly country, with more than</p> |

| | |
|--|--|
| | <p>half (60%) of the country’s electricity being generated from hydro-sources. Canada has “the fourth largest installed capacity of hydropower in the world” in 2020. Electricity is a provincial matter in Canada. Looking at Quebec specifically, over 80% of their electricity is hydroelectric, making it a leader in this field (<i>CER – Provincial and Territorial Energy Profiles – Canada, 2022</i>).</p> |
|--|--|

Appendix 6: Porter’s Five Forces



PORTER’S FIVE FORCES



Appendix 7: Host Market Size - Population of Montreal

Market size refers to “the maximum total number of sales or customers a business can see, often measured over the course of a year” (Melendez, 2019).

DISCLAIMER: Because the business model is based on different forms of revenue streams, it becomes more complex to predict what kind of services a potential customer will want to pay for. For this reason, market size will be evaluated based on potential customers.

As explained by Charlie Macgregor in an interview conducted by *Stay The Night*, the company’s initial target audience was **students**, namely international students, but then grew to cater to locals who would find themselves working in the hotel’s lobby. Over time, **remote workers became** part of the target market, especially in recent years, along with **travelers** and **young professionals**. Since the pandemic, TSH has seen an increase in long-stay dwellers and **digital nomads** (Stay the Night, 2022). From this

information, the demographic of interest, or host market size, should encapsulate all of these different types of individuals as they are potential customers.

1. Population of Montreal:
 - Montreal is the second most populated city in Canada: 4,378,796 (calculated in July 2022) (Statista, 2023)
 - **Assuming the focus to be on all genders between 20 and 44 years of age**
 - 20-24 years = 270,464
 - 25-29 years = 305,366
 - 30-34 = 311,655
 - 35-39 = 305,844
 - 40-44 years = 318,789
 - **Total population in this age bracket: 1,225,118** (Jeudy, 2023)
2. Student population in Montreal: (Universities Canada, 2022)
 - Montreal has six universities that attract both local and international students to complete their undergraduate and graduate degrees. The values below indicate the number of students enrolled in either full or part time undergraduate or graduate degrees:
 - McGill University: 36560
 - Université de Montréal: 45800
 - Concordia: 38750
 - UQAM: 35250
 - School of Higher Technology (University of QC): 8840
 - Polytechnic: 9880
 - Total: **172,350**
3. Remote worker population in Montreal:
 - Coworking space demographic world wide = in the thirties (36 being the exact average age) (ONEs, 2022)
 - As stated in the PESTLE analysis, 30% of Canadians work remotely. Although it does not give a perfectly exact value, the 30% can be extrapolated onto Montreal's population to assume that there is the potential of 1,313,638 inhabitants working remotely.
 - It can be assumed that the majority of remote workers would naturally fall into the aforementioned segment of the population.
4. Digital nomad population:
 - *Digital nomads differ from remote workers. Where remote workers tend to be tied to one location - the location of their employer, digital nomads have nothing tying them down to one location, and do not stay in one place for too long. That being said, these two demographics can be considered to be separate when evaluating the host market size.*
 - Worldwide, the digital nomad population is at about **35 Million**.
 - The average age is 40 years old, but the majority of digital nomads (47%) are in their 30s (Ziliak, 2022)
 - Montreal has ranked the second best city to live in as a digital nomad or remote worker (Work Motion, n.d.)

5. Traveler population

- Montreal is showing signs of recovery in terms of tourism, as it reached about 8 million in 2022 and is forecasted to reach 9.5 million in 2023 (Wein, 2022)

Conclusion: While the exact market size is difficult to calculate, considering the data above can help estimate. The market size is at least 1,225,118 individuals **(the total number of citizens between age 20 and 44)**. From this, the next step would be to add in the number of students, remote workers, digital nomads and travelers (that do not overlap with the aforementioned number).

Appendix 8: Co-working spaces & accommodation competitors

Co-working spaces:

Coworking space market: According to Statista, the value of the coworking space industry worldwide has a huge projected growth capacity - from its initial value of 7 billion USD in 2021 to 24 billion USD by 2030. The leading companies worldwide are Regus, WeWork, Breather, Knotel, and Servcorp (Statista, 2022).

WeWork: WeWork is a global provider of office spaces based on a monthly membership program. This includes “mail and package handling”, “meeting rooms”, “business-class printers” as well as “unlimited coffee and tea”. With 725 locations in 120 cities worldwide, the company is much larger than TSH. However, while WeWork focuses on offering different kinds of office spaces, from a desk in a shared office to private offices up to full floor offices, TSH further concentrates on the community factor and in addition provides accommodations to its guests (WeWork, 2023).

Regus: Regus is another provider of flexible office solutions, offering private offices, custom offices and day offices. What makes the model very flexible is that customers are not tied to one location, but are able to choose between Regus’ over 3,000 locations worldwide. Compared to TSH also Regus is much larger and a global player in the market. Similar to WeWork, Regus is focusing on flexible office-space solutions and does not offer accommodation as well as pays less attention to the community aspect.

While both companies offer co-working solutions, Regus targets professionals and corporations looking for flexible office solutions, while The Social Hub targets remote workers, entrepreneurs, and digital nomads looking for a community-driven living and work environment. Regus has a more corporate focus, and The Social Hub targets younger professionals looking for a community-driven environment (Regus, n.d.)

Notman house: Notman house in Montreal is a co-working space, offering shared and private offices and enhancing innovation amongst its customers. The company encourages networking and collaboration between its members and therefore hosts several events. Compared to TSH, this co-working place does not offer accommodation and rather focuses on business networking and Start-ups. Consequently, the target group is partly different to TSH. It targets the segments of entrepreneurs and freelancers. Furthermore, Notman house has not expanded further and only offers its services in Montreal. (Notman, n.d.).

Anticafé: Anticafé offers a unique concept of "pay-per-minute" pricing for food, drinks, and workspace. Customers pay for their time rather than the number of items they

consume. This concept allows customers to spend as much or as little time as they need, without worrying about the cost of individual items. Anticafé provides a creative and collaborative environment for freelancers, entrepreneurs, and remote workers looking for a co-working space. Anticafé is designed to be a space for networking and community building, and it often hosts events such as workshops, talks, and social gatherings.

While there may be some overlap in the demographic of Anticafé and The Social Hub, they target slightly different groups of professionals. Anticafé's pay-per-minute pricing model appeals to those who need a flexible workspace solution, while The Social Hub's community-driven environment appeals to those who want to collaborate and socialize with like-minded individuals. However, both provide a unique and flexible workspace solution for professionals and creatives (Anticafe, n.d.).

Crew Collective Cafe: Crew Collective Cafe is a co-working space in Old Montreal, located in a beautifully restored historic building. The space has a focus on creating an atmosphere that is both luxurious and comfortable, with a lot of attention given to the aesthetics and ambiance of the space. The target demographic of Crew Collective Cafe is primarily entrepreneurs, professionals, and remote workers who are looking for a high-end and professional work environment. The space offers amenities such as private meeting rooms, a professional printing center, and high-speed Wi-Fi. In addition to the co-working space, Crew Collective Cafe also offers a cafe that serves coffee, food, and drinks (Crew Collective & Cafe, 2022).

Accommodation:

Hybrid hospitality market: when evaluating the hybrid hospitality market. Stay The Night considered the following as the top companies: TSH, Zoku, Edyn, and Selina (Stay the Night, 2022). Soho House is included in this category as well. According to a recent report done by the Global Co-Working Unconference, “the number of coworking spaces in Canada is projected to reach over 1500 by the end of 2022” - an increase of 500 from 2018 (Coworking Canada, 2022). This suggests that there could be increasing competition as the industry gets more populated.

Hostels:

The Alternative Hostel of Old Montreal: The Alternative Hostel of Old Montreal is a budget-friendly hostel located in Old Montreal. It offers shared dorm rooms as well as private rooms. It also have common areas such as a kitchen and a lounge. This hostel targets backpackers and tourists looking for more affordable accommodation options. While TSH offers accommodation to travelers and backpackers, TSH offers a higher-end experience (The Alternative Hostel of Old Montreal, n.d.).

M Montreal: M Montreal offers Shared and private dorm rooms, common areas, a lounge and a rooftop terrace. It is located in the heart of downtown Montreal, and caters to budget-conscious travelers, backpackers and tourists. While M Montreal offers a more traditional hostel experience, The Social Hub provides a unique and more upscale experience that caters to a different type of traveler (M Montreal, n.d.).

Hotels with co-working spaces :

Hotel Bonaventure Montreal: Hotel Bonaventure Montreal is a luxury hotel located in downtown Montreal. It offers private guest rooms and suites, as well as amenities such

as a gym, indoor and outdoor swimming pools, spa services, and fine dining options. The target demographic of Hotel Bonaventure Montreal is primarily upscale business and leisure travelers who are looking for a luxurious and comfortable accommodation option. This hotel caters to an upscale class of business and leisure travelers looking for a high-end experience, as opposed to the social hub which targets younger professionals who are looking for a community driven work and living space (Hotel Bonaventure Montreal, n.d.).

Hotel Monville: Hotel Monville is a modern and high-tech hotel located in downtown Montreal, offering accommodation and co-working spaces. The hotel features contemporary accommodation equipped with state-of-the-art technology. In addition to its luxurious accommodation, the hotel also provides a shared workspace on the ground floor, called "The Workspace." This modern and sleek co-working space is designed to provide a productive environment for business travelers, freelancers, and entrepreneurs. The Workspace includes ergonomic furniture, high-speed Wi-Fi, power outlets, and complimentary coffee and tea, making it an ideal work environment for those seeking a productive workspace. While there may be some overlap in terms of guests seeking a productive workspace in Montreal, Hotel Monville and TSH differ in overall offering and target market. While the former offers a traditional hotel experience, TSH offers more of a collective, community style living space with community focused amenities (Hotel Monville, n.d.).

Humaniti Montreal: This luxury hotel offers a range of accommodation options, including guest rooms and suites with modern amenities and upscale design. The hotel also offers a coworking space called Club Humaniti, which provides a productive and inspiring environment for business travelers, freelancers, and entrepreneurs. The coworking space contains private offices and shared workspaces. The hotel also features a variety of other amenities, including a fitness center, an outdoor rooftop pool, and several on-site restaurants and bars. While Humaniti Hotel offers a coworking space and may attract some of the same guests as The Social Hub, they differ in their overall offerings and target markets. Humaniti is primarily a luxury hotel with a coworking space that serves as an added amenity for business travelers and other guests seeking a productive workspace during their stay. Therefore, while they may share some similarities, they cater to different target markets and offer different types of living and working environments (Humaniti Montreal, n.d.).

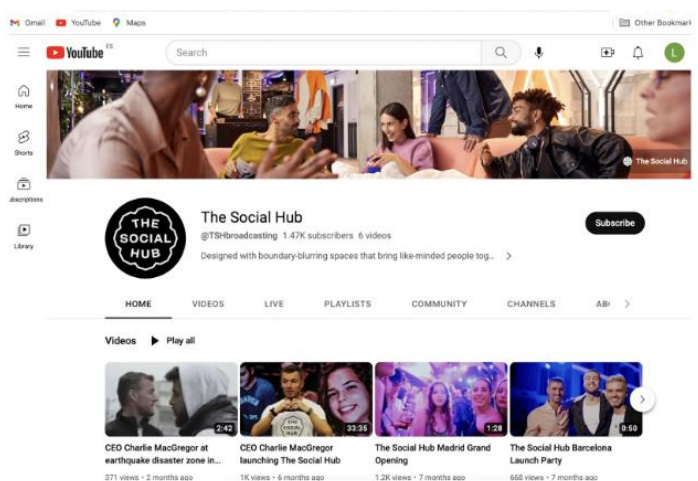
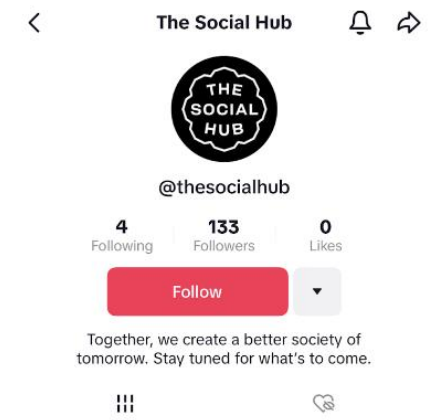
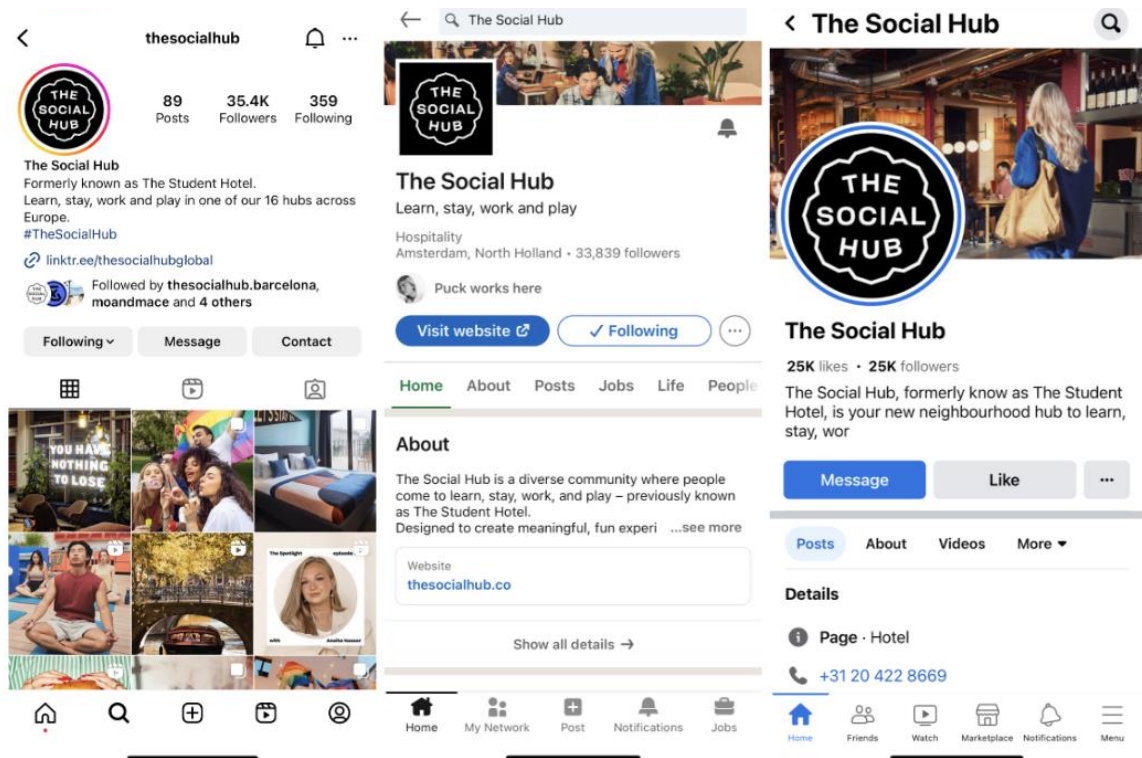
Boxotel: Boxotel is a boutique hotel offering a unique living experience with its modern and minimalist design. It offers suites and lofts that are set up with modern amenities such as kitchenettes, smart TVs, and high-speed Wi-Fi. While Boxotel does not offer a dedicated co-working space, it does provide guests with a workspace within their room or suite. Additionally, the hotel offers a community lounge that can serve as a casual coworking space and can be rented out for private events. While Boxotel and The Social Hub share some similarities in terms of their focus on modern design and communal living spaces, they differ in their overall offerings and target markets (Boxotel, n.d.).

Alt Hotel Montreal: Alt Hotel is a sleek, trendy hotel offering an array of modern accommodation options. It also has a co-working space called "Le Lab" that features private offices, dedicated desks, shared workspaces, and meeting rooms for presentations or interviews. While Alt Hotel and The Social Hub may attract some similar demographics of travelers seeking a modern and stylish hotel experience, The Social Hub is a community-driven co-living and co-working space that caters specifically to

remote workers and entrepreneurs. In contrast, Alt Hotel primarily targets business and leisure travelers looking for a comfortable and convenient place to stay, with a co-working space that is not as extensive or community-focused as The Social Hub (Thúy, n.d.).

Appendix 9: Social Media Accounts

Below include images of the current social media accounts managed by TSH Headquarters. A new twitter and Spotify account will be started through TSH Canada but will be used companywide.



Appendix 10: Target personas

Target person 1

Name: Sarah

Age: 20

Gender: Female

Location: Montreal, Canada

Nationality: French

Education: International student at McGill University

Program: Business Administration

Meet Sarah, a 20-year-old female student at McGill University in Montreal. She is currently pursuing a degree in business administration and is deeply passionate about fashion, running, and travel. Sarah has set ambitious goals for herself, aiming to achieve outstanding results in her degree, build a successful career, and have the freedom to explore the world through travel. However, Sarah faces a challenge when it comes to finding convenient housing in Montreal. The city's high cost of living and limited availability of suitable places make it difficult to find affordable accommodations close to campus, with access to gym facilities and quiet study spaces.

During her search for alternatives, Sarah discovers The Social Hub (TSH). TSH stands out as an attractive option for her, offering long-stay rooms that are not only affordable but also conveniently equipped with all the necessary amenities. From fully furnished rooms to Wi-Fi, laundry facilities, and a fitness center, TSH provides everything Sarah needs for a comfortable living experience. Moreover, its proximity to campus ensures that Sarah can easily attend her classes without any hassle, maximizing her study time and minimizing excuses to miss out on educational opportunities.

Beyond its practical benefits, Sarah is particularly drawn to the community aspect of TSH. Being from out of town, she values the opportunity to connect with like-minded individuals in a welcoming and inclusive environment. TSH's emphasis on fostering a sense of belonging and facilitating connections aligns perfectly with Sarah's desire to build a network of friends who share her interests and aspirations. With a range of regular events and activities, TSH ensures there is always something of interest happening, providing Sarah with ample opportunities to meet new people and form meaningful connections.

Overall, TSH offers Sarah a unique housing solution that not only meets her practical needs but also provides a supportive community that enhances her university experience. With TSH, she can enjoy affordable, convenient, and socially engaging housing while pursuing her academic and personal goals in Montreal.

Target persona 2

Name: Axel

Age: 28

Gender: Non-binary

Location: Currently in Montreal, Canada

Occupation: AI Specialist in Finance

Nationality: Canadian

Experience: 4 years in the AI industry

Introducing Axel, a 28-year-old AI specialist in finance who has embraced remote work for the past four years. Having lived in 65 countries, Axel has developed a deep passion for travel, photography, hiking, surfing, and forging meaningful connections within the finance industry. Their ultimate goal is to continue working as an AI specialist in finance while exploring the world and establishing valuable connections within their industry.

However, Axel encounters a common challenge faced by digital nomads—finding affordable and convenient housing in various cities. Currently back in their hometown of Montreal, they are in search of a temporary stay before their next adventure. Additionally, Axel faces the unique obstacle of making new connections within the niche industry they work in. As a non-binary individual, they recognize the scarcity of representation in their field, making it more challenging for people like them to break into the industry.

Fortunately, The Social Hub provides an ideal solution for Axel. TSH offers co-working spaces catering to diverse professionals, including AI specialists like them. In addition, TSH provides short-stay rooms that are not only affordable and convenient but also strategically located in Montreal. The availability of such accommodations aligns perfectly with Axel's need for flexibility and adaptability in their nomadic lifestyle.

What makes TSH even more appealing to Axel is the wide range of events and activities it offers. These gatherings create a perfect opportunity for networking and establishing connections within the finance industry. Axel sees TSH as an excellent platform to connect with like-minded individuals during these organized events, fostering a sense of camaraderie among digital nomads and professionals from various fields.

Considering all these factors, Axel is strongly considering staying at The Social Hub. As a digital nomad, TSH provides them with the ideal environment to work remotely, enjoy affordable accommodations, and actively engage in networking opportunities. Axel is excited about the prospect of meeting fellow nomads and industry professionals at TSH's events, as they continue their journey of personal and professional growth.

Target Persona 3

Name: Edward

Age: 32

Gender: Male

Location: Currently in Montreal, Canada

Occupation: Business analyst for multinational

Nationality: South Korean

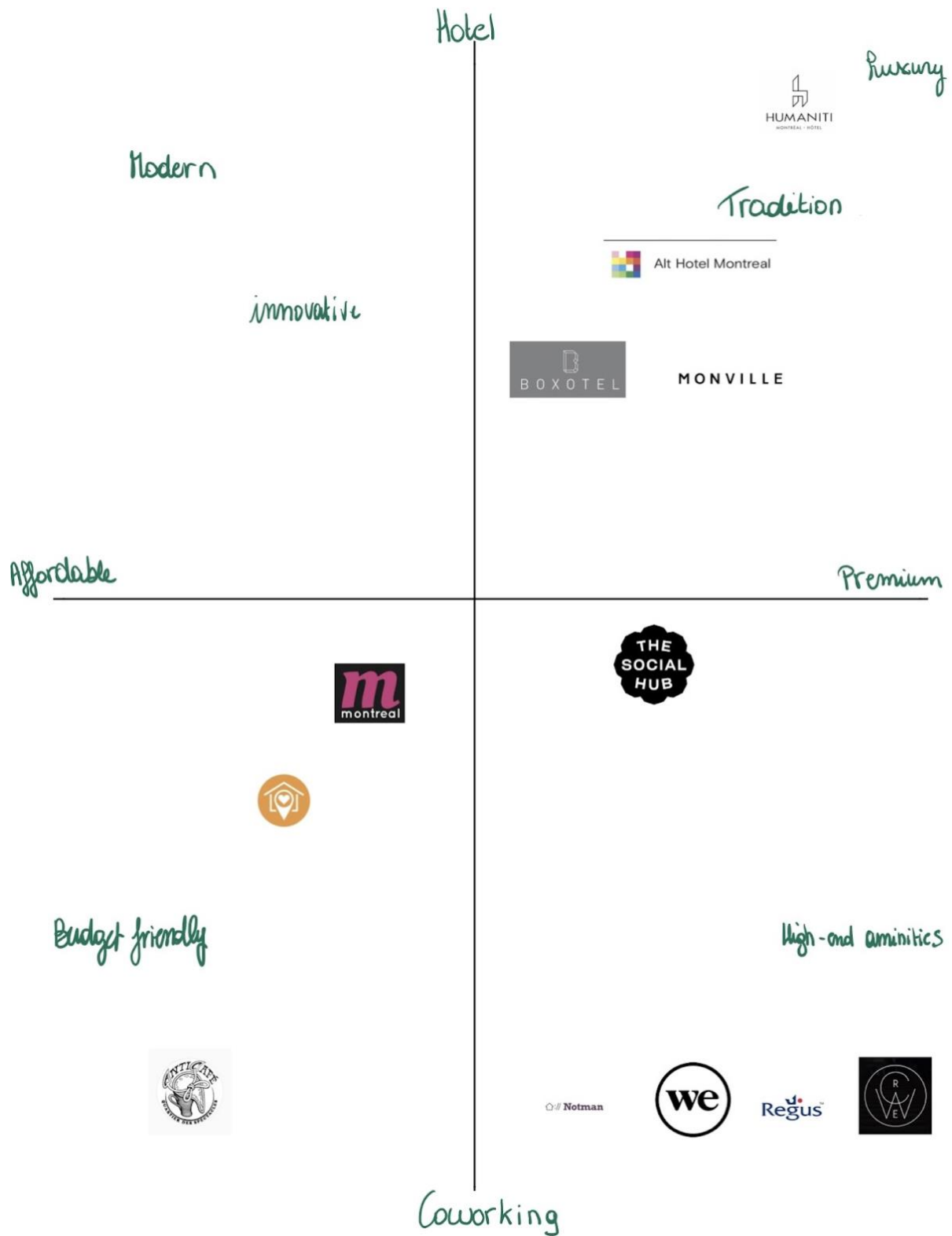
Experience: 5 years in the business analysis industry

Meet Edward, a 32-year-old business analyst from South Korea who has fully embraced the remote work lifestyle for the past five years. Alongside his passion for reading, skiing, and exploring new destinations, Edward's ultimate ambition is to continue working as a business analyst while travelling the world and assisting international teams in overcoming technical challenges within their respective businesses. However, Edward encounters a couple of challenges in his quest for an ideal workspace and accommodation. Firstly, he struggles to find a comfortable hotel that not only offers co-working spaces but is also centrally located in Montreal. Given the city's high cost of living, it can be quite a task to secure an affordable place that is in close proximity to essential amenities. Moreover, as a dedicated professional who often puts in long hours, Edward requires a workspace that fosters comfort and productivity, allowing him to focus and unleash his creative potential.

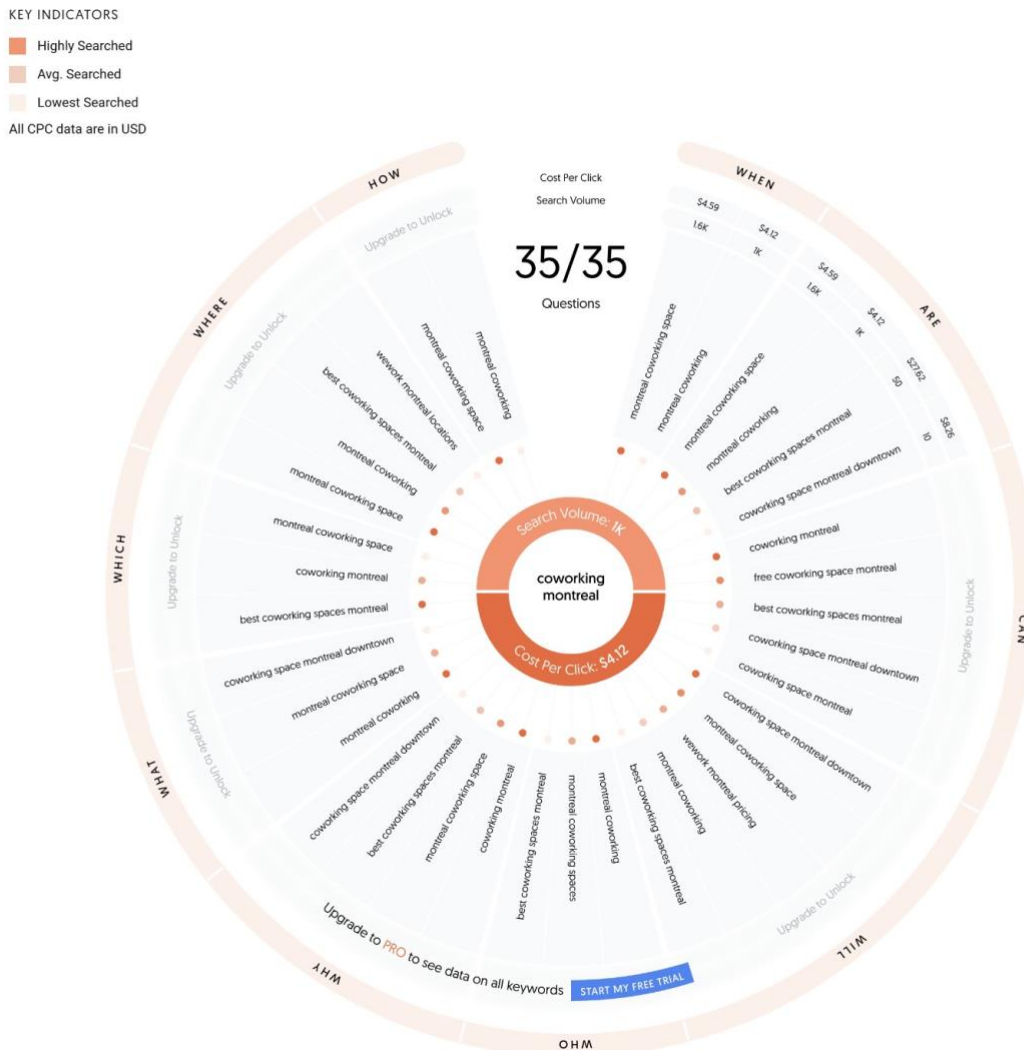
Fortunately, The Social Hub (TSH) comes to Edward's rescue with its diverse range of co-working spaces perfectly suited to his needs. These workspaces offer the utmost comfort, are thoughtfully equipped, and boast a central location within Montreal. Beyond the work facilities, Edward can take full advantage of the hotel's array of amenities, including a gym, pool, and restaurant, ensuring a well-rounded and enjoyable stay. The all-in-one package provided by The Social Hub makes it an outstanding choice for Edward. Not only does it address his need for comfortable and productive workspaces, but it also offers affordable and conveniently located accommodations. Edward can seamlessly transition between work and leisure, enjoying the amenities and services provided by the hotel. The central location of TSH further enhances Edward's ability to explore and experience the vibrant city of Montreal, adding to the overall appeal of his stay.

With everything he requires at his fingertips, Edward finds The Social Hub to be the perfect solution for his accommodation and workspace needs. It aligns perfectly with his goal of combining work and travel, offering a conducive environment to thrive professionally while indulging in his personal passions. Edward looks forward to a fruitful and enjoyable stay at The Social Hub, making the most of his journey as a globetrotting business analyst.

Appendix 11: Perceptual Map



Appendix 12: Keyword search: “coworking Montreal” (AnswerThePublic, n.d.)



Appendix 13: Outsourcing Food & Beverage

Dispatch café is renowned as a popular and trendy destination in Montreal. Not only do they serve their own exceptional coffee, but they also offer coffee workshops. The TSH’s events team could therefore also cooperate with Dispatch café and provide community events together. It is worth mentioning that Dispatch café already established successful cooperation with McGill University, with which a connection between the café, the university and its students as well as TSH could arise.

Restaurant Mélisse is a true embodiment of the timeless charm of Montreal’s culinary scene, deeply rooted in the city’s vibrant culture. Mélisse showcases an exquisite selection of lunch and dinner menus, each carefully crafted to deliver great quality while maintaining a reasonable price.

*Appendix 14: Contract terms supplier EcoEnclose***Contract terms supplier EcoEnclose**

This contract is made on 5th of May 2023 between:

The Social Hub, a company with its registered office at 4387 Esplanade Ave, Montreal, QC H2W 1T3, Canada, hereinafter referred to as "The Buyer"; and

EcoEnclose, a company with its registered office at 416 S Taylor Ave, Louisville, CO 80027, United States, hereinafter referred to as "The Seller".

In consideration of the mutual covenants contained herein, the parties agree as follows:

1. Products

The Seller shall sell and the Buyer shall purchase the following goods:

- 100% Recycled Office Paper (White) - 8.5 x 11" - Ream of 500.

2. Price and Payment terms

The parties agree upon the unit price of US\$13.75 per package per purchase order. The Buyer requires a monthly quantity of 1 package, which totals to 12 per year. Orders will be placed 4 times per year to meet the annual demand.

Payment shall be made by the Buyer to the Seller in the USD within 10 days from the date of receipt of the products.

3. Delivery

The Seller shall deliver the goods to the following location: 4387 Esplanade Ave, Montreal, QC H2W 1T3, Canada

The Seller shall deliver the goods using the DAP (Delivered at Place) Incoterm®. Under this rule, the seller is responsible for delivering the goods to the buyer at the agreed-upon place of destination, typically the buyer's premises or another specified location. The Buyer is responsible for all costs and risks associated with the transportation of the goods from the Seller's premises to the Buyer's premises.

4. Customs Clearance

For exports from the United States, it is the seller's responsibility to clear customs for export. The seller must ensure that all necessary documentation and procedures are completed to comply with U.S. customs requirements. On the other hand, for imports into Canada, it is the buyer's responsibility to clear customs for import. The buyer is responsible for handling all customs-related processes, including submitting the required documentation, paying any applicable duties or taxes, and complying with Canadian customs regulations.

5. Loading, Transportation and Unloading Costs

The seller is responsible for the transportation costs incurred in delivering the goods to the buyer's chosen place of destination. This includes the costs associated with the main carriage of the goods until they reach the agreed-upon delivery location. Any additional costs or charges that occur after the goods have been delivered, such as local delivery charges or customs duties, are the buyer's responsibility.

6. Risk of Loss

The risk of loss or damage to the goods transfers from the seller to the buyer at the point of delivery. Once the goods have been delivered and made available at the agreed-upon place of destination, the buyer assumes the risk. The risk transfer occurs at the point of delivery, regardless of whether the goods have been unloaded from the transportation vehicle or not.

Therefore, the buyer should promptly inspect the goods upon delivery and notify the seller of any visible damage or discrepancies to ensure that any necessary claims or actions can be taken in a timely manner.

7. Allocation of Costs

The Seller shall pay for the following costs:

- The cost of packaging the goods for shipment.
- The cost of shipping the goods to the Buyer.
- The cost of insuring the goods for shipment.

The Buyer shall pay for the following costs:

- The cost of unloading the goods at the agreed-upon location.
- The cost of inspecting the goods upon arrival.
- The cost of storing the goods until the Buyer is ready to use them.

8. Documents

The Seller shall provide the Buyer with the following documents:

- A commercial invoice.
- A bill of lading.
- A packing list.

9. Packaging

The Seller shall package the goods in a sturdy and secure manner to protect them from damage during transportation. The Seller shall use the following material for packaging:

- Corrugated cardboard boxes

The Seller shall also label the boxes with the following information:

- The name of the shipper and the consignee
- The weight and dimensions of the goods

10. Obligation of Buyer to Take Delivery

The Buyer shall take delivery of the goods within three (3) business days of the Seller's notification that the goods are ready for delivery. If the Buyer fails to take delivery of the goods within the specified time period, the Seller may charge the Buyer a storage fee of US\$10 per day.

11. Warranty

The Seller warrants that the goods will be free from defects in material and workmanship for a period of one year from the date of delivery.

12. Dispute Resolution

Any dispute arising out of or in connection with this contract shall be resolved by arbitration in accordance with the rules of the International Chamber of Commerce (ICC). The arbitration shall be conducted in English and the arbitral award shall be final and binding on the parties.

13. Governing Law

This contract shall be governed by and construed in accordance with the laws of the Province of Quebec.

14. Insurance

The Buyer may purchase insurance to cover the risk of loss or damage to the goods during transportation.

15. Entire Agreement

This contract constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior or contemporaneous communications, representations, or agreements, whether oral or written.

16. Severability

If any provision of this contract is held to be invalid or unenforceable, such provision shall be struck from this contract and the remaining provisions shall remain in full force and effect.

17. Waiver

No waiver of any provision of this contract shall be effective unless in writing and signed by both parties.

18. Notices

All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when delivered in person, upon the first business day following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested, addressed as follows:

If to The Buyer:

The Social Hub

4387 Esplanade Ave, Montreal, QC H2W 1T3, Canada

If to The Seller:

EcoEnclose

416 S Taylor Ave, Louisville, CO 80027, United States or to such other address as either party may designate in writing from time to time.

19. Assignment

This contract may not be assigned by either party without the prior written consent of the other party.

20. Headings

The headings in this contract are for convenience only and shall not affect its interpretation.

IN WITNESS WHEREOF, the parties have executed this contract as of the date first written above.

Signature of The Social Hub (Montreal) ("Buyer")

Charlie MacGregor, 5th of May 2023



Signature of EcoEnclose ("Seller")

Saloni Doshi, 5th of May 2023



Appendix 15: Emotional intelligence test

The Social Hub will use the Bar-On Emotional Quotient Inventory (EQ-i) in their HR department to recruit new employees in a number of ways.

The EQ-i measures five dimensions of emotional intelligence: self-awareness, self-management, social awareness, relationship management, and stress management (Bar-On, 2004). These dimensions are all important for success in the hospitality industry, as employees need to be able to manage their own emotions, build relationships with guests and colleagues, and handle stressful situations at a quick pace. By screening job candidates with the EQ-i, The Social Hub can identify candidates who are likely to be successful in the role they applied for.

Further on in the job process, the EQ-i will also be used to provide feedback to employees. The EQ-i helps employees identify areas where they can improve their emotional intelligence skills or maybe adapt them more to their working environment. This feedback will be used to help employees develop their emotional intelligence skills, which can lead to increased job performance and increased satisfaction. This info will help TSH HR Department also to better train their employees. The EQ-i will be used to develop training programs that can help TSH's employees improve their emotional intelligence skills, understand them, and reflect upon them. These training programs can help employees learn how to manage their emotions, build relationships, and handle stressful situations.

Overall, the EQ-i is a valuable tool for TSH as it will create a more inclusive and positive work environment.

Appendix 16: Compensation and Benefits - Pay raise

To assess and acknowledge employee contributions, TSH will employ three different programs namely merit pay, incentive pay and skill-based pay. The selection of these programs depends on the job and position of each employee within the company.

Merit pay addresses an employee's individual performance. It entails employees annual adjustment of the base pay, contingent upon their performance. At TSH employees can expect an increase in base pay of about 3% per year. This method will be used for corporate staff as performance is not measured as physical output but rather by subjective earnings and KPIs.

Incentive pay serves as a tool for establishing a clear connection between performance and rewards within TSH. When using this program, payments are not automatically integrated into the base pay of an employee but must be continually earned and re-earned. TSH will use this method for facility staff in order to measure their physical output.

Lastly, skill-based pay encourages employees to develop new skills and educate themselves further. This method is suitable for both corporate staff and facility staff. For TSH, supporting employees in their training and development is an important aspect.

Appendix 17: Financial Plan

Figure 1: Sales forecast

| The Social Hub: 5-Year Sales Forecast | | | | | | | | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---------------------------------------|----------|------------|------------|---------|---------|---------|---------|---------|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Income | Price | Occurrence | Max Supply | OCC% Y1 | OCC% Y2 | OCC% Y3 | OCC% Y4 | OCC% Y5 | | | | | | |
| *All Values in Canadian Dollars | | | | | | | | | | | | | | |
| Co-Working Income | | | | | | | | | | | | | | |
| Monthly Pass | \$145 | Monthly | 500 | 35% | 49% | 64% | 78% | 92% | | \$304,500 | \$434,826 | \$576,579 | \$720,436 | \$863,442 |
| Designated Desk | \$420 | Monthly | 60 | 35% | 49% | 64% | 78% | 92% | | \$105,840 | \$151,140 | \$200,411 | \$250,414 | \$300,121 |
| Meeting Room | \$45 | Hourly | 10 | 35% | 49% | 64% | 78% | 92% | | \$453,600 | \$647,741 | \$858,904 | \$1,073,201 | \$1,286,231 |
| Total Co-Working Income | | | | | | | | | | \$863,940 | \$1,233,706 | \$1,635,895 | \$2,044,050 | \$2,449,794 |
| Accommodation Income | | | | | | | | | | | | | | |
| Studio | \$320 | Daily | 91 | 40% | 52% | 65% | 78% | 91% | | \$4,193,280 | \$5,560,289 | \$7,089,369 | \$8,677,387 | \$10,355,594 |
| Single | \$249 | Daily | 92 | 40% | 52% | 65% | 78% | 91% | | \$3,298,752 | \$4,374,145 | \$5,577,035 | \$6,826,291 | \$8,146,496 |
| Double | \$263 | Daily | 92 | 40% | 52% | 65% | 78% | 91% | | \$3,484,224 | \$4,620,081 | \$5,890,603 | \$7,210,098 | \$8,604,531 |
| Executive Double | \$280 | Daily | 92 | 40% | 52% | 65% | 78% | 91% | | \$3,709,440 | \$4,918,717 | \$6,271,365 | \$7,676,150 | \$9,160,718 |
| Total Accommodation Income | | | | | | | | | | \$14,685,696 | \$19,473,233 | \$24,828,372 | \$30,389,927 | \$36,267,339 |
| Restaurant / Bar / Café Rental Income | \$10,000 | Monthly | | | | | | | | \$122,400 | \$124,848 | \$127,345 | \$129,892 | \$132,490 |
| Total Income | | | | | | | | | | \$15,672,036 | \$20,831,787 | \$26,591,611 | \$32,563,869 | \$38,849,623 |

Figure 2: Cashflow Statement and Funding

| Item | Quantity | Price/Item | Total Cost |
|-----------------------------|----------|------------|--------------------|
| Hotel | | | |
| Double bed | 275 | \$349 | \$95,975 |
| Single bed | 91 | \$179 | \$16,289 |
| Nightstand | 732 | \$39 | \$28,548 |
| Room desk | 366 | \$200 | \$73,200 |
| Desk chair | 366 | \$100 | \$36,600 |
| TV | 366 | \$400 | \$146,400 |
| Lounge chair | 366 | \$150 | \$54,900 |
| Total Hotel | | | \$451,912 |
| Co-Working | | | |
| Desks | 450 | \$249 | \$112,050 |
| Chairs | 450 | \$99 | \$44,550 |
| Desk lamp | 450 | \$28 | \$12,600 |
| TV | 10 | \$400 | \$4,000 |
| Projector | 5 | \$850 | \$4,250 |
| Storage cabinet | 100 | \$399 | \$39,900 |
| Total Co-Working | | | \$217,350 |
| Common Area | | | |
| Outdoor table + 4 chairs | 8 | \$550 | \$4,400 |
| Table + 4 chairs | 10 | \$300 | \$3,000 |
| Table + 8 chairs | 8 | \$600 | \$4,800 |
| Sofa | 4 | \$799 | \$3,196 |
| Pingpong table | 2 | \$629 | \$1,258 |
| Cabinet | 8 | \$300 | \$2,400 |
| TV | 3 | \$550 | \$1,650 |
| Total Common Area | | | \$20,704 |
| Other Miscellaneous | | | \$68,997 |
| Total Investment USD | | | \$758,963 |
| Total Investment CAD | | | \$1,018,718 |

Figure 3: Income Statement Forecast
The Social Hub: 5-Year Income Statement

*All Values in Canadian Dollars

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|--------------------------|--------------------------|-------------------------|-------------------------|-------------------------|
| COGS | | | | | |
| Employees (TSH Staff) | | | | | |
| Fitness Center Manager | \$47,087 0% | \$48,970 0% | \$50,929 0% | \$52,966 0% | \$55,085 0% |
| Group Class Instructor | \$160,000 1% | \$166,400 1% | \$173,056 1% | \$179,978 1% | \$187,177 0% |
| Receptionist | \$944,725 6% | \$982,514 5% | \$1,021,815 4% | \$1,062,687 3% | \$1,105,195 3% |
| Maintenance Coordinator | \$505,820 3% | \$526,053 3% | \$547,095 2% | \$568,979 2% | \$591,738 2% |
| Cowork Manager | \$48,662 0% | \$50,608 0% | \$52,633 0% | \$54,738 0% | \$56,928 0% |
| Cowork Staff | \$226,734 1% | \$235,803 1% | \$245,235 1% | \$255,045 1% | \$265,247 1% |
| Total Employees (TSH Staff) | \$1,933,028 12% | \$2,010,349 10% | \$2,090,763 8% | \$2,174,394 7% | \$2,261,369 6% |
| Utilities (Gas, Water & Electricity) | \$528,480 3% | \$700,764 3% | \$893,475 3% | \$1,093,613 3% | \$1,305,118 3% |
| Laundry | \$132,120 1% | \$175,191 1% | \$223,369 1% | \$273,403 1% | \$326,279 1% |
| Cleaning Services | \$2,700,000 17% | \$3,580,200 17% | \$4,564,755 17% | \$5,587,260 17% | \$6,667,836 17% |
| Amenity Kit | \$221,962 1% | \$294,321 1% | \$375,259 1% | \$459,317 1% | \$548,149 1% |
| Non-Alcoholic Beverages & Snacks | \$105,696 1% | \$140,153 1% | \$178,695 1% | \$218,723 1% | \$261,024 1% |
| Total COGS | \$5,621,286 36% | \$6,900,979 33% | \$8,326,316 31% | \$9,806,710 30% | \$11,369,776 29% |
| Gross Margin | \$10,050,750 64% | \$13,930,809 67% | \$18,265,296 69% | \$22,757,159 70% | \$27,479,847 71% |
| Gross Margin % | 64.1% | 66.9% | 68.7% | 69.9% | 70.7% |
| Expenses | | | | | |
| Employees (Corporate Services) | | | | | |
| General Manager | \$240,000 2% | \$249,600 1% | \$259,584 1% | \$269,967 1% | \$280,766 1% |
| HR Manager | \$81,000 1% | \$84,240 0% | \$87,610 0% | \$91,114 0% | \$94,759 0% |
| HR Coordinator | \$271,500 2% | \$282,360 1% | \$293,654 1% | \$305,401 1% | \$317,617 1% |
| HR Generalist | \$198,600 1% | \$206,544 1% | \$214,806 1% | \$223,398 1% | \$232,334 1% |
| Recruitment Specialist | \$246,800 2% | \$256,672 1% | \$266,939 1% | \$277,616 1% | \$288,721 1% |
| IT Manager | \$94,300 1% | \$98,072 0% | \$101,995 0% | \$106,075 0% | \$110,318 0% |
| IT Specialist | \$372,500 2% | \$387,400 2% | \$402,896 2% | \$419,012 1% | \$435,772 1% |
| Comms/PR Manager | \$148,800 1% | \$154,752 1% | \$160,942 1% | \$167,380 1% | \$174,075 0% |
| Comms/PR Coordinator | \$220,000 1% | \$228,800 1% | \$237,952 1% | \$247,470 1% | \$257,369 1% |
| Social Media & Influencer Manager | \$100,600 1% | \$104,624 1% | \$108,809 0% | \$113,161 0% | \$117,688 0% |
| Events Coordinator | \$243,000 2% | \$252,720 1% | \$262,829 1% | \$273,342 1% | \$284,276 1% |
| Finance/Accounting Manager | \$184,800 1% | \$192,192 1% | \$199,880 1% | \$207,875 1% | \$216,190 1% |
| Finance/Accounting Specialist | \$331,800 2% | \$345,072 2% | \$358,875 1% | \$373,230 1% | \$388,159 1% |
| Partnership Specialist | \$237,600 2% | \$247,104 1% | \$256,988 1% | \$267,268 1% | \$277,958 1% |
| Total Employees (Corporate Services) | \$2,971,300 19% | \$3,090,152 15% | \$3,213,758 12% | \$3,342,308 10% | \$3,476,001 9% |
| Sales & Marketing | 0% | 0% | 0% | 0% | 0% |
| Sales Manager | \$227,814 1% | \$236,927 1% | \$246,404 1% | \$256,260 1% | \$266,510 1% |
| Sales Representative | \$406,280 3% | \$422,531 2% | \$439,432 2% | \$457,010 1% | \$475,290 1% |
| Marketing & Events Manager | \$123,672 1% | \$128,619 1% | \$133,764 1% | \$139,114 0% | \$144,679 0% |
| Marketing Coordinator | \$372,832 2% | \$387,745 2% | \$403,255 2% | \$419,385 1% | \$436,161 1% |
| Marketing Expenses | \$3,134,407 20% | \$3,399,748 16% | \$3,873,228 15% | \$4,146,845 13% | \$4,625,729 12% |
| Total Sales & Marketing | \$4,265,005 27% | \$4,575,570 22% | \$5,096,083 19% | \$5,418,614 17% | \$5,948,369 15% |
| Tech Expenses | 0% | 0% | 0% | 0% | 0% |
| Internet & Phone | \$9,689 0% | \$12,847 0% | \$16,380 0% | \$20,050 0% | \$23,927 0% |
| Licenses & Softwares | \$391,801 3% | \$531,211 3% | \$691,648 3% | \$863,926 3% | \$1,051,302 3% |
| Total Tech Expenses | \$401,490 3% | \$544,058 3% | \$708,028 3% | \$883,976 3% | \$1,075,229 3% |
| Office Supplies | \$72,504 0% | \$73,954 0% | \$75,433 0% | \$76,942 0% | \$78,481 0% |
| Insurance | \$297,769 2% | \$403,720 2% | \$525,652 2% | \$656,584 2% | \$798,990 2% |
| Training | \$60,349 0% | \$64,018 0% | \$67,911 0% | \$72,040 0% | \$76,420 0% |
| Legal Fees | \$25,000 0% | \$25,500 0% | \$26,010 0% | \$26,530 0% | \$27,061 0% |
| Renovation Expenses | \$5,505,000 35% | \$5,615,100 27% | \$5,727,402 22% | \$5,841,950 18% | \$5,958,789 15% |
| Other Operating Expenses | \$1,567,204 10% | \$2,124,842 10% | \$2,766,591 10% | \$3,455,704 11% | \$4,205,208 11% |
| Total Expenses | \$15,165,620 97% | \$16,516,914 79% | \$18,206,868 68% | \$19,774,647 61% | \$21,644,547 56% |
| EBITDA (Operating Profit) | -\$5,114,870 -33% | -\$2,586,106 -12% | \$58,427 0% | \$2,982,512 9% | \$5,835,301 15% |
| Depreciation & Amortization | \$203,744 1% | \$203,744 1% | \$203,744 1% | \$203,744 1% | \$203,744 1% |
| EBIT | -\$5,318,614 -34% | -\$2,789,849 -13% | -\$145,316 -1% | \$2,778,769 9% | \$5,631,557 14% |
| Financial Expenses | \$258,436 2% | \$258,436 1% | \$258,436 1% | \$208,436 1% | \$133,436 0% |
| EBT | -\$5,577,049 -36% | -\$3,048,285 -15% | -\$403,752 -2% | \$2,570,333 8% | \$5,498,121 14% |
| Taxes | -\$1,477,918 -9% | -\$807,796 -4% | -\$106,994 0% | \$681,138 2% | \$1,457,002 4% |
| Net Profit/Loss | -\$4,099,131 -26% | -\$2,240,490 -11% | -\$296,758 -1% | \$1,889,195 6% | \$4,041,119 10% |

Figure 4: Investment

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|------------------------------|--------------|--------------|--------------|--------------|--------------|
| Starting Cash Balance | \$0 | \$3,098,609 | \$631,884 | \$58,884 | \$654,134 |
| Cash from Operations | \$15,672,036 | \$20,831,787 | \$26,591,611 | \$32,563,869 | \$38,849,623 |
| Expenditures from Operations | \$20,786,906 | \$23,417,893 | \$26,533,184 | \$29,581,357 | \$33,014,323 |
| Operating Profit | -\$5,114,870 | -\$2,586,106 | \$58,427 | \$2,982,512 | \$5,835,301 |
| Financial Expenses | \$258,436 | \$258,436 | \$258,436 | \$208,436 | \$133,436 |
| EBT | -\$5,373,306 | -\$2,844,542 | -\$200,009 | \$2,774,076 | \$5,701,865 |
| Taxes | -\$1,477,918 | -\$807,796 | -\$106,994 | \$681,138 | \$1,457,002 |
| Net Profit | -\$3,895,388 | -\$2,036,746 | -\$93,014 | \$2,092,938 | \$4,244,863 |
| Working Capital | \$1,306,003 | \$429,979 | \$479,985 | \$497,688 | \$523,813 |
| Inventory | \$0 | \$0 | \$0 | \$0 | \$0 |
| Investments | \$1,018,718 | \$0 | \$0 | \$0 | \$0 |
| Total | -\$6,220,108 | -\$2,466,725 | -\$573,000 | \$1,595,250 | \$3,721,050 |
| Equity | \$4,150,000 | \$0 | \$0 | \$0 | \$0 |
| Loan for investments | \$1,018,718 | \$0 | \$0 | \$0 | \$0 |
| Loan | \$4,150,000 | \$0 | \$0 | -\$1,000,000 | -\$1,500,000 |
| Net Cash Flow | \$3,098,609 | -\$2,466,725 | -\$573,000 | \$595,250 | \$2,221,050 |
| Ending Cash Balance | \$3,098,609 | \$631,884 | \$58,884 | \$654,134 | \$2,875,184 |

Figure 5: Transaction Exposure Hedge - Rituals

Information about TSH Montreal & Rituals:

| | |
|---|--|
| Number of hotel rooms: | 367 |
| Quantity of kits necessary <u>per month</u> : | 11,010 (one kit per day, 30 days in a month) |
| Frequency of order (per year): | 4 times per year |
| Cost of each kit (in EUR): | 3 EUR |
| Cost per order: | 99,090 EUR per order |
| Cost per year: | 396,360 EUR |

DISCLAIMER:

*For this assignment, we hedge **one** contract between TSH and Rituals → only one of the 4 quarterly bills that Rituals will charge TSH.*

A) FORWARD:

Over the last year, we observe that the Euro is on an appreciating path vis a vis the Canadian Dollar. In addition, when calculating the FPPP we can see that the exchange rate would be expected to increase in the future. Therefore, for these two reasons we have decided to buy a forward at today's spot price CAD 1.46 per Euro.

→ We are hedging the risk that the EUR further appreciates

Forward contract to buy 99,090 EUR on 1 January 2025 at today's spot price of 1/1.46.

Spot Rate 18 May 2023: 1/1.46 EUR/CAD

Interest rates CAD: 4.5%

Interest rates EUR: 3.75%

Forward Price = Spot price * (1 + Canadian interest rate - European interest rate) * (time to maturity in years)

Forward Price = $1.46 * (1 + (0.045 - 0.0375) * 1.6) = 1.47752$

→ this number indicates that the exchange rate is expected to increase from what it is currently (1.46%). For this reason, it is important for TSH to hedge in order to avoid the likely risk of EUR appreciation.

FPPP = $(1.47752 - 1.46) / 1.46 = 0.012$

→ the FPPP for 1 January 2025 is approximately 0.012 indicating a premium 1.2% on the forward price relative to the spot price.

Hedge: $99,090 * 1.46 = 144,671.4 \text{ CAD}$

→ It will cost TSH 144,671.4 CAD to buy the Rituals products on 1 January 2025.

B) FUTURES:

For the second option, namely a futures contract, the bank would offer us contracts for 10,000 CAD each at today's spot rate (1.46 CAD per EUR). As the amount to be hedged is 99,090 EUR, TSH will get 9 contracts ($90,000 * 1.46 = 131,400 \text{ CAD}$) and the rest on spot rate at 1 January 2025.

Calculation:

$99,090 / 10,000 = 9,909 \text{ contracts}$

$9 * 10,000 = 90,000$

$90,000 * 1.46 = 131,400 \text{ CAD}$

For the rest (9,090 EUR) we will use the FPPP to project the likely total costs:

$9,090 * 1.47752 = \text{approx. } 13,430.66 \text{ CAD}$

Total: $131,400 + 13,430.66 = 144,830.66 \text{ CAD}$

It will cost TSH 144,830.66 CAD to purchase 99,090 EUR on 1 January 2025 using a futures contract. While this number is higher than the forward, we must take into account that entering into a forward contract consists of higher costs since it is a tailored contract to the situation, whereas the future is much less expensive to contract. Given that the total amount of money we are dealing with is not so high, a future might end up being most cost efficient.

C) OPTION:

As TSH will buy EUR to pay its European supplier Rituals, we are using a CALL option in order to have the right (but not the obligation) to buy 99,090 EUR at the predetermined strike price. Doing this, we can hedge against a potential increase in the EUR/CAD exchange rate above the strike price.

Strike Price: 1.46 CAD per EUR

Maturity Date: 1 January 2025

Premium: 0.02 CAD per EUR → $99,090 * 0.02 = 1,981.8$ CAD

Exercise of the option (X): $99,090 * 1.46 = 144,671.4$ CAD

| | IN THE MONEY | | | | AT THE MONEY | OUT THE MONEY | | | | |
|--------------------------------|--------------|----------|----------|----------|--------------|---------------|----------|----------|----------|----------|
| Spot Rate | 1.42 | 1.43 | 1.44 | 1.45 | 1.46 | 1.47 | 1.48 | 1.49 | 1.5 | 1.51 |
| Premium | 1981.8 | 1981.8 | 1981.8 | 1981.8 | 1981.8 | 1981.8 | 1981.8 | 1981.8 | 1981.8 | 1981.8 |
| Exercise of the option (X) | 144671.4 | 144671.4 | 144671.4 | 144671.4 | 144671.4 | 144671.4 | 144671.4 | 144671.4 | 144671.4 | 144671.4 |
| Strike price | 140707.8 | 141698.7 | 142689.6 | 143680.5 | 144671.4 | 145662.3 | 146653.2 | 147644.1 | 148635 | 149625.9 |
| Total (Premium + Strike Price) | 142689.6 | 143680.5 | 144671.4 | 145662.3 | 146653.2 | 147644.1 | 148635 | 149625.9 | 150616.8 | 151607.7 |

If the spot rate on 1 January 2025 is the FPPP (1.477) or higher than 1.46, we will exercise the option (1.46). On the other hand, if the spot rate is 1.46 or below, we will use the strike price.

Conclusion: After implementing the different hedging tools we have at our disposal, we decide to exercise the FUTURES contract for a variety of reasons:

- While the forward rate gives us the best rate, we have to consider that it comes with extra costs for setting up a tailored contract. Because the amount of money we are hedging is not so large, we thought it would not be worth the extra costs.
- The option would only be good if the spot rate on January 1 2025 was lower than 1.45 (therefore, in the money). Exercising the option would be more costly than taking a forward or a future.

Appendix 18: Important laws to consider

Bill 96, officially enacted on June 1, 2022, aims to strengthen the protection of the French language in Quebec. Building on legislation that had already existed, Bill 96 increased the severity and necessity of the French language in business interactions with entities and individuals in Quebec. Businesses offering goods or services in Quebec must serve their clients in French, and failure to comply is an offence punishable by fines. Public signs and posters must predominantly display French, but non-French trademarks can only appear if they are registered under the federal **Trademarks Act** (Jenner et al., 2022) . If the company does not have a registered trademark and wishes to keep a non-french name, it must apply to register with the Canadian Intellectual Property Office (CIPO) (Wong & Catimel, 2023). This would be something TSH would need to consider in order to maintain its non-French name. Since the process takes time, we must apply for it as soon as possible.

Companies have the choice to incorporate at the federal or at the provincial level. We will have to decide to register TSH under either of the following laws:

The Canada Business Corporations Act (CBCA) is a federal law that provides a consistent legal framework for corporations operating at the federal level in Canada (Government of Canada, 2023). First enacted in 1975, the CBCA permits international companies to establish a presence and conduct business across the country. It provides national recognition to the entering company, alongside access to capital markets. Adhering to the CBCA helps international companies ensure compliance with Canadian corporate laws and provides legal certainty in their operations within the country.

The Quebec Business Corporation Act (QBCA) is the primary legislation governing corporations in Quebec (Grynwajc, 2021). It covers various aspects of corporate governance, decision-making processes, share issuance and transfer, and corporate restructuring. It came into effect in 2011, replacing parts of the Companies Act for the purposes of modernizing the legal framework of the provinces vis-a-vis business law. When a company wants to operate solely in Quebec, this option is much less costly.

For our purposes, we will begin by registering TSH under the QBCA given the peculiar nature of the language laws that must be met when bringing a company into the province. When looking into the future, we will register for the CBCA as we intend on expanding Canada-wide.

Trademark “The Social Hub”

Trademark law Quebec:

Bill 96, officially enacted on June 1, 2022, aims to strengthen the protection of the French language in Quebec. Building on legislation that had already existed, Bill 96 increased the severity and necessity of the French language in business interactions with entities and individuals in Quebec. Businesses offering goods or services in Quebec must serve their clients in French, and failure to comply is an offence punishable by fines. Public signs and posters must predominantly display French, but non-French trademarks can only appear if they are registered under the federal Trademarks Act. If the company does not have a registered trademark and wishes to keep a non-French name, it must apply to register with the Canadian Intellectual Property Office (CIPO) (CIPO, 2023). The Social Hub (TSH), which was established in Europe and will open a new facility in Montreal, will keep its original name, "The Social Hub", and will thus register its trademark with the Canadian Intellectual Property Office (CIPO).

Registration of trademarks in Canada:

Trademarks are registered with the Canadian Intellectual Property Office (CIPO) to give the owner the exclusive right to use the trademark in Canada. This means that only TSH can use the trademark "The Social Hub" to identify its goods or services in Canada. If anyone else uses the trademark without permission, TSH can sue them for trademark infringement.

If TSH believes that someone is infringing on its trademark, it can file a lawsuit with the Federal Court of Canada. The court will then decide whether or not the infringement has occurred. If the court finds that there has been an infringement, it can order the infringer to stop using the trademark and to pay damages to TSH (CIPO, 2023).

TSH has the opportunity to proactively address potential trademark infringement by implementing preventive measures. One effective approach is to issue a cease-and-desist letter to anyone who is using the trademark without permission. The letter serves as a formal warning, notifying the infringer that their unauthorized use of TSH's trademark is a violation and demanding to stop using the trademark immediately.

Registering a trademark with the Canadian Intellectual Property Office (CIPO) is a relatively affordable and straightforward process. The cost of registration is \$250, and the process can take up to 12 months (Canadian Intellectual Property Office, 2016). Once the trademark is registered, TSH should use it consistently on all of its products, packaging, and marketing materials. This will help to ensure that customers know that they are dealing with the genuine product. TSH should also monitor the use of the trademark online to identify any potential infringers. Finally, it is advisable for TSH to pursue trademark registration in other countries where it operates its business activities. This will help to protect its brand and its intellectual property rights in those countries.

Appendix 19: Roadmap -TSH Canada 2023-2025

