Chapter 1
An Analysis of the Characteristics and Dynamic Development of an Emergent Sustainable Hotel Business Model in Italy: “Albergo Diffuso” (Diffused Hotel)

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ABSTRACT

This chapter introduces the concept of “Albergo Diffuso” (Diffused Hotel), (AD). A hotel typology that is emerging as a sustainable accommodation with the potential to compete and establish itself as a viable hotel business. To raise awareness about the concept we analyze the scarce literature available and the rather limited publicly available resources provided by the Association of Albergo Diffuso (AAD). We also conducted non-intrusive observations through personal on-location investigative visits of various ADs operations. We present a sample guests’ satisfaction ratings of the concept by conducting a web content analysis of the Trip Advisor’s website, a hotel rating platform, on the Residenza Sveva, an Albergo Diffuso property located in the city of Termoli, in the Region of Molise in South Central Italy. The data shows that this concept is patronized largely by couples but also by business travelers. The site gives this property a 4.5 / 5 star rating.

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BACKGROUND

Hotels are part of the hospitality industry and have long been an integral part of travel, whether they are booked for business trips, family vacations, conferences and exhibitions, private functions such as weddings or for other purposes.

The industry’s direct contribution of travel and tourism to the global economy from 2016 to 2014 was U.S. $7.58 trillion and in 2014 alone was approximately U.S. $2.36 trillion. The European Union makes the largest contribution, closely followed by North America and North East Asia. Due to their less developed tourism industries, regions such as North and Sub Saharan Africa make a much smaller impact. This statistic shows a significant direct economic impact of travel and tourism on the global economy. The direct travel & tourism contribution includes the commodities accommodation, transportation, entertainment and attractions of these industries: Accommodation services, food & beverage services, retail trade, transportation services and cultural, sports & recreational services. The figures for total impact also include indirect and induced contributions (AHLA, 2014)

In Italy, in 2013 alone there were more than 157 thousand tourist accommodation establishments (+0.2% compared with 2012), providing more than 4.7 million of bed-places (-0.7% compared with 2012). Hotels and similar accommodation were more than 33 thousand and offered 2.2 million of bed-places (respectively -1.2% and -0.8% compared with 2012). Other collective accommodation establishments were 124 thousand (+0.6%) with 2.5 million of bed-places (-0.7%). In the year 2013 arrivals at tourist accommodation establishments increased slightly by 0.1 per cent while the number of nights spent decreased by -1.0 per cent, compared with the same period of the previous year. The average length of stay changed from 3.67 nights in 2012 to 3.67 in 2013. In hotels and similar accommodation about 82.6 million of arrivals and 254.8 million of nights spent (-0.3% compared with 2012) were recorded, and the average length of stay remained substantially unchanged. In other collective accommodation establishments arrivals (21 million) increased by 0.6 per cent, while the number of nights spent (122 million) decreased by 2.5 per cent, thus resulting in a reduction of the average length of stay (-0.18 nights), (ISTAT, 2014). By the end of 2015, the aggregate revenues in Italy are projected to reach approximately 40, 18 billion U.S. dollars, a significant financial impact on the Italian economy.

The data shows that despite cyclical downturns, the hospitality industry as a whole is very dynamic with great growth potential, regardless of the current global political and economic risks and prolonged periods of uncertainty and instability. Hotels are considered complex organizations that create value for consumers and investors. Because of the complexity and direct link to related industries, their performance is always affected by exogenous macroeconomic factors and consumer behavioral trends. Hotel performance is directly linked the parallel sectors such as airlines and travel companies, demand seasonality, product research and development and innovation continuum strategies. As a result, all external variables affect the hotel industry in differing ways. Therefore, with evidence of global – hypercompetition, especially in some of the fastest-emerging tourism destinations in Africa, including Namibia, Zambia and Angola, and the rise of innovative services such as home sharing and vacation rental businesses like Airbnb and HomeAway, the industry is compelled to improve upon the status quo and find new ways to appeal to travelers. One way is to introduce innovative types of accommodation and overall services.

Given that, travelers’ in general and especially tourists’ demographics and psychographics are changing across the global tourists’ destinations and the emergence of a new tourist typology, operators and new entrepreneurs are compelled to respond to this dynamic phenomenon.
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