



TOR VERGATA
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**MASTER
IN ECONOMIA
E MANAGEMENT
DELLE ATTIVITÀ
TURISTICHE
E CULTURALI**

The “Albergo Diffuso” business model: from evolution to co-evolution

Luna Leoni

*Assistant Professor in Management
Program Manager Master MEMATIC*

Introduction

The lesson presents the Albergo Diffuso (AD) topic as an example of virtuous co-evolution between firms and territories. The following slides explain the AD phenomenon, also through some successful cases of Italian AD. In support of these slides, a scientific article on the topic is provided. Through this lesson, the reader can acquire specific knowledge on the systemic and co-evolutionary management of the firms-environment relationship and how this relationship can create sustainability-oriented and innovative business models.



Albergo Diffuso

Distinguishing features (I)

- The idea of AD was born following the 1976 **earthquake** that hit Friuli Venezia Giulia → there was the need to enhance entire villages, semi-uninhabited, converting them into structures for tourist use.
- The adjective “**diffuso**” (i.e., widespread) denotes an integration of the firm with the socio-cultural and naturalistic reality of the village in which the firm develops;
- **Authenticity** of properties and furnishings.
- **Mutual purpose** of the symbiotic relationship that binds them with the territory.
- Existing housing units of **historical, cultural, and artistic value**, carefully revitalized and redeveloped for tourist use, as well as, in some cases, equipped with very **sophisticated technologies**.

Albergo Diffuso

Distinguishing features (II)

- The **accommodations** have differentiated dimensions, are independent and close to the main building where the reception and information activities take place.
- The **restaurant** business is considered an ancillary service and, therefore, may not be carried out.
- Small businesses run by “**handyman**” **entrepreneur-owners**.
- It develops **horizontally** (and not vertically as traditional hotels).
- Inside **pre-existing buildings** (i.e., nothing new is built) that are close to each other (from 200 to 300 meters from each other).

Albergo Diffuso

Distinguishing features (III)

- It offers **new job opportunities** through the revitalization of local craft, commercial and cultural activities in the area.
- It is characterized by the **unique and systemic management** of its business.
- The tourist is considered as a **temporary resident** who has the opportunity to live a unique experience in an authentic environment.

Albergo Diffuso

Literature review (I)

- The literature investigating the AD phenomenon is recent and fragmented, but evolving. In the last ten years, according to the development in quantity and quality of the phenomenon, the topic has been addressed in several academic and extra-academic contributions from **different disciplines** (e.g., history, architecture, urban planning, law, management).
- There are several contributions from **Italian scholars** on this topic (e.g., Paniccia et al., 2007; Paniccia et al., 2010; Paniccia and Valeri, 2010; Confalonieri, 2011; Silvestrelli, 2012; Tani & Papaluca, 2015 ; Paniccia and Leoni, 2017).

Albergo Diffuso

Literature review (II)

- The literature highlights, in particular: the **attractiveness** of AD towards tourists and, therefore, its effectiveness for the **development** of little-known tourist areas, of which Italy is certainly very rich, and the potential of the model from the point of view of **sustainability, innovation, and competitiveness** (Dall'Ara and Esposito, 2005; Droli and Dall'Ara, 2012; Paniccchia and Leoni, 2019).
- In academic management studies, the first reflections on the aforementioned potential emerge also through the **analysis of successful case studies** (e.g., Paniccchia et al., 2007; Quattrociochi and Montella, 2013; Fissi et al., 2014; Paniccchia and Leoni, 2019).

Albergo Diffuso

Literature review (III)

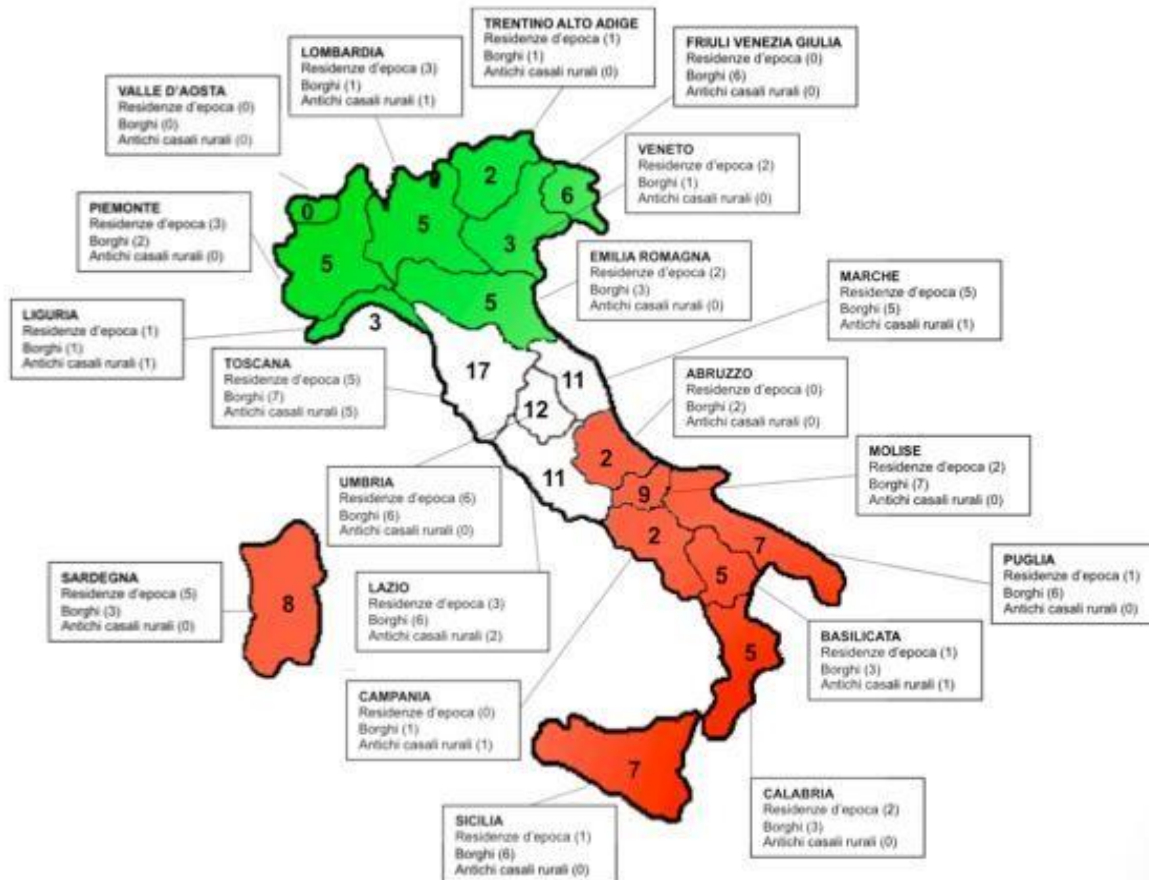
In summary, the in-depth analysis of the literature has allowed us to provide a definition of AD as:

***A sustainable and innovative form of hotel
that originates in enhancing historical and cultural real estate heritage,
characterized by original structures, places (rural areas or small urban
centres) and persons involved (both residents and tourists)
in the production-distribution process and with experiential authenticity.***



Albergo Diffuso

ADs in Italy



Albergo Diffuso

Sustainability

- **Environmental sustainability:** the ADmodel has a limited impact on the environment (i.e., nothing new is built);
- **Social sustainability:** the AD model involves residents and tourists in the organization of hospitality and tourist services;
- **Economic sustainability:** the AD model increases the attractiveness of areas usually outside the normal tourist circuit, generating profitability and attracting investments.

Albergo Diffuso

Innovation

- From the point of view of innovation, it emerges that the AD model represents an **innovation in the tourism sector** because it is not only a hotel, but also a project to enhance the history and culture of a local area.
- Its **originality** is not only linked to the use of carefully restored buildings in historic villages, but also to **entrepreneurship**, which is the ability to create **dynamic contexts of experience** capable of attracting tourists through the integration of the local community in the AD offering.

Albergo Diffuso

Main determinants (I)

The success and maintenance of the competitive advantage of AD over time is based on the careful consideration of three fundamental determinants:

- 1. Tourist experience:** A critical vision, in a holistic way, of environmental trends and their possible positive effects on tourist development in ADs' own territories and the awareness that tourists are the real protagonists of the co-creation process and its evolution over time, introducing a virtuous circular relationship between demanded and offered innovation with positive effects on the competitiveness of the national tourist offering.

Albergo Diffuso

Main determinants (I)

- 2. Systemic approach:** The organisation and management of systemic and multiple relationships of mutual functionality among all the actors involved, including tourists, at different interconnected levels, namely, micro (firms), meso (territories), and macro (destinations), as a prerequisite for the implementation of common strategies for generating favourable evolutionary changes within destinations with positive effects on their competitiveness.
- 2. Social responsibility:** An awareness of the underlying values of hospitality to a new culture of hotel hospitality based on social cohesion, not least that of an effective adjustment to sustainable development.

Albergo Diffuso

Synergies and critical issues (I)

From the interviews with entrepreneurs emerges:

- A remarkable **synergic effort** involving the territory at multiple levels (institutional, economic/social, and environmental) at the initial planning phase and at the start of the firms. Entrepreneurs are well aware of the **mutualistic aim of the symbiotic relationship** that binds their hotel to the village. Less awareness seems to be found in local policy makers.
- The expression "**unitary management of the activity**" to mean that responsibility for all support activities to the main service offered by the hotel, even if entrusted to third parties, remains within the hotel itself, which must ensure its consistency and quality.
- A strong **circular interdependence** between business processes (management and decision-making), village and tourists.



Albergo Diffuso

Synergies and critical issues (II)

Among the **major problems** that emerged, the following are highlighted:

- The need of **financial support** during the purchase and conversion of properties, given the considerable size of the necessary investments;
- The need to streamline **bureaucratic-administrative procedures**;
- The complexity and specificity of **architectural interventions**;
- The **lack of artisans and local professionals** for the conversion and restoration of historic buildings;
- The **quality of the employees**;
- Difficulties in carrying out the **ordinary maintenance works** of the buildings;
- The absence, in most cases, of **adequate promotion policies** and a poor foresight in the management of tourist flows.



Albergo Diffuso

«Sextantio» Santo Stefano di Sessanio Abruzzo

- It was born on the private initiative of Daniele Elow Kihlgren, an Italian-Swedish entrepreneur, who in 1999 decided to buy part of the housing units of the village, which had been abandoned for years;
- The village of Santo Stefano di Sessanio is recognized as one of the "most beautiful villages in Italy";
- The structure of the hotel consists of housing units and a farm where the cultivation of typical products of the Abruzzo cuisine has been reactivated.



Albergo Diffuso

«Al Vecchio Convento» nel Borgo di Portico Emilia Romagna

- The village is characterized by an urban structure that has preserved the medieval architectural;
- It is characterized by the presence of three turns of walls, two main access gates to the historical centre, four sighting towers, the fortress, and the cathedral in a dominant position;
- Born on the private initiative of the Cameli-Raggi family, Italian entrepreneurs with thirty years of experience in the restaurant sector.



Albergo Diffuso

«Crispoliti» a Labro

Lazio

- Restored by the Flemish architect Yvan Van Mossevelde, thanks to foreign funding;
- The property is located in the heart of the village of Labro and consists of seven residential units overlooking Lake Piediluco and the Holy Valley.



Albergo Diffuso

«Muntaecara» ad Apricale Liguria

- Its peculiarity is the way in which the housing structures, made up of stone houses, are distributed along the slope in a concentric way around the main square, keeping intact the characteristics of medieval settlement.
- "Most beautiful village in Italy", "Orange Flag" and "City of Oil";
- It was born in 2010 with the aim of enhancing Apricale from the tourist point of view and involves a total of 4 people for the hotel activities;
- The initial investment for the purchase of real estate was supported entirely by the owners.



Albergo Diffuso

«La Loggia di Gradara Relais» nel Castello di Gradara Marche

- Within the extraordinary scenery of the Gradara Castle, which, thanks to its historical-architectural characteristics, constitutes one of the most significant and best preserved medieval structures in Italy;
- “Most Beautiful Village” in Italy and “Orange Flag”;
- Completely restored using eco-sustainable materials with a particular attention to design, without however compromising the image of "historic home".



Albergo Diffuso

«Sotto le Cummerse» a Locorotondo Puglia

- It was born in 2002 by two inhabitants of the village who have fully supported the huge initial investment for the restoration of the apartments in the historic centre;
- They organize numerous activities for guests such as cooking classes with local chefs.



Albergo Diffuso

«Corte Fiorita» a Bosa Sardegna

- It was born in 1995 to combine the hotel firm with the recovery and enhancement of Bosa village ;
- It is included among the "most beautiful villages in Italy";
- The promotion of the structure is mainly entrusted to Internet, as well as to trade fairs and tourist associations.



Albergo Diffuso

«Val di Kam» a Sant'Angelo Muxaro Sicilia

- Born in 2002 on the private initiative of Pierfilippo Spoto, an Italian entrepreneur with experience in the banking-insurance sector.
- The rooms are owned by the villagers.



Albergo Diffuso

«Castello di Casigliano Country Inn» a Casigliano Umbria

- The village of Casigliano is a fortified castle (980 AD);
- The channel mainly used for the promotion of the structure is internet, with particular reference to the institutional website of the hotel, to that of the National Association of Diffused Hotels, as well as to web sites aimed at promoting the heritage and accommodation offering of the territory.

