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### SUSTAINABILITY AND INNOVATION IN TOURISM SERVICES: THE ALBERGO DIFFUSO CASE STUDY

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#### Abstract

This paper contributes to analyses of sustainable tourism business with focus on an innovative and attractive form of sustainable tourism for both present and future generations. It is a made in Italy new model of sustainable development, which aims at the exploitation of local resources both tangible and intangible, called *Albergo Diffuso*. It promotes heritage and is oriented to the recovery of a locality's cultural identity and to the revival of traditional events. We use a multi case study, because we believe it offers the appropriate methodology when investigating a complex multi-variable phenomenon that evolves over time. We chose from the sample two ADs, each representing a significant example of success in order to recognize the critical success factors of the *Albergo Diffuso* model.

**Keywords:** Management, Sustainability, Innovation, Tourism Business, *Albergo Diffuso*, Quality

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#### 1. Introduction

Globalisation, and the subsequent loss of autonomy of National States has produced a cultural evolution that has influenced in particular the quality of the demand side in the tourism sector. In fact, the concept of sustainable development has gained increasing importance. There is growing awareness of the need to adopt decisions and to make choices consistent with the attainment of development objectives that respect the shared values of the centrality of human beings, of respect for the environment and its preservation for the needs of future generations. This awareness impacts in particular the demand for tourism services: the classic forms of 'Mass tourism' and of 'Luxury travel' are now evolving towards new forms of responsible tourism oriented to the discovery and experience of original values and customs.

The innovative role of experienced tourists made its appearance towards the end of the 1990s, with the emergence of an ethically-based sustainable and responsible tourism. The conscious tourist in search of an authentic experience also asks whether his visit has minimized the negative effects in terms of the social, cultural and territorial area visited, i.e. the sustainability of his experience (Spina 2010; Savoia 2005).

*Albergo Diffuso* (AD) is presented as a model of sustainable development, which aims at the exploitation of local resources both tangible (cultural heritage, agriculture and handicrafts, small businesses) and intangible (traditions, knowledge, social ties).

Sustainable tourism is one of the European Commission's priorities and the *Albergo Diffuso* model can be used as a sustainable development strategy because it satisfies several community objectives such as:

- economic prosperity: the AD model is oriented to the revitalization and recovery of existing assets;
- equity and social cohesion: the AD model improves the quality of life of local communities and offers visitors satisfying experiences while minimizing pollution and environmental degradation;
- high potential for growth and job generation.

Given its transversal nature, the tourism sector benefits from cross-sectoral funding from the European Union in order to convert and enhance the artistic and rural heritage of local communities and revitalize their economies in accordance with the logic of sustainable development<sup>1</sup>.

*Albergo Diffuso* is an attractive form of sustainable tourism for both present and future generations because it promotes heritage and is oriented to the recovery of a locality's cultural identity and to the revival of traditional events.

Moreover, it is eco-friendly and respectful of an area's history. AD can prevent depopulation and the abandonment of places rich in history and art. It also promotes the economic development of small towns, and aims to increase local employment, without impacting negatively on the environment or contaminating local culture or identity (Pellizzoni and Osti, 2003).

The critical success factors of the *Albergo Diffuso* model are: integrated tourist services, efficient management, ability to establish relationships, assign value to local events that disseminate and reinforce local traditions and culture, high quality of services, presence of a living community, profound knowledge of local culture, realistic atmosphere that represents the soul of the medieval village, local products, architectural and cultural events, an authentic environment.

## 2. Sustainability in Tourism

Up to 2020 the World Tourism Organization (WTO) forecasts an increase in tourist global demand that can generate positive effects but also negative ones<sup>2</sup>. In fact, the World Conference has declared that 'tourism is ambivalent, because it can contribute positively to socioeconomic and cultural achievement, while at the same time it can lead to the degradation of the environment and the loss of local identity; it should therefore be approached with a global methodology. We must be aware that the resources on which tourism is based are fragile and that there is a growing demand for improved environmental quality'<sup>3</sup>.

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<sup>1</sup> The European Regional Development Fund (Fondo europeo per lo sviluppo regionale FESR) provides funding for projects that are intended to promote the socio-economic development in European regions.

<sup>2</sup> See Table 1.

<sup>3</sup> Conferenza Mondiale sul turismo sostenibile Lanzarote-Canarias (Spagna), 27-28 Aprile 1995. [World Conference on sustainable tourism in Lanzarote, Canary Islands, Spain, 27-28 April 1995].

**Table 1. Main impacts of tourism**

Positive Effects	Negative Effects
Employment and economic development for the country and firms	Degradation of the natural environment with the exploitation of natural resources (water, soil, flora, fauna), with overbuilding and illegal building
Stimulus for national and international investment	The loss of traditional values and increase in cultural diversity with abandonment of traditional crafts and loss of typical activities
Development of local services, even in the most remote and isolated areas	Social degradation
Increase in the economic value of natural and cultural resources	Economic destabilization
Growth of comparison and intercultural relations, tolerance and peace	

**Source:** Tourism ambivalence (fonte www.arpav.it)

Importantly, responsibility for the negative effects outlined above cannot be attributed only to irresponsible or inappropriate behavior by tourists, but also to a number of private and public actors (such as central and local institutions, tour operators, local communities) which, through the tourist supply chain, put immediate profits before a more rational and sustainable growth of tourism (De Carlo and Caso, 2007).

Hence the need to talk about sustainable tourism development in the medium-long term in order to ensure lasting benefits not only in economic, but also in environmental and social terms. Sustainable development was defined as 'development which meets the needs of the present without compromising the ability of future generations to meet their own needs'<sup>4</sup>.

For this reason, what is required is greater awareness of natural resources management and a review of the production and supply models of tourist services. International organizations have considered it necessary to define the principles of and the regulations for sustainable tourism.

Sustainable development is based on the following principles:

- 1) preserving the overall balance and value of the natural heritage;
- 2) distribution and use of resources in an equitable manner among all countries and regions, and prevention of exhaustion of natural resources;
- 3) reduction of waste production also achieved through the recycling of materials;
- 4) rationalization of energy production and consumption.

The tourism process therefore requires a close relationship of interdependence between the environment and economic development: because resources are exhaustible, the quality and quantity of the natural heritage have to be maintained and welfare and economic development have to be safeguarded.

Already in the Brundtland Report in 1987, and the WTO in 1988 defined that: 'Tourism activities are sustainable when they remain alive for an unlimited time, they do not alter the environment (natural, social and artistic) and they do not hinder or inhibit the growth of other social and economic activities'<sup>5</sup>. Therefore we must address the development of sustainable tourism development with a specific plan that ensures the profitability of a touristic area, with long-term objectives of ecological socio-cultural and economic compatibility. Also do not forget that sustainability cannot be separated from economic aspects (Onida, 1961).

In 1992, the Rio Earth Summit drew up a blueprint for sustainability that integrated development and environmental issues; the resulting Agenda 21 outlined the actions needed to

<sup>4</sup> Report of the World Commission on Environment and Development, meeting in Brundtland 1987.

<sup>5</sup> Report of the World Commission, 1987, *op. cit.*

prepare for the 21st century, which include promoting the role of tourism as a tool for the conservation of natural resources.

The World Conference on Sustainable Tourism, (Lanzarote) in 1995, defined priorities, objectives and means to promote tourism in the future in order to safeguard natural resources and historical and cultural heritage for future generations.

The key points were:

- 1) Tourism must respect the fragile social and natural balances that characterize many destinations;
- 2) Tourism development must address concurrently its positive and negative effects;
- 3) To encourage the application of methodologies, technologies and behaviors that privilege the conservation, protection and appreciation of the worth of natural and cultural heritage;
- 4) Governments, industry, authorities, and tourism-related NGOs should promote and participate in the creation of open networks for research, dissemination of information and transfer of appropriate tourism and environmental knowledge on tourism and environmentally sustainable technologies.

The World Conference invited governments to adopt sustainable tourism development plans and for the tourist industry to adopt new behavioral models that encourage rational and responsible growth.

In 1999 the WTO developed a Code of Ethics on Tourism, whose principles are the promotion of responsible and sustainable tourism, accessible to all and fixed in sharing of the benefits to all sectors of society. Tourism delineated by the Code became a source of cultural enrichment and development of the territory, which is positive for countries and for host communities alike.

In 2002 the Conference of Johannesburg underlined that it was necessary to build an exhaustive schedule for sustainable tourism.

In 2008 the Rimini Charter for Sustainable and Competitive Tourism presented recommendations and proposals for sustainable tourism in mass tourist destinations. It validated the key factors for Sustainable Tourism. The WTO adopted the guidelines for the success of sustainable tourism, and in particular reiterated:

- 1) to make optimal use of environmental resources, maintaining essential ecological processes and helping to conserve natural resources and biodiversity;
- 2) to respect the socio-cultural authenticity of host communities, conserve their constructed and living cultural heritage and traditional values, and contribute to inter-cultural understanding and tolerance;
- 3) to ensure viable, long-term economic operations, providing socio-economic benefits to all stakeholders, which are fairly distributed, including stable employment and income-earning opportunities and social services to host communities, and contributions to poverty alleviation;
- 4) to ensure broad participation and involvement of stakeholders in planning and implementing sustainable tourism development and management;
- 5) to undertake continuous monitoring of impacts;
- 6) to maintain a high level of satisfaction of visitors, increasing their awareness on sustainability issues.

Usually mass-tourism destinations represent the core business of a country's tourist sector and, in many cases, are in an advanced phase of their sustainable development cycle. For these destinations it is extremely important to create the right balance between tourist flows and inhabitants, between the 'city of tourists' and the 'city of inhabitants'. In order to avoid negative impacts on the local population, which compromise the quality of life, all the various impacts of tourism should be taken into account in its long-term planning and development, minimizing the pressure on the environment and maximizing social well-being. With climate change a major global challenge, minimizing the impact on climate change through mitigation of greenhouse gas emissions, as well as adapting to inevitable climate change should be further key considerations.

The Rimini Charter for Sustainable and Competitive Tourism identifies a number of recommendations and suggestions for public and private actors in implementing sustainable growth of the tourist sector.

A - Renewal of tourism settlements:

- public renovation works in existing tourist areas: general development plans for sustainable renovation of strategic areas, unification and retreating of accommodation establishments from the coast line, re-establishment of (sea) panoramic fields of vision, valorization of vacant land, maintenance of sea-hinterland connections, creation of pedestrian and cycling areas along the seashore, refurbishment of informal coastline settlements, limitation and reduction of soil consumption;
- building or renewal of tourism accommodation establishments: focusing on energy conservation, energy efficiency, the use of renewable energy sources, as well as the optimization of water and waste cycles.

B - Improvement of accessibility/mobility and reduction of traffic:

- ❖ improvement of connection nodes to urban centers: airports, stations, sea transport, park and ride services close to urban areas, in particular through public transport options;
- ❖ development of an integrated and flexible mobility system that avoids the use of private cars: track-based modes of transport, shared transport systems also for private use (car sharing and shared taxis), integrated networks of slow mobility;
- ❖ promotion of the use of public transport: integrated tariffs, regional discounts for partnerships between different transport and tourism stakeholders;
- ❖ improving bicycle lanes and pedestrian zones, linked to public transport options, with an integrated transport plan;
- ❖ reduction of negative impacts due to (tourism and non-) freight traffic: city logistics and co-ordination among product types of various companies.
- ❖ improving the accessibility of destinations, tourist accommodation services and facilities to host people with special needs.

C - Valorization of the entire tourism district:

- protection and valorization of natural resources and landscape: development of the provincial ecological network, implementation of specific environmental projects, geographic and environmental coast hinterland connections that maintain continuity towards the sea;
- promotion of projects that protect environmental and cultural sites: green tourism, thematic networks (natural, historical-cultural), and coordination of events;
- active promotion of climate mitigation and adaptation measures for a more sustainable and competitive tourism, also improving community resilience to the impact of a changing climate;
- strengthening of local identity: involvement of local communities to define common requirements for territorial transformation;
- promotion of an integrated, local, high quality production system: short supply chain, promotion of local products in tourism facilities, and unique quality and eco-labels.

The Treaty of Lisbon, which came into force on 1st December 2009, has provided the EU with the legal framework that recognizes the importance of tourism and gives the EU the possibility to support and coordinate the actions of the EU countries in this field. In accordance with the economic strategy of 'Europe 2020', the EU promotes the development of sustainable, responsible tourism. Such development requires a system of indicators for sustainable destination management, which could help to create a brand to promote sustainable tourist destinations.

Tourism should protect environmental resources, cultural heritage and local traditions in order to pursue sustainable development. If tourism is to exist in the future, sustainability is

inescapable. Sustainability extends also to preserving and recovering inter-generational solidarity of the host communities so as to avoid the break-up of local values inevitably caused by monoculture tourism and its truncation of the passage of culture heritage from, for instance, grandparents to grandchildren. There are many tourist sustainability labels used and sometimes abused in the current language. The following are examples of characteristics most frequently associated with alternative forms of tourism: acceptable, appropriate, compatible, sweet, conscious, durable, eco-friendly, green, ethical, fair, integrated, light, soft, non-random, non-malicious, responsible, socially legitimate, supportive, humanitarian. The word 'sustainability' has an exclusively positive sense in whatever context it is used. Here, sustainable development combines two social aspects, i.e. social equality and economic growth.

Sustainable tourism differs from other types of tourism because it is:

- **LASTING:** it focuses not on the short-term growth in demand, but on the effects tourism will have over the medium-long term; sustainable tourism seeks to reconcile economic growth with the conservation of the environment and local identity, factors that are key drivers for tourism development over time.
- **AWARE OF THE TEMPORAL AND SPATIAL IMPACTS OF TOURISM ON THE ENVIRONMENT:** it seeks to reduce the impact of both seasonal and spatial factors by identifying the receptive capacity of tourist destinations and where necessary making the influx of tourists compatible to the physical characteristics of the destinations. Limiting visitor levels ensures the conservation of spaces and the quality of the tourist experience.
- **INTEGRATED AND DIVERSIFIED:** tourism supply should be the natural result of local resources, i.e. architectural heritage, traditional festivals, gastronomy, relationships with the sea, desert etc.. Tourism should not be a foreign element in relation to the identity of the place/destination but an authentic part of its cultural and economic patrimony. In this sense, the monocultural tourism should be replaced with diversified models where tourism occupies an important part of the economic structure. In addition, the sustainable tourism model should be receptive to the surrounding area so that the natural spaces of nearby resorts become part of the same tourism supply. Urban and natural landscape diversity strengthen supply attractiveness.
- **PROGRAMMED:** Sustainable tourism implies a careful analysis of present conditions and future prospects and addresses at the time of decision-making the different variables involved in the tourism process.
- **ECONOMICALLY FOCUSED:** the alternative model does not disregard the pursuit of a community's economic vitality and well-being. However, rather than prioritizing a rapid growth of tourist income, the sustainable tourism model focuses on the nature and viability of the investment over time.
- **PARTICIPATORY:** all players should be involved in the decision-making process regarding the development of the territory and collaborate in its subsequent development.

Among the various forms of sustainable tourism solutions that embrace the principles illustrated above, the *Albergo Diffuso* model is an innovative form of tourism that can generate sustainable economic development over time.

### **3. An Innovative Form of Hospitality: The 'Albergo Diffuso'**

The Albergo Diffuso (AD) is an original model of hospitality characterized by its deep ties with the surrounding territory and local culture. In fact, both territory and culture are an integral part of the service offered. The AD is envisaged as a model of sustainable development, which seeks to recognize the value of local resources such as the cultural heritage, agriculture, hand crafts, and small businesses. Local traditions, history, and the social network are also factored into the model (Dall'Ara, 2010).

The AD is a unitary management hospitality model that accommodates its 'temporary residents' in several separate buildings, located in an area, a small village for instance, generally out of the mass tourism circuit.

This is a horizontal hotel, i.e. an integrated tourism supply system linked to the local community that addresses a new generation of tourists eager to immerse themselves in culture and share and participate in local traditions, tastes, trades, and other events (Colbert, 1994). The model is based on the following requirements:

- unitary Management; professionally managed private hotel accommodation;
- housing units located in several buildings close together near a town centre, or in a small village; adding to the cultural identity of the community;
- presence of local crafts/services near the guests;
- presence of a living community;
- style and integrated professional management in the territory;
- distance between living units and communal areas are contained to within 200 meters;
- presence of an authentic environment;
- recognition of services offered;
- integrated management that maintains the style and culture of the territory (Dall'Ara and Morandi, 2010).

Innovation lies in the involvement of different actors who, under a single coordinated management, develop a form of hospitality intended to valorize the potentialities of the area in question, such as culture, history, traditions, food products, and scenic beauty, all with minimum impact on the environment (Throsby 2002). Despite having different owners, the unified management must also promote an integrated service.

The distinctive features and differences between a traditional hotel and an *Albergo Diffuso* are obvious. The role of the hotelier in the AD clearly overlaps with his role in a conventional hotel structure, as he is required to provide the same services to his guests, despite operating in accommodation units located in several buildings. However, the significant difference lies in the style of the management and the importance attributed to the overall performance. In fact, in the AD model instrumental benefits are essential and distinctive elements of the hospitality system.

The communal areas must be located in a central position in relation to the village and the rooms, so being accessible to all. The inner lobby, an assembly area dedicated to the reception and other technical aspects, should be aimed at informing customers about activities in the territory. Examples of local art and handicrafts will reinforce the locality's identity. Instead, the outer lobby is represented by the local urban centre, which guests feel to be a lively welcoming community. Here they will find local events related to traditions, quality local products and accessible transport services. Ultimately, the AD allows customers to feel part of the community.

The first experiments confirm the advantages of the AD model. It is primarily a model of sustainable development that can revitalize deprived areas; it is also an innovative business model that prioritizes the area's tangible and intangible resources e.g. its environment and cultural interest to preserve artistic heritage (Vignali, 2011).

#### 4. Legislative Framework

Italy has no specific national tourism-related legislation. Following the constitutional reform of 2001<sup>6</sup> (Franceschelli, 2008), tourism is a regional competence and regional governments have the power to legislate independently with regard to the forms of tourism to be promoted and, for instance, the distinctive requirements and features of hospitality structures categorizable as *Albergo Diffuso*.

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<sup>6</sup> Reform of Title V of the Italian Constitution, Law no. 3 of 2001

Despite this autonomy and general uniformity regarding factors such as location and centralization of services, some regional differences may exist in the following areas:

- the distance between housing units;
- the minimum number of beds needed;
- the minimum number of housing units;
- the minimum or maximum number of inhabitants located in the historic centre.

These differences, however, are marginal and do not impact the fundamental and innovative features of this new form hospitality, i.e. the unitary management of services and the location in a place of artistic interest. Any differences in the features listed above actually contribute to creating a more authentic and more distinctive tourist-oriented service.

At the European level, tourism is a priority area due to its high potential to generate growth and jobs. The tourism sector, however, is not regulated directly, but rather indirectly through legislation in the areas of the environment, transport, and culture. One of the main objectives of the European Commission is the policy of sustainable tourism. In fact, the AD model can be used as a sustainable development strategy (Vignali, 2010; Throsby 1995) because it satisfies several Community objectives such as economic prosperity through the revitalization and recovery of existing assets, and equity and social cohesion through improvements in the quality of life of the local communities, in addition to offering visitors satisfying experiences while minimizing pollution and environmental degradation.

The tourist industry benefits also from funding from the European Union in order to convert and enhance local traditions, heritage, art, and revitalize the rural economy while respecting the principles of balanced and sustainable development<sup>7</sup> (Sapienza, 2004).

The *Albergo Diffuso* is perfectly aligned with the 'Millennium Development Goals', established by the United Nations in 2000 and also respects the principles of the 'Global Code of Ethics for Tourism' adopted in 1999 by the World Tourism Organization.

## 5. Data and Methods

We use a multi case study<sup>8</sup>, because we believe it offers the appropriate methodology when investigating a complex multi-variable phenomenon that evolves over time (Yin, 1995; Eisenhardt, 1989).

The multi case study explores processes and allows us to consider different methods of data collection (Van Maanen, 1983). In this study we use:

- interviews with management;
- interviews with room owners;
- user opinions from blogs and tourist websites;
- Regional legislative documents;
- records relating to the history of *Albergo Diffuso* ;
- history of artistic and cultural heritage.

With the application of the so-called 'triangulation' of the sources, it will be possible to explain better the phenomenon investigated. Although the multi-case study cannot generate statistical information, we can obtain an 'analytical generalization' of the phenomenon studied. (Yin, 1995).

In Italy today there are 56 structures recognized by the National Association of *Albergo Diffuso*<sup>9</sup>, but, not all these structures can be considered *Albergo Diffuso*. We selected a sample made up by ADs each with at least the following characteristics:

- 1) it has been in business for at least five years, long enough to have data relating to tourist flows;
- 2) it is a successful enterprise, confirmed by visitor numbers and the opinions of users;
- 3) it is situated in a small village with significant artistic heritage;

<sup>7</sup> The European Regional Development Fund provides funding for projects that are intended to promote socio-economic development in European regions.

<sup>8</sup> See (Yin, 1995)

<sup>9</sup> <http://www.albergodiffuso.com/osservatorio.html>



- 4) there is a unitary management;
- 5) there are different owners;
- 6) the environment is authentic;
- 7) it offers services tied to the culture and local tradition.

We chose from the sample two ADs, each representing a significant example of success: Al Vecchio Convento in Emilia Romagna and Borgo di Sempronio in Tuscany.

## 6. The Case Studies Analysis

### 6.1. Albergo Diffuso Al Vecchio Convento

The *Albergo Diffuso* 'Al Vecchio Convento' (see the Picture 1) is located in the hamlet of Portico di Romagna (300 inhabitants) in the Acquacheta valley, mentioned in Dante's 'Divine Comedy', on the Apennines between Tuscany and Romagna. This small medieval town is crossed by a river and several trails leading into the woods of the National Park of the Casentino Forests. Portico's history is linked to the events of the past's major ruling families, such as the Counts of Guidi, the Visconti of Milan, and those of the Florentine Republic in the struggle for the domination of central and northern Italy. The urban structure of the medieval village was divided into three distinct levels linked by steps, which can still be seen today. The upper part consisted of a castle, of which nothing remains but a tower of the parish church and the palace of the Podesta. In the middle level there were the porticoes and palaces, including the Palazzo Portinari. It is said that here blossomed Dante's love for Beatrice Portinari.

**Picture 1. Albergo Diffuso “Al Vecchio Convento”, in Portico di Romagna Hamlet**



Source : <http://www.vecchioconvento.it/portico-di-romagna/>

The *Albergo Diffuso* offers various rooms and apartments in the historic village, all located near the main hotel, a beautiful nineteenth-century building, once belonging to one of the site's oldest families of and renovated in 1980. Today, although equipped with all modern comforts, the rooms have original features that respect the environment and tradition. The curtains and the objects in wrought iron and hand-painted ceramics by local craftsmen contribute to the charm of these places.

'Al Vecchio Convento' is the first *Albergo Diffuso* in Emilia Romagna and represents a significant break with traditional tourism. This innovative solution consists in typical houses in a context of historical and cultural interest that combines comfort with the authenticity of village life. The setting encourages visitors to develop relations with local residents and consider themselves an integral part of the village rather than being simply hotel guests. Staying in an *Albergo Diffuso* is like living inside the village, where the guest comes into direct contact with the rhythm of village life. 'Al Vecchio Convento' has two halls, one inside and the other just outside the hotel. The hamlet, though small in size, is presented as a living reality, with all the

basic services of a real community (shops, pharmacy, church, newsstand, bar, tourist information centre).

The *Albergo Diffuso* is an Italian formula, aimed at people who are looking for something different that includes the ingredients of an activity holiday, for instance biking, with epicurean and artistic attractions. The family owners also manage the 'Scuola Verde L'Olmo', a Government-recognized Italian language school for foreigners that offers courses in Italian language and culture. Visitors can choose from a range of activities, such as cookery classes, tours to wineries and wine producers, oil and cheese producers, guided walks in the National Park, visits to art cities. In the truffle season, the owners with their dogs accompany visitors in the surrounding woods, in search of truffles<sup>10</sup>.

**Table 2. AD “Al Vecchio Convento” characteristics**

Characteristics	Description
Year AD established Year village established Artistic Importance of the village Existence of unitary management Presence of communal areas Presence of active citizenship	<ul style="list-style-type: none"> <li>• 2004</li> <li>• 1000</li> <li>• Medieval Architectural structure</li> <li>• yes</li> <li>• yes</li> <li>• yes</li> </ul>
Services offered	<ul style="list-style-type: none"> <li>• Restaurant</li> <li>• Internet Wi-Fi</li> <li>• Internal garden</li> <li>• TV and telephone in the rooms</li> <li>• Communal TV area</li> <li>• Library with reading room</li> <li>• Bar</li> <li>• Veranda/porch</li> <li>• Traditional products shop</li> <li>• Trips to Bologna, Forli, Rimini</li> <li>• Parking</li> <li>• Mountain biking</li> <li>• Bicycle repairs</li> </ul>
Activity	<ul style="list-style-type: none"> <li>• Wine and food tour</li> <li>• Trekking</li> <li>• Biking</li> <li>• Cookery classes</li> <li>• Art lessons</li> <li>• Italian language classes</li> <li>• Guided walks in the National Park</li> <li>• Tours to cities of artistic interest</li> </ul>

Source: Our elaboration

## 6.2. Albergo Diffuso Borgo di Sempronio

The *Albergo Diffuso* is close to the village of Sempronio Maremma (see the Picture 2) set in the woodlands of Mount Amiata. The village is nine kilometers from the famous Saturnia spa resort and a one-hour drive from Grosseto.

<sup>10</sup> See Table 2

**Picture 2. Sempronio Hamlet**



Source: <http://www.ilborgodisempronio.it/index>

The AD 'Borgo di Sempronio' is located in the historical centre of Sempronio. The residences, which are located in different buildings, have been renovated by the three co-founders. According to the philosophy of diffused hospitality, the dwellings are situated in old houses and barns located in the historical centre of the village. Interiors are a mixture of traditional Tuscan elements and contemporary fittings.

Breakfast is served in the old winery located in one of the most beautiful streets of the village, Via Piana, just a few steps from the reception.

The AD's public areas include a renovated old mill now used for wine and oil tasting. 'Borgo di Sempronio' collaborates with three restaurants and a number of farmers in the area, with the aim to rediscover traditions, to protect the natural territory, and to produce natural food that embraces the principles of sustainability, multi-functionality, biodiversity conservation and nutrition education.

The AD offers many free bikes for adults and children who want to discover the local landscapes.

In addition, the village of Sempronio organizes activities that include Nordic Walking guided hikes and archery (see Table 3).

**Table 3. AD Sempronio's characteristics**

Characteristics	Description
Year AD established Year village established Artistic Importance of the village Existence of unitary management Presence of communal areas Presence of active citizenship	<ul style="list-style-type: none"> <li>• 2002</li> <li>• 1000</li> <li>• Medieval Architectural structure</li> <li>• yes</li> <li>• yes</li> <li>• yes</li> </ul>
Services offered	<ul style="list-style-type: none"> <li>• Restaurant</li> <li>• Internet Wi-Fi</li> <li>• TV and telephone in the rooms</li> <li>• Bar</li> <li>• Traditional products shop</li> <li>• Parking</li> <li>• Mountain biking</li> </ul>
Activity	<ul style="list-style-type: none"> <li>• Wine and food tour</li> <li>• Nordic trekking</li> <li>• Biking</li> <li>• Spa and health resort</li> <li>• Cookery lesson</li> <li>• Art lesson</li> <li>• Golf</li> </ul>

Source: Our elaboration

## 7. Conclusion

The AD is as we have seen characterized by a set of distinctive features that enable it to establish itself on the tourist market as a competitive player, whilst at the same time promoting sustainable economic development in the territory where it operates.

Critical success factors are made up by those variables that an enterprise's management can control, and those variables that management must consider as constraints to ensure the enterprise's survival. Only by operating in this way, can the enterprise be a generator of economic and social value (Orlandini *et al.* 2012).

The most important classes of critical success factors for ADs are:

- the characteristics of the environment;
- the characteristics related to the market or to the market segment;
- the strategies implemented by the economic actor.

Regarding the characteristics of the environment we can cite for example:

- territorial ties;
- the influence of the local community on the AD;
- the influence of the AD on the local community.

As regards territorial ties and namely about the environment in which the AD operates, what emerges from an analysis of the case studies and AD-relevant legislation is the strong organic link between this kind of enterprise and its territory. The success of the AD is in fact strongly dependent on the type of relationship established with the local community, which is in fact the bearer of an anthropological culture that must permeate the AD's activity: love and respect for nature, preservation of old crafts and traditions, hospitality to visitors.

The AD, through the activation of mechanisms of external consent, can take advantage of the skills, abilities, and attitudes outside it that enable it to produce and deliver an increasingly differentiated tourist service. In doing so, it can increase and enhance its reputation, and thus its ability to attract tourists to its territory. If this territory is experiencing economic difficulties, the AD can become a new engine for economic and sustainable development.

### 7.1. Influence of the Local Society on the AD

Based on the analyses performed on the origin of the AD, it can be seen that this business model is connected both to the local characteristics (morphological, climatic, wildlife, economic production, etc.) and to the socio-cultural specific features that the flow of history has produced in that territory. Regarding the first point, analyses carried out on the development of ADs in Italy have shown that these settlements have been successful in small ancient villages, often in a state of partial abandonment. The recovery operation involves the restoration of old houses, using local materials and respecting the architectural traditions. Such interventions revitalize the village because they generate a demand for local operators and facilitate the establishment or development of small businesses.

Regarding the second point, namely the cultural and historical-specific features, the way of life of these sites affects the way an AD will develop. In fact, the traditions handed down over the centuries, a lifestyle more in tune with the rhythms of nature and an AD's continuous contact with both are powerful drivers for the development of an integrated and sustainable tourist service.

Of course, other factors, in addition to those considered above, influence the development of ADs, and they are all connected with the type of relationships that develop between the AD and the local community. These relationships will have a great influence on the management and governance of the enterprise. The best results will of course be obtained when the relationships that are forged between the two realities are fiduciary, durable and stable.

## **7.2. Influence of AD on the Local Community**

The AD typically puts in place specific strategies of intervention in the area that can produce positive changes to the local community. For example, the supply of local handicraft courses can encourage the resurgence of work skills that had been forgotten or abandoned. In proposing such offers the AD may involve public institutions, for instance proposing a change in land use policies that ultimately aims at reducing its consumption.

In this way the AD, by encouraging the development of lasting relationships with all stakeholders, increases the involvement of the local community in the search for sustainable economic development and generates the production of social capital, i.e. that form of capital that produces social values susceptible to promoting growth of the economic system.

## **7.3. Features Relating to the Market**

The AD provides a type of tourist service that could be qualified as integrated, despite offering it to a particular market segment. Customers/clients served are made up of individuals with special needs, inclinations and specific objectives, such as respect for nature, the search for unspoiled places, natural foods and knowledge of traditional crafts, discovery of historical sites, opportunities to engage in sports etc.. Thus, tourist supply in this field must comprise not only hospitality, but also a range of other services. Since these services are typically produced and distributed by a plurality of firms distinct from the AD, a set of quality standards for each of them has to be defined so as to guarantee overall the total quality of AD service.

Today, the AD enjoys a good level of market credibility, which should be maintained and raised. Such an objective can be reached only through a heightened and continuing awareness and involvement of all actors involved in the production/delivery of the service. In addition, many of these enterprises are family-run, which can reduce tangible and intangible inefficiencies. If these enterprises continue to operate according to the principles of total/social quality, pursuing the maintenance and improvement of quality levels achieved so far, then they will be in a position to enjoy a competitive advantage. In order to ensure the quality of the service, it is not enough to be able to provide the customer with a quality service, but it is also necessary to pursue quality in the area of management, aiming to optimize the use of the available resources.

## **7.4. Strategies Implemented by the Economic Agent**

The AD constitutes at the strategic level a successful example of entrepreneurial integration leading the enterprises involved to configure a completely original network system. The connection between the AD and the different cooperating entities is established through the services that are part of the integrated tourism service being offered. Often, for example, the AD delegates the provision of catering to a third party, or delegates to another firm the provision of certain courses. However, it is the AD's responsibility to choose which services to promote and provide in addition to coordinating the activities on the territory and to organize and deliver the administration activities. The fundamental link between these different enterprises is represented by shared culture and its unifying values.

Moreover, the operating principles that are established between the AD and its collaborators are, significantly, often informal and only in certain situations contractually regulated.

The proper working of such a system, specifically of a reticular type, is favored by the quality of personal relationships and by the continual flow of information that is established between the actors in the network. This network system is essential for the optimal operation of the AD.

The innovative *Albergo Diffuso* model can act as an example and may generate innovation for the entire tourism industry. The innovative process starts from enhancing the landscape, and architectural and cultural heritage, without generating adverse effects in the community, and thus promoting sustainable economic development.

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