

Corso di laurea in Economics and Business

Course: Management

Revitalizing Italian Borghi: the role of the "Albergo Diffuso" Model and Sustainable Tourism

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## **SUMMARY**

		•••••			
INTRODUCTION.		•••••		•••••	3
CHAPTER I			•••••		5
CORPORATE	SOCIAL	RESPONSIBILITY	(CSR)	AND	SUSTAINABLE
TOURISM	• • • • • • • • • • • • • • • • • • • •		•••••		5
1.1 THEORETIC	CAL BACKGROUN	ND OF CSR			5
1.1.1 HISTO	RICAL DEVELOP	MENT			5
1.1.2 DEFIN	ITION AND PRING	CIPLES			9
1.1.3 REGUI	LATORY FRAME	WORK AND GUIDELINES			11
1.2 SUSTAINA	ABLE TOURISM				12
CHAPTER II					14
EXPERIENTIAL T	TOURISM AS A T	OOL FOR ECONOMIC DE	VELOPMENT.	•••••	14
2.1 DEFINITIO	N AND CHARACT	TERISTICS OF EXPERIENTI	AL TOURISM		14
2.2 ORIGINS AND EVOLUTION					16
2.3 2024 TREN	NDS				18
2.4 THE ITAL	IAN TOURISM IN	DUSTRY			21
CHAPTER 3				• • • • • • • • • • • • • • • • • • • •	24
ITALIAN BORGH	I: STRATEGIES T	TO ENHANCE THEIR VAL	UE	•••••	24
3.1 THE ROLE	OF BRANDING IN	N THE PERCEPTION OF TO	URISTS		24
3.2 EXPERIENTIAL MARKETING AND TOURISM ENGAGEMENT					29
3.3 EXPERIEN	ITIAL MARKETIN	G APPROACHES FOR MAD	E IN ITALY		30
3.4 THE ITALI	AN 'BORGHI'				32
CHAPTER 4					36
		INABLE MODEL			
		ENT			
4.2 ECONOMIC AND SOCIAL IMPACT					38
4.3 CASE STUDY: SANTO STEFANO DI SESSANIO					40
4.3.1 HISTOI	RY AND DEVELO	PMENT			41
4.3.2 ECONO	OMIC AND SOCIA	L IMPACT			43
4.3.3 PROMO	OTION AND MAR	KETING			45
4.4 CHALLENG	SES AND OPPORT	UNITIES FOR GROWTH			46
4.4.1 CHALL	ENGES				46
4.4.2 OPPOR	TUNITIES FOR G	ROWTH			48
4.5 REPLICABI	LITY OF THE MO	DEL			49
CONCLUSION	•••••		•••••		52
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# "Revitalizing Italian Borghi: the Role of the 'Albergo Diffuso Model' and Sustainable Tourism"

#### Laura Ruoso

#### Abstract

Sustainability has become an urgent priority in today's society, leading to the need of a fundamental shift in strategies to reduce human impact on the planet. Tourism places itself as an essential sector of the Italian economy, and, in this framework, combining experiential tourism and sustainable practices can drive the revitalization of Italian places which offers a huge potential: Italian Borghi, using the innovative 'Albergo Diffuso' model as a case in point. In fact, this model is able to stimulate local economies while safeguarding historical and architectural heritage, ensuring a minimal ecological footprint, due to the blend of cultural preservation with environmentally conscious tourism. The detailed case of Santo Stefano di Sessanio highlights the effectiveness of the model. Moreover, it addressed the critical role of Corporate Social Responsibility (CSR) in aligning tourism initiatives with sustainability objectives. Indeed, integrating CSR principles can create a harmonious balance between economic development, cultural engagement, and environmental direction. With a growing global demand for responsible and authentic travel, opportunities for scaling this model to other regions are identified, presenting a compelling framework for sustainable tourism that meets the environmental and societal demand of today.

#### Introduction

"Knowledge and cultural experiences become key enablers for understanding and caring for a sustainable world that goes beyond the traditional meaning of environmental, economic and social sustainability to fully encompass that of a more equitable and inclusive world within the meaning of the 2030 Sustainable Development Goals promoted in 2015 by the United Nations".

In the continuously evolving society which characterizes nowadays' world, the concept of sustainability has expanded to encompass not only environmental protection, economic stability and social well being, but also the pursuit of a more equitable and inclusive world. Innovative approaches in various sectors are required to meet the broader understanding of sustainability. Among these sectors, tourism has the potential to contribute in a significant manner to these global goals. Experiential tourism, in particular, offers a unique opportunity to merge economic development with cultural preservation, leading to sustainable growth for rural areas rich in history. Its transformative potential is crucial in the revitalization of Italy's rural borghi through the adoption of the Albergo Diffuso model. This model, which presents itself as a dispersed hotel concept that integrates tourism accommodations within existing structures of small villages, provides an innovative approach which also gives critical importance to the local tradition, improving economic growth and cultural conservation. By promoting immersive and authentic experiences, this model aligns perfectly with the 2030 Sustainable Development Goals thus creating a type of tourism not only protibale but also socially responsible and environmentally conscious. In the face of increasing global demand for authentic travel experiences, Italy's borghi, distinguished by their historical significance, distinctive customs, and architectural legacy, are well situated to capitalize on sustainable tourism initiatives. Achieving this potential requires a

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<sup>&</sup>lt;sup>1</sup> Museums for integrated sustainability, Micheal Rita, bibliography (2022).

careful equilibrium among economic growth, place branding, and corporate social responsibility. The Albergo Diffuso concept is a strategic approach that cultivates a synergistic connection among local communities, the environment, and the tourism industry, making it an example of how sustainability and innovation can intersect in the sector. The Santo Stefano di Sessanio example illustrates how the model has effectively facilitated economic development and cultural preservation in the specific borgo, offering insights for analogous places to implement sustainable tourism practices that correspond with contemporary and sustainability issues. The significance of CSR in developing tourist strategies that benefit both enterprises and local environment and community is emphasized, as sustainability gains prominence in management practices. Moreover, today's society has seen the spread of experiential tourism, which might facilitate sustainable development, providing a replicable framework for other locations, thus contributing to the global initiative for sustainable and equitable growth.

#### **CHAPTER I**

## Corporate Social Responsibilities (CSR) and Sustainable Tourism

#### 1.1 Theoretical Backgrounds of Corporate Social Responsibility (CSR)

## 1.1.1 Historical Development

In today's society, modern business management depends as never before on Corporate Social Responsibility, which has taken on relevance in recent years. CSR is the voluntary incorporation of social and environmental considerations into business operations and the interaction with stakeholders. The concept, which is now used regularly in business practice, has historical roots in the era of the Industrial Revolution, when machinery and sophisticated methods of production created working arrangements and associated adverse environmental consequences. Some of the first examples of labor protection and the societal impacts of industry can be seen at that time even if it was not known by the title referred to today.

In 1953, Howard Rothmann Bowen, who is widely regarded as the "father of CSR," published "Social Responsibilities of the Businessman", which serves as the foundation of contemporary CSR. Bowen proposed that companies ought to be accountable to society rather than simply to stakeholders, creating a new conceptual framework of business management that extends beyond profit. He established the original conceptual definition of corporate social responsibility, describing it as

"the responsibilities of businessmen to pursue policies, make decisions, and follow the lines of action that are desirable in terms of the objectives and values of our society."<sup>2</sup>

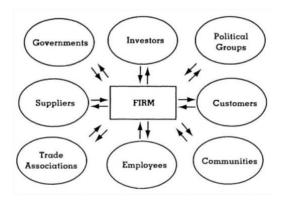
During this original stage of development, the emphasis was on the accountability of the merchants and the manager, not the firm as a whole, and the positive and negative consequences, externalities, of management. In the 1960s, CSR started to become known as a nexus between business action and societal expectations.

<sup>&</sup>lt;sup>2</sup> Network Digital 360, "Responsabilità sociale d'impresa (CSR): cos'è e come crea galore in un'azienda", Agenda Digitale URL: <a href="https://www.agendadigitale.eu/smart-city/responsabilita-sociale-dimpresa-csr-cose-e-come-crea-valore-in-unazienda/">https://www.agendadigitale.eu/smart-city/responsabilita-sociale-dimpresa-csr-cose-e-come-crea-valore-in-unazienda/</a>

Scholars such as Frederick, Davis, and McGuire in these years broadened its definition, starting to put in theory key concepts that will then characterize CSR. McGuire was the first one to talk about the concept of 'corporate citizenship' as

"interest in politics, in the welfare of the community, in education, in the "happiness" of its employees, and, in fact, in the whole social world about it. Therefore, business must act justly as a proper citizen should"

While the principle of *voluntarily* was first discussed by Walton (1967) who believed that businesses should be willing to sustain also those costs which are not only related to direct economic return. The 1980s saw the emergence of Freeman's *'stakeholder theory'*, which underscored the significance of considering the interests of all stakeholders, not just shareholders, as CSR continued to develop. Freeman's paradigm identifies eight primary stakeholders that operate within a company.



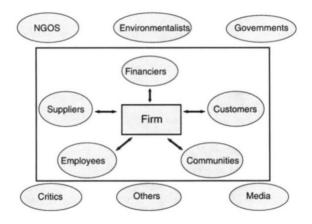
Freeman's stakeholder theory diagram which illustrates the bidirectional relationships between a firm and its key stakeholders. Source: <a href="https://www.insidemarketing.it/glossario/definizione/stakeholder-model-freeman/">https://www.insidemarketing.it/glossario/definizione/stakeholder-model-freeman/</a>

The model depicts each stakeholder as a component of distinct realities at both the macroscopic and societal levels. For instance, governments play a significant role in the regulation of business practices and indirectly influence them. On the other hand, communities can be crucial when a company is involved in social and political issues and must interact with a variety of publics in an issue management context. However, employees and suppliers play a much more direct role in the company, as they engage in a daily relationship of mutual interest in the

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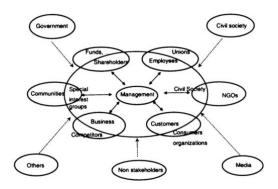
<sup>&</sup>lt;sup>3</sup> "Le principali correnti di pensiero che confluiscono nell'ambito della responsabilità sociale d'impresa", 123dok, URL: <a href="https://123dok.org/article/cittadinanza-d-impresa-principali-correnti-pensiero-confluiscono-ambito.eqop33kz">https://123dok.org/article/cittadinanza-d-impresa-principali-correnti-pensiero-confluiscono-ambito.eqop33kz</a>

business's survival. In contrast to the input-output model that was previously employed as a reference in strategic management, the relationships identified by Freeman are bidirectional. As a result, the company acknowledges the intricacy of the context in which it operates; however, stakeholders may have objectives that are not wholly consistent with the company or with one another. This issue resulted in the validation of a novel perspective that was further investigated by Freeman in 2003 through the adapted stakeholder model. This model had the advantage of positioning the company's stakeholders on distinct levels. Freeman elected to distinguish between first-level stakeholders and second-level stakeholders, who are more remote from the business reality. According to Freeman, these are the ones that have the potential to have a more direct and substantial impact on the company.



Extended stakeholder model which shows the firm's interactions with primary and secondary stakeholders. Source: <a href="https://www.insidemarketing.it/glossario/definizione/adapted-stakeholder-model-freeman/">https://www.insidemarketing.it/glossario/definizione/adapted-stakeholder-model-freeman/</a>

Nevertheless, both models have provoked numerous critiques in academia, particularly from Fassin, who implemented additional modifications. Fassin's stake model delineates a novel method for identifying the entities that interact with businesses, which is informed by the normative and guarantee aspects from external entities, in addition to the solely economic and strategic aspects. In fact, a more dynamic and comprehensive model was created, which included the addition of two critical roles: stakewatchers, stakeholders such as pressure groups that do not have direct interests but protect the interests of real stakeholders, often as delegates or intermediaries, and stakekeepers, who regulate all relationships between stakeholders and stakewatchers with the company and possess the legal authority to intervene in the organization.



Stakeholder graph, showing the complex network of relationships between management and various internal and external stakeholders. Source: <a href="https://www.insidemarketing.it/glossario/definizione/stakeholder-model-di-fassin/">https://www.insidemarketing.it/glossario/definizione/stakeholder-model-di-fassin/</a>

Concurrently, the significance of moral principles in business operations was formalized through research in Business Ethics.

In 1979, Carroll established a definition of corporate social responsibility that was predicated on four factors: the generation of economic value; compliance with the law; conformity to social values and the obligation to operate in accordance with impartiality, equity, and justice; philanthropic discretion, or the company's capacity to make social investments without regulatory obligations or specific expectations from the reference communities. In 1991, Carroll also established a hierarchy among the four categories of business responsibilities (economic, legal, ethical, and philanthropic), giving priority to economic responsibility.<sup>4</sup>

The discussion related to CSR during the 1990s concerned accountability and reporting, creating an expansion of awareness about the need for companies to report on their activity using quantitative measures to better evidence their performance to stakeholders. During this period, CSR was also universally acknowledged, in part due to the establishment of the World Business Council for Sustainable Development (WBCSD). The global discussion regarding Corporate Social Responsibility has engaged countries and institutions in developing strategic policies to promote the spread of business practices that encourage responsible sustainable behavior among companies in the long term from the 2000s to the present day. The corporate

8

<sup>&</sup>lt;sup>4</sup> "Responsabilità sociale d'impresa (CSR): cos'è e come crea valore in un'azienda", Network Digital 360 URL: <a href="https://www.agendadigitale.eu/smart-city/responsabilita-sociale-dimpresa-csr-cose-e-come-crea-valore-in-unazienda/">https://www.agendadigitale.eu/smart-city/responsabilita-sociale-dimpresa-csr-cose-e-come-crea-valore-in-unazienda/</a>

focus has shifted toward the recognition that, for unsolicited continuity and sustainability, companies must generate value not only for shareholders, but also for society and the environment. CSR has thus developed to include some of the considerations such as environmental sustainability, ethical human resource management, and stakeholder engagement in the community.

## 1.1.2 Definition and Principles

The fundamental principles of corporate social responsibility are essential in order to comprehend how today's businesses can foster environmental sustainability and social welfare as they drive their various economic goals.

One of the main aspects of CSR is its *voluntary nature*. Companies that apply this model, apply the measures of virtuous actions that go beyond the legal requirements. Environmental Sustainability is considered as another crucial element of CSR. Organizations are encouraged, through incentives, to reduce their environmental impact by performing more environmentally friendly activities, managing natural resources in a responsible manner and reducing emissions. This encompasses the decrease of the company's ecological footprint by making use of renewable energy, increasing energy efficiency and proper waste management. Companies that prioritize CSR must be also transparent. This aspect involves accepting responsibility for the actions and decisions of all parties and being consistent in conveying information. Quality and respect for human rights are additional fundamental principles. Organizations are obliged to ensure that all their activities and those of their supply chains meet certain basic standards of human rights, non discrimination and employment standards. This aspect is rather relevant for organizations that act internationally and in sectors where freedom of the workers can be endangered. Contemporary views to corporate social responsibility are founded on the 'stakeholder theory' introduced by R. Edward Freeman. There is an expectation for companies to engage with all the affected groups in its operations. In recent years, an increasing number of people have come to realize that enterprises and society are inextricably related and interwoven and influence each other. It is appropriate for companies to investigate the nature and scope of these exchanges from a long term perspective, as they are a part of the environment with which they have significant interactions but can also be influenced. The flows can be positive or negative in both cases.

Nowadays, some of the major issues include climate change which has dangerous effects on our planet in the long term, and risks from the free movements of people, or migration, and the consequent effect on the societies of the receiving parties. Additionally, a strong attention is also posed to the devastating consequences of pandemics and global health emergencies. CSR is pertinent due to its ability to adapt to a changing economic landscape. Consumers, employees, suppliers, local communities, the financial market, and civil society are all affected by the increasing demand for quality. All of these parties are demonstrating an increasing interest in high quality relationships, products, services, and processes. Moreover, CSR provides organizations with the opportunity to engage in cross cutting innovation that extends beyond the ordinary productive aspect, encompassing social and environmental considerations. The European Commission has, in fact, underscored the significance of CSR for:

- Businesses: with regard to risk diversification and management, cost reduction, procurement of finance, management of human capital, sustained operations, capability for innovation and profitability.
- European Economy: with regard to the creation of undertakings that in turn can grow to contribute individually towards the construction of a sustainable economy.
- Society: as a bearer of values that support a more coherent environment that might sustain the shift towards a more sustainable model economy.<sup>5</sup>

Sustainability is another concept not to be confused with CSR but, rather, the principle upon which CSR is built and the aim to achieve. In 1987, the concept of sustainability was articulated and introduced by the United Nations (ONU) in the Brundtland report, where it was defined as

"Development that meets the needs of the present without compromising the ability of future generations to meet their own needs". <sup>6</sup>

In this context, sustainability is a strategy that prioritizes the three ESG dimensions (environmental, social, and governance) in order to generate lasting value. OECD Guidelines

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<sup>5</sup> Ibid

<sup>&</sup>lt;sup>6</sup> "Brundtland Report", Commissione Mondale per l'Ambiente e lo Sviluppo, 1987, URL: https://www.are.admin.ch/are/en/home/media/publications/sustainable-development/brundtland-report.html

for Multinational Enterprises on Responsible Business Conduct, OECD Publishing, Paris<sup>7</sup> also adopt this approach.

## 1.1.3 Regulatory Framework and Guidelines

A wide range of worldwide standards, guidelines, and legislation influence the CSR environment, which is very complex and diverse. These frameworks are specifically developed to guarantee that organizations implement responsible practices consistently and openly.

The European Commission has played a fundamental role at the European level. In fact, it has promoted CSR though the 2001 Green Paper, in which the concept is defined as

"The voluntary integration by companies of social and environmental concerns into their business operations and interactions with their stakeholders". 8

An additional relevant step forward was adopting the European Directive 2014/95/EU<sup>9</sup>, which imposes big companies to disclose all non financial information, including data related to different aspects such as sustainability, human rights, and fight against corruption and diversity. Also the GRI guidelines support non-financial reporting, which allows companies to monitor and communicate the results of their CSR initiatives and align them with the Sustainable Development Goals (SDGs) established by the United Nations. The 2024 Action Plan for Entrepreneurship further highlights the relevance of non-financial reporting as a fundamental tool for SMEs. Companies are urged to act more transparently and ethically as a result of this plan, as it is crucial for them to demonstrate that their operations generate economic value and contribute to social progress and environmental protection.

At International level, a guide is provided by ISO 26000<sup>10</sup>, which is not a certificate norm, but it regards how companies can implement CSR, dealing with themes such as organizational

<sup>&</sup>lt;sup>7</sup> "OECD Guidelines for Multinational Enterprises on Responsible Business Conduct" (published 8 June 2023), p. 16, URL: <a href="https://read.oecd-ilibrary.org/finance-and-investment/oecd-guidelines-for-multinational-enterprises-on-responsible-business-conduct">https://read.oecd-ilibrary.org/finance-and-investment/oecd-guidelines-for-multinational-enterprises-on-responsible-business-conduct</a> 81f92357-en#page16

<sup>8 &</sup>quot;CSR", Unioncamere, URL: https://www.unioncamere.gov.it/csr#

<sup>&</sup>lt;sup>9</sup> "Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014, article 29a 'Consolidated Financial Statement', URL: <a href="https://eur-lex.europa.eu/eli/dir/2014/95/oj">https://eur-lex.europa.eu/eli/dir/2014/95/oj</a>

<sup>&</sup>lt;sup>10</sup> "ISO 26000 Certification: Social Responsibility of Organizations", URL: <a href="https://isocertificazioni.it/app/certificazione-iso-26000-responsabilita-sociale-organizzazioni-brescia-bergamo-milano-torino-verona-mantova-cremona.aspx">https://isocertificazioni.it/app/certificazione-iso-26000-responsabilita-sociale-organizzazioni-brescia-bergamo-milano-torino-verona-mantova-cremona.aspx</a>

governance, human rights, environment, good working practices, consumer issues and community involvement and development. Furnishing an important framework for all those companies who wish to adopt responsible and sustainable practices. For instance, this approach is developing as an opportunity for firms to actively contribute to a sustainable future by conscientiously incorporating into the social and economic environment.

#### 1.2 Sustainable Tourism

Tourism is a fundamental sector which contributes to three high priority targets: income generation, employment creation, and the foreign exchange earnings of any country. According to UNWTO and UNDP, this industry is continuously expanding and the number of foreign visitors worldwide is predicted to reach 1.8 billion by 2030. <sup>11</sup> Nevertheless, economic expansion can become strictly related to negative effects on society and environment; for this reason, the tourism sector is increasingly focusing on embracing CSR efforts in order to limitate adverse consequences.

The responsible approach to travel that aims at protecting the environment while sustaining local cultures and communities is represented by sustainable tourism. Its origins are dated back to the 80s and it was firstly defined in 1987 by the ONU with the *Brundtland Report*. The first Sustainable Tourism Charter was drawn up in 1995 during the World Conference in Lanzarote, after the fact that three years before the Earth summit in Rio de Janeiro led to Agenda 21, a list of proposals for the 21st century which also regarded tourism. Meanwhile, in 1998 the Italian Association for Responsible Tourism (AITR) was founded with the objective of spreading the culture, principles and practices of sustainable and responsible tourism. A massive shift occurred in recent years, when in 2015 sustainable tourism was recognized by the UN as a way to achieve the goals of Agenda 2030 which now identifies tourism as a primary incentive for inclusive economic growth, since activities related to this sector can accelerate the green transaction by adopting sustainable models of consumption and production. The Declaration of Berlin, '*Transform the Tourism*', signed by more than 30 ONG representatives coming from 19 different nations who thus committed to contributing to the renewal of tourism transforming it into an essential tool for a sustainable world, states that:

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<sup>&</sup>lt;sup>11</sup> UNWTO & UNDP. 2017

"Only tourism that contributes to the improvement of local well-being, the dignity of workers, the integrity of the environment, as well as the elimination of exploitation, inequality and poverty is a significant option for sustainable development". <sup>12</sup>

Moreover, UNESCO promoted the creation of the 'Canopy' program - World Heritage Solutions for Sustainable Futures<sup>13</sup>. Canopy is organized as a platform that collects study cases from all over the world and that has as an objective the improvement of knowledge regarding operative solutions for sustainable development within and around the world's cultural heritage. In Italy, a great source offering a huge potential for the implementation of sustainable tourism are the *Italian Borghi*, where numerous interventions aimed at restoring the cultural heritage are taken by the *Piano Nationale Borghi*<sup>14</sup> which has the goal of contributing to the social and economic development of disadvantaged rural areas.

In rural areas, CSR is particularly influential in the preservation of environmental and cultural traditions and the promotion of sustainable development, and in this framework this concept is strictly linked to the territory itself by the concept of territorial social responsibility (RTD). RTD strengthens this connection, emphasizing the importance of involving all local actors in the economic and social development process, thus promoting a development paradigm that prioritizes collaboration among enterprises, public institutions, and local communities to address specific local issues.

For example, the case of Santo Stefano di Sessanio is notable in this framework since its medieval village has seen an economic renaissance through the adoption of the 'albergo diffuso model' supported by corporate social responsibility practices. The right development model for these places, which often have an unstable economy and a declining population, must be able to promote sustainable economic growth while preserving their historical and cultural characteristics. In this sense, CSR can be a powerful tool to achieve these objectives, contributing to many important aspects, particularly in Italian borghi.

Hence, the tourism sector can play a key role in the revitalization of these areas in a sustainable way. In addition, these areas are also perfectly in line with the growing demand from visitors

<sup>&</sup>lt;sup>12</sup> "Il turismo sostenibile secondo la dichiarazione di Berlino", URL: <a href="https://blog.geografia.deascuola.it/articoli/turismo-sostenibile-dichiarazione-berlino">https://blog.geografia.deascuola.it/articoli/turismo-sostenibile-dichiarazione-berlino</a>

<sup>13 &</sup>quot;UNESCO Canopy - World Heritage Solutions for Sustainable Futures", URL: https://whc.unesco.org/en/canopy/turin

<sup>&</sup>lt;sup>14</sup> "Ministero Della cultura - PNRR M1C3- Intervento 2.1 Attrattività dei borghi storici. Progetti locali di rigenerazione culturale e Sociale", URL: <a href="https://macroarea.it/cultural-heritage/">https://macroarea.it/cultural-heritage/</a>

to experience tourism in a more immersive way, which is nowadays known as *experiential* tourism.

#### **CHAPTER II**

## **Experiential Tourism as a Tool for Economic Development**

## 2.1 Definition and Characteristics of Experiential Tourism

Over the past decade, the tourism industry has grown significantly as an economic resource, largely due to the rise of economic models that emphasize innovation, culture, and cultural heritage. Consequently, a lot of cities and regions have started to invest funds in the creation of development plans focused around this sector of the economy, adopting strategies aimed at differentiating them and drawing in tourists who are looking for authentic and unique experiences. As a result, new cultural and economic opportunities have appeared.

Within this framework, experiential tourism has become one of the most distinctive and progressive forms of travel. The term "experiential" derives from the Latin word 'experiri', which means "to experience", and it perfectly describes the immersive nature of this type of travel. This innovative approach implies the active and participative involvement of tourists, who do not merely observe passively but interact directly with the traditions, culture and people of the place visited. The offered experiences can vary widely, including gastronomy experiences like tastings of regional products or cooking lessons, outdoor activities like natural hikes, and cultural experiences like taking part in local events or visiting museums.

From the economic point of view, experiential tourism is an essential part of the "experience economy"<sup>15</sup>, which was introduced by B. Joseph Pine II and James H. Gilmore. The authors identify this economy as the fourth stage of economic evolution, after the economy of

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<sup>&</sup>lt;sup>15</sup> introduced in their influential article 'Welcome to the Experience Economy', published in the Harvard Business Review in 1998, which provided a new perspective on the economic value created through memorable experiences.

commodities and services, offering a fresh viewpoint on the value created through unforgettable experiences. They both contended that:

"As goods and services become commoditized, the customer experience that companies create will matter most." 16

The rise of experiential tourists has greatly impacted the global economy, creating new opportunities for small and medium sized businesses that can capitalize on their local cultural peculiarities and traditions, thus differentiating themselves from large international operators. Experiential tourism becomes not only a form of travel, but also a philosophy in which tourists are seen as co-creators of unique and meaningful experiences and no longer as consumers of services, since it embraces an approach that could be described as holistic to tourism. This paradigm leads to the necessary rethinking of marketing and tourism management strategies, oriented towards the personalization and authenticity of the offer.

A further characteristic of experiential tourism is that it has the potential to be transformative. Indeed, the experiences offered not only enrich tourists from a cultural and intellectual point of view, but can also have a significant impact on personal growth. Participating in 'out of the ordinary' activities that promote unspoilt natural environments and confrontation with different cultures can lead to greater self awareness and changes in perspective. The transformative potential thus becomes one of the reasons why travelers choose this type of tourism, which represents an opportunity for them not only to explore the world but also themselves.

As a consequence, this form of tourism, with its multiple dimensions and ability to adapt to the needs of an ever changing market, is configured as a travel mode capable of redefining the entire sector, promoting a deeper and more conscious interaction between travelers and destinations.

#### 2.2 Origins and Evolution

The way of doing tourism changes continuously and simultaneously with the evolution of society, which in contemporary times is defined by Bauman as a *'liquid and elusive entity'*. <sup>17</sup>

<sup>16</sup> Cristiano Nordio, "l'economia delle experience: create galore con le emotions", URL: <a href="https://www.cristianonordio.com/leconomia-delle-esperienze-creare-valore-con-le-emozioni/">https://www.cristianonordio.com/leconomia-delle-esperienze-creare-valore-con-le-emozioni/</a>

<sup>&</sup>lt;sup>17</sup> Z. Bauman, *Liquid Modernity* (Cambridge: Polity Press, 2000)

This liquidity can also be transferred to the tourism sector, where the tourist is increasingly fleeting, changeable and elusive, in an almost spasmodic search for an individual experience with characteristics of uniqueness, irreproducibility and authenticity.

Formerly, tourism was an elite social phenomenon, reserved first for the nobility and then for the bourgeoisie in Europe. The concept of tourism, as it is known today, began to take shape in the 19th century, during the Industrial Revolution, when paid holidays were introduced and people's purchasing power had increased. At this stage tourism became a *mass social phenomenon*, practiced by many people from all social classes. In mass tourism, characterized by a standardized supply and demand, the critical success factors were price and economies of scale. After the Second World War, this kind of tourism was further consolidated by longer holidays, the increasing use of cars and a general increase in economic prosperity. However, the globalization and oil crises which characterized the 1970s and 1980s, and the introduction of new technologies, led to a change in the nature of tourism. In this setting, criticism of mass tourism started to surface because of its lack of personalization and its standardization which could no longer meet the needs of a growing proportion of travelers.

New segments of tourists emerged, with economic, cultural and temporal capital, seeking unique and differentiated tourism products in line with emerging lifestyles. This marked the beginning of a 'paradigm shift' toward post-Fordist tourism, characterized by greater personalization and a demand for richer and more varied experiences. In this context, the so called 'niche tourism' developed, defined by specific offers aimed at small groups, or individual tourists, in search of unique experiences. These transformations are interpreted within the *post-industrial* (or post-modern) phase of society. Paolo Giuntarelli, former manager of the Lazio Region Tourism Agency, argues in an article in the German newspaper Der Spiegel that:

(Postmodern tourism) 'is a phenomenon of post-materialist society. Owning something is no longer a priority, we just want to be entertained'. <sup>18</sup>

At the same time, the deindustrialisation and delocalisation implemented by the Western hemisphere since the 1970s have inexorably changed the concept of value. Before this period,

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<sup>&</sup>lt;sup>18</sup> Giuntarelli, "Paradise Lost", Der Spiegel, URL: <a href="https://www.spiegel.de/international/paradise-lost-tourists-are-destroying-the-places-they-love-a-1223502.html">https://www.spiegel.de/international/paradise-lost-tourists-are-destroying-the-places-they-love-a-1223502.html</a>

in fact, the value of a good or service was directly related to the actual cost of production, whereas in recent years it is not at all unusual to purchase goods and services at prices that were once considered excessive and disproportionate. Experiential tourism has evolved significantly as a result of technological advancements. Travelers have now access to an extensive array of customized experiences thanks to the advent and development of the Internet and online booking platforms. Furthermore, the use of social media has changed the way travelers share their experiences, influencing the decisions of other potential tourists. The number of people who decide their travel destinations based on online platforms research is increasing. Mobile applications, virtual and augmented reality, which provide new ways to explore and interact with destinations, have further improved this sector. Another important evolutionary factor has been the growing interest in sustainable tourism. Tourists are starting to seek out experiences that respect and value the environment and the local communities as they have grown more conscious of the environmental and social consequences of their travels. This has led to a greater supply of environmentally sustainable travel options and the preservation of cultural and natural resources is receiving more attention. The COVID-19 pandemic has also had a profound impact on the global tourism industry, accelerating some existing trends in experiential tourism. In search of outdoor experiences and socially distancing activities, during the pandemic tourists have shown a preference for domestic travel and less congested locations. This has led to an increased focus on proximity tourism and the rediscovery of local attractions.

#### 2.3 2024 Trends

As a consequence of several global and regional issues, the tourist sector is experiencing substantial changes in 2024. The changes are characterized by a significant focus on sustainability, rapid technological advancements, and tailored experiences. *Safe tourism* is a prominent trend that emphasizes health and safety by using specialized technologies like electronic sanitation devices and contact monitoring applications. The tourism sector is indeed currently experiencing a substantial rebound from the severe consequences of the COVID-19 pandemic. The tourist traffic of destinations that have effectively handled the pandemic by

implementing strong safety protocols and pushing sophisticated immunization initiatives is showing a favorable resurgence. Travelers are now more and more willing to go to countries with strict health rules and many vaccinated people on the safety and reliability aspect during their trips. *Virtual tourism* is becoming very widespread as travelers are able to get a virtual tour around the different places without actually leaving their houses through the use of virtual reality technology. In addition, this novel style of marketing tourist spots not only offsets the environmental effects of the usual tourism management but also offers prospects the opportunity to show themselves in a more sustainable way. The digital turn also represents a step forward in this industry, through the growth of online platforms which allow clients to book their trips, travel, apps and social media channels all dedicated to the promotion of tourist destinations. In addition, it not only provides a way of connecting through chatbots and virtual assistants and thus supports customer service by quickly getting to traveler's requests but also it is timesaving for administrators working. The examination of travelers' preferences and the provision of exceptionally tailored experiences are being facilitated by the convergence of artificial intelligence (AI) and machine learning.

Under the circumstances, *bespoke tourism* has become a leading trend that consists of trips that are tailored to the preferences and needs of each particular person and are enabled by the advances in technology.

Wellness tourism is an industry that is growing and developing while giving priority to activities that enhance physical as well as emotional well being. Tourists are seeking places that provide the opportunity to take part in outdoor activities, to have wellness treatments, to meditate, and to do yoga. Witnessing a great access for holidays that center on wellness in locations such as Bali and Costa Rica. The investigation and preservation of an individual's cultural and genealogical heritage are the primary objectives of *roots tourism*, an emerging trend. It is advisable for travelers to explore their family and cultural heritage by participating in authentic traditional activities and visiting the places where their ancestors were born.

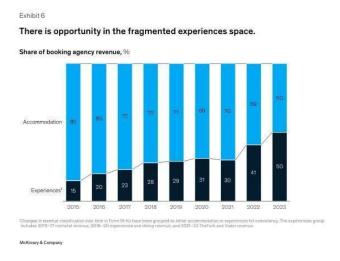
This certain type of tourism not only enriches the individual experience of tourists but also helps the local economy by promoting the preservation of cultural assets. Another emerging trend is that of *digital nomads*, who integrate remote work with travel to unconventional locations. Their remote job is enhanced by the provision of top-notch services.

Destinations are adjusting their offerings to appeal to this market segment by providing high quality infrastructure, including high speed internet connections and co-working spaces.

Skyscanner emphasizes that there is a growing interest in *cine tourism* from a destination perspective, as travelers are motivated by films and television series, as well as cultural experiences like gastronomy and concerts.<sup>19</sup>

In response to the increasing recognition of the significance of holistic wellness, *sleep tourism* has emerged as a trend for 2024. Destinations provide specialized programs and quiet environments to assist travelers in improving their sleep quality.

According to McKinsey's "the State of Tourism and Hospitality 2024"<sup>20</sup> report, the industry has attained a historic turning point: the experience market has achieved revenue levels that are comparable to those of hospitality. The report shows that revenue from tourism experiences will surpass that of hotel bookings by 2023, as evidenced by aggregated data from global booking agencies.



Graph which provides an illustration of the share booking agency revenue split between 'accommodations' and 'experiences' over time from 2015 to 2023. Source:

 $\frac{https://www.mckinsey.com/\sim/media/mckinsey/industries/travel\%20logistics\%20and\%20infrastructure/our\%20insights/the\%20state\%20of\%20tourism\%20and\%20hospitality\%202024/the-state-of-tourism-and-hospitality-2024-final.pdf$ 

The various regions of the globe are clearly demonstrating this evolution in tourist behavior, even if the segment is highly fragmented because of its nature; experiences offered represent indeed a very wide range.

<sup>&</sup>lt;sup>19</sup> "Turismo nel 2024, le tendenze per quest'anno" URL: <a href="https://www.almalaboris.com/organismo/blog-lavoro-alma-laboris/67-export-management/5526-turismo-nel-2024-le-tendenze-per-quest-anno.html">https://www.almalaboris.com/organismo/blog-lavoro-alma-laboris/67-export-management/5526-turismo-nel-2024-le-tendenze-per-quest-anno.html</a>

<sup>&</sup>lt;sup>20</sup> "The State of Tourism and Hospitality 2024", McKinsey & Company, URL: <a href="https://www.mckinsey.com/~/media/mckinsey/industries/travel%20logistics%20and%20infrastructure/our%20insights/the%20state%20of%20tourism%20and%20hospitality%202024/the-state-of-tourism-and-hospitality-2024-final.pdf">https://www.mckinsey.com/~/media/mckinsey/industries/travel%20logistics%20and%20infrastructure/our%20insights/the%20state%20of%20tourism%20and%20hospitality%202024/the-state-of-tourism-and-hospitality-2024-final.pdf</a>

Rising trend for personalized travel and in destination experiences drives experiential tourism within the US. What Americans value most in their vacations is exposure to new cultures and picturesque destinations, which can be easily achieved by taking advantage of travel opportunities that merge business with pleasure. Luxury tourists, guests who can afford to pay more for luxury experiences because they are no longer able to duplicate those moments ,prefer, above all, in less traveled destinations such as Iceland and Japan. Tailored trips and experiences oriented around food and culture are increasingly rising.

In Latin America, *ecotourism* and *adventure travel* are becoming more popular. Places like Peru and Costa Rica, because of the natural beauty and diversity, are becoming very attractive to those travelers who love the outdoors. As a consequence, these destinations prioritize sustainable tourism as an essential component of their branding strategies.

## 2.4 the Italian Tourism Industry

Recognized globally for its cultural and natural treasures, Italian tourism has always been a centerpiece of the national economy. According to ISTAT (2024), Italy broke an all time record in 2023, with a total of 134 million arrivals and 451 million presences exceeding levels before the COVID crisis for becoming again the second most visited destinations by presence in Europe.<sup>21</sup>

This growth was largely driven by international tourism, which accounted for 52.4% of the total presences. Italian Authorities expect roughly 215 million tourists in the year of 2024, a growth at around 1.6%, as FIPEConfcommercio analysis estimated the summer season, showing us how important tourism is in this period.

It is anticipated that summer tourism will increase by 4%, while domestic tourism is expected to experience a minor decline of 0.8%. Indeed, in the summer quarter of 2024 (June-August), the total tourism expenditure is anticipated to be 62 billion euros. The most significant month is August, with an anticipated expenditure of 24 billion euros and over 84 million presences<sup>22</sup>.

<sup>22</sup> "FIPE: nell'estate 2024 215 milioni di presenze turistiche", Confcommercio, URL: <a href="https://www.confcommercio.it/-/fipe-estate-2024">https://www.confcommercio.it/-/fipe-estate-2024</a>

<sup>&</sup>lt;sup>21</sup> "Tourist numbers in Italy hit record in 2023, foreigners a majority", Reuters, 4 June 2024, URL: <a href="https://www.reuters.com/world/europe/tourist-numbers-italy-hit-record-2023-foreigners-majority-2024-06-04/">https://www.reuters.com/world/europe/tourist-numbers-italy-hit-record-2023-foreigners-majority-2024-06-04/</a>

Veneto, Lazio, Lombardy, and Tuscany are the regions that experience the greatest number of international visitors. The ranking was topped by Veneto, which accounted for 15.9% of the total number of visitors. Trentino-Alto Adige followed with 12.4%, and Tuscany, Lombardy, and Lazio all followed with approximately 10%. Campania was the most visited region in Southern Italy, with an estimated 20 million visitors. <sup>23</sup> The form of tourism that is emerging as one of the primary drivers of international tourism, particularly from distant markets, is root tourism. In fact, more than 260 million people have family roots in Italy, leading to a great opportunity, to be exploited, for the country. As a consequence, the Ministry of foreign Affairs proclaimed 2024 as the "Year of Italian roots".<sup>24</sup>

Tourism, an essential component of the Italian economy, is currently representing around 5.9% of the GDP. One of the most critical components is the "Mezzogiorno", which comprehends South Italian regions. For instance, 24% of the entire GDP for Italian tourism is produced by Southern Italy. Massively relevant is also its social value, indeed over 200.000 Italian tourism companies have at least one employee and it provides work for about 1.3 million people. The South accounts for 26.4% of national tourism employment and 31% of enterprises. <sup>25</sup> Stefano Barrese, head of the Bank Territories Division at Intesa Sanpaolo states that:

"As a reference bank for the country's main sectors, we renew our support to the tourism industry, whose growth is crucial to strengthen Italy's economy. Our aim, in line with the PNR guidelines, is to accelerate transition processes to facilitate a more efficient hospitality proposal for business budgets and greater protection for tourism and the environment."26

Every year, Italy attracts millions of individuals who aspire to explore the arts, local traditions, and gastronomy of its cities. These visitors are also contributing to the growth of shopping tourism, luxury travel, and bridal tourism. The report "The Business of Tourism in Italy" recently released by Rome Business School reveals the following. Valerio Mancini, director of the Divulgative Research Centre at the Rome Business School, provides an analysis and

<sup>&</sup>lt;sup>23</sup> "Tourist numbers in Italy hit record in 2023, foreigners a majority", Reuters, 4 June 2024,

URL: https://www.reuters.com/world/europe/tourist-numbers-italy-hit-record-2023-foreigners-majority-2024-06-04/

<sup>&</sup>lt;sup>24</sup> "The summer of 2024", Università Bocconi, URL: https://www.unibocconi.it/en/news/summer-2024

<sup>&</sup>lt;sup>25</sup> "Turismo vale oltre 10% del PIL. Da Intesa Sanpaolo planfond da 10 miliardi.", La Stampa, 8 July 2024, URL: https://finanza.lastampa.it/News/2024/07/08/turismo-vale-oltre-10percento-del-pil-da-intesa-sanpaolo-plafond-da-10miliardi/MzVfMjAyNC0wNy0wOF9UTEI <sup>26</sup> Ibid.

outlook by sector. The main reason why tourists choose Italy as location is its cultural heritage (24%), followed by natural beauty (20%).<sup>27</sup>

An essential activity for the success of accommodation facilities is the segmentation of the tourism market, as it enables a deeper comprehension of the needs and requirements of the hypothetical clientele by dividing them into distinct categories.

Results of this analysis are important for both creating target consumer personas and developing strategies to reach the consumer in an efficient, cost wise, way. Key advantages of segmentation are represented by the fact that it allows for sale optimization, marketing expenditure optimization (as specific segments can be targeted by advertising campaigns, reducing costs and increasing effectiveness), improved customer loyalty, since the quality of service and satisfaction can be improved to meet the needs of customer, and improved brand positioning. The tourism market can be segmented using four macro categories of criteria:

- Demographic: this criterion includes age groups, gender, occupational surviving standard classification and reclusion. For example, a Family Hotel located in a coastal town could specialize on families with children and provide amenities and services focused entirely around how to make most of the supervision over other younger members.
- 2. Geographical: it is focused on the geographical location of consumers, which serves us well to identify tourist wants according to where they are from. Localities in northern Italy, for example, may target visitors from Germany and Switzerland but those further south might focus more on newer markets such as the Russian or Chinese tourist.
- 3. Behavioral: user behavior, from booking and travel patterns to affinity towards type of accommodations or activities. Institutions looking for digitalisation are those that can and should target smart workers or digital nomads needing advanced network services.
- 4. Psychographic: split the market in terms of values, personality characteristics, lifestyles and interests. For example, a hotel in the Lange is an ideal solution for wine and culinary tourists but may be less of interest to those coming from out of town who are enthusiasts of winter sports or summer cycling.

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 $<sup>{\</sup>it 27\ "The\ Business\ of\ Tourism\ in\ Italy",\ URL: \underline{https://www.linkedin.com/posts/rome-business-school\_\underline{the-business-of-tourism-in-italy-activity-7201207972742459392-r4ct}}$ 

Therefore, accommodation facilities that wish to enhance their performance and accommodate the diverse requirements of visitors must implement market segmentation as a critical strategy.

The Italian tourism sector, which has been historically resilient and robust, is currently confronted with substantial obstacles. Tourism transfers to Italy are determined by a number of geopolitical, economic, and social factors. This has severe implications for the two current conflicts between Israel and Palestine, and Russia and Ukraine. The air and land transit of travelers passing through these areas on their route to Italy are also impacted by these war scenarios, which not only discourage tourists from conflict areas. The reduction in connections in countries such as Egypt, Jordan, and Turkey, which are frequently utilized as centers for flights to Europe, is further complicating travel to Italy. The forthcoming US presidential election between Donald Trump and Kamala Harris is inciting the interest of millions of Americans. During election seasons, Americans tend to prioritize domestic affairs, which may result in a decrease in tourist traffic from the United States, a critical market for Italian tourism, which is distinguished by its high spending of visitors. An additional complication arises from the anticipated Jubilee in Rome. While this religious event has historically drawn millions of pilgrims, it may paradoxically diminish its appeal to high spending travelers. The masses of pilgrims and the ensuing congestion in the city may discourage these visitors, who typically prefer a more exclusive and quiet travel experience and avoid crowds. Italy is confronted with the challenges of climate change and associated environmental policies, in addition to geopolitical conflicts. Heat waves and flooding can have a detrimental impact on tourism by rendering certain destinations less appealing during specific seasons. In order to alleviate the detrimental effects on tourism flows, Italy must meticulously address these global dynamics. The circumstances necessitate marketing strategies that are both adaptable and flexible, capable of promptly responding to social and geopolitical shifts. Italy can maintain and potentially increase the flow of visitors by adopting a proactive and targeted approach, despite the current obstacles.

Moreover, the country can also rely on its enormous natural and cultural resources, going to exploit the 'Italian borghi' that characterize it, finding new ways to revitalize them in order to contribute to the economic development of the various regions in a sustainable way.

#### **CHAPTER III**

## Italian 'Borghi': Strategies to Enhance their Value

#### 3.1 the Role of Branding in the Perception of Tourists

Branding is a strategy that is designed to establish the positioning of the various brands and their interactions, thereby increasing the likelihood of purchase and facilitating comprehension of the offer. The brand is an essential intangible asset for the company, as it is the perceived image of the product, whereas the product is the commodity that is sold.

The book 'Principles of Marketing' (Philip Kotler-Gary Armstrong), defines a brand as

"a name, term, sign symbol, or a combination of these things that identifies the maker or seller of the product." <sup>28</sup>

The definition of brand architecture is essential for effective brand management, as it delineates the hierarchical relationship between a company's various identities, with the aim of creating synergies and improving the overall value. This system considers variables such as the market, target, and medium and long term marketing objectives. It is fundamental for both the creation of new brands and the management of business changes, such as mergers or product launches, ensuring consistency and value overtime.

The primary types of brand architecture are the *branded house*, in which all sub-brands are closely identified with the corporate brand through the sharing of a name and logo; the *house of brands*, in which sub-brands are distinct and independent from the corporate brand, with separate identities and images; and the *endorsed brand*, in which sub-brands maintain their own identity but incorporate references to the main brand, thereby establishing a strong connection with the corporate brand.

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<sup>&</sup>lt;sup>28</sup> Philip Kotler and Gary Armstrong, *Principles of Marketing, 17th Global Edition* (Harlow: Pearson, 2018), p. 250.



Brand architecture models, comparison among four types: Branded House, like Google, Branded House (Endorsed) like Virgin, House of Brands (Free-Standing) like P&G, and House of Brands (Hybrid) like Coca Cola, highliting different strategies for organizing and managing brands. Source:

https://www.themarketingis.com/2020/01/25/brand-architecture-house-of-brand-branded-house-brand-portfolio/

Not only can branding processes be effectively implemented for goods or services, but also for locations, tourist destinations, countries, and nations. Destination branding is a result of the development of the broader concept of place branding. Although the roots of branding go back to the 19th century, it has only been since 1998 that the concept of branding was first applied in the domain of tourism and travel. This more recent phenomenon is still under discussion in a lack of consensus conceptual paradigm.<sup>29</sup> Since the 1990s, privatization of airlines and trade liberalization have made global tourism more competitive. Therefore, destination branding, which prevents commoditization, is crucial for the success of tourist destinations in a competitive market. These measures help Destination Management Organizations (DMOs) to exploit the resources of a tourist destination for making it more attractive and keep up drawing in endless visitors. A way to do this is by using an effective unique selling proposition (USP) that sets the brand apart from its competitors. Effective coordination among DMOs and local stakeholders is essential for delivering consistent, high quality experiences.<sup>30</sup> Search costs are reduced as a result of a high degree of brand awareness, which reduces the necessity for visitors to conduct detailed searches.

Destination branding, like any branding process, is founded on three fundamental components: brand identity, brand image, and brand positioning.

The first element of destination branding consists of the values, key attributes, and brand benefits that establish the demeanor, promise, and image of the tourism destination for the

<sup>30</sup> Blain C., Levy S. Ritchie J. R. B., "Destination Branding: insights and Practices from Destination Management Organizations" in Journal Travel Research, vol. 43, fasc. 4, 2005, p. 333.

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<sup>&</sup>lt;sup>29</sup> Blain C. Et al., "Destination Branding: Insights and Practices from Destination Management Organizations" in Journal of Travel Research, vol.43, fasc. 4, 2005, p.1

public and travelers.<sup>31</sup> Jean-Noël Kapferer developed the Brand Identity Prism, a theoretical model that describes brand identity as that of a person. The model emphasizes values and personality through six facets: physical characteristics, personality, cultural universe, representation, mirror image, and relationship with the public. This model aids in comprehending the brand's appearance on the market and its customer perception. The logo is an essential tool for DMOs, as it establishes the identity and image of a destination, particularly prior to the visitor experience.

The example of the 'Expo Dubai 2020' logo for the theme "Connecting Minds, Creating Future" works here effectively, as it also has a connection to its heritage and history being situated in between peoples. It is a port of distress and it attracts tourists due to the power and charisma with which its brand identity has been created for exposure, distinguishing it from the competitors.

Kapferer makes a difference between the concept of destination brand identity and that of destination image, which pertains to the subjective perception that consumer travelers develop regarding a particular destination. Identity is deliberately established by the development and dissemination of the desired image, whereas the destination image is the perception of the brand by tourists based on the information they have received. In the context of tourism destinations, discrepancies may arise between the image that the market actually perceives and the destination identity that a place is attempting to convey. In fact, each location possesses unique characteristics that are not directly under the control of marketers, in contrast to products or companies. Consequently, it is imperative to attempt to reduce the disparity between these two components in order to guarantee effective brand management. According to Crompton (1979), the destination image is

"the aggregate of an individual's beliefs, ideas, and impressions regarding a particular destination." <sup>33</sup>

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<sup>31 &</sup>quot;Destination Marketing Essentials", Pike S., (London: Routledge,, 2020).

<sup>&</sup>lt;sup>32</sup> "Expo 2020 Dubai: connecting minds, creating the future", Cornell SC Johnson College of Business, 30 June 2022, URL: <a href="https://business.cornell.edu/hub/2022/06/30/expo-2020-dubai-connecting-minds-creating-future/">https://business.cornell.edu/hub/2022/06/30/expo-2020-dubai-connecting-minds-creating-future/</a>

<sup>33 &</sup>quot;Destination image: a review from 2012 to 2023", Tourism Geographies, p. 3 https://www.tandfonline.com/doi/epdf/10.1080/23311886.2023.2240569?needAccess=true

Francesco Giordana, lecturer and journalist, in his book 'la comunicazione del turismo tra immagine, immaginario e immaginazione', proposes an insightful illustration of this process by going on to argue that the tourist imagery of a place is crucial to establishing an identity in the marketplace. He states that

"Without an imagery of space, without a code of observation of the landscape, tourism could not exist..." (Giordana 2005).<sup>34</sup>

Consequently, the tourist image is a multifaceted construct that is the result of the integration of numerous factors. The third element of the destination branding process is to strategically position the tourist destination in the consumer's consciousness by identifying the values, characteristics, experiences, and attractions that render it unique and inimitable in comparison to its competitors. The concept of consumer-based brand equity (CBBE), which was introduced for tourism destinations by Konecnik and Gartner in 2007<sup>35</sup>, is employed to monitor the effectiveness of destination branding over time and the perception of a destination by tourists. This model consists of four primary dimensions: destination awareness, perceived quality, destination image, and destination loyalty.

The reputation and value of a destination brand are influenced by the personal experiences and perceptions of the visitors, who attribute the intrinsic meaning of the brand. In order for a city to become desirable and sought after, it must possess a strong and readily identifiable identity that evokes positive associations. This is the function of the city brand. Classic examples of successful city brands include Paris and New York, which have become iconic destinations for travelers worldwide, benefiting from a global reputation that perpetually fuels visitor flow.

The process of territorial branding encompasses the natural ecosystem, which includes botany and geology, as well as the territory, which includes human interaction through architecture, art, and local productions. The objective of this branding is to establish a robust image that instills confidence in visitors, while simultaneously safeguarding and promoting the landscape. In 2021, ENIT started an initiative to revitalize Italy's digital presence, emphasizing the significance of new digital technologies in tourism communication. This resulted in the

<sup>35</sup> Almeyda, M., George B., "*Place branding in tourism: a review of theoretical approaches and management practices*", Tourism & Management Studies, vol. 13, 2017, p.12.

<sup>&</sup>lt;sup>34</sup> Giordana P. (2010). "La comunicazione del turismo tra immagine, immaginario e immaginazione" FrancoAngeli, (pp. 58-61).

development of the official tourism website of Italy, www.italia.it, on a cloud platform<sup>36</sup>, which enhanced the efficiency, security, and services of the website in order to compete on a global scale.

To be effective, a branding strategy for lesser tourist destinations, such as 'Italian borghi', must involve all stakeholders through feedback processes rather than being imposed from above. This collaborative approach is indispensable for the creation of a sustainable and authentic branding project, which intensifies the destination's competitiveness and fortifies its territorial identity.

## 3.2 Experiential Marketing and Tourism Engagement

"Experiential tourism aims to maximize the time dedicated to vacation, enriching the tourist not only physically but also culturally and relationally." (Grasso and Schilirò, 2021).<sup>37</sup>

By creating a profound and lasting connection between the tourist and the destination, experiential tourism has revolutionized marketing strategies. Storytelling is a very powerful tool of experiential marketing that creates an unforgettable story, which allows visitors to connect with the place through its history, culture and identity. For instance, a heritage village ('Borgo') can create an image with whom travelers can emotionally connect with by the addition of tales of its native history, folklore, and people stories. Planning events is also an integral part of experiential marketing. Events such as cultural events, gastronomy and wine festivals, craft workshops, and others, allow the visitor to become a part of the local life, increasing the possibility of recommending the destination to other people, emphasizing the so called word of mouth effect.

<sup>&</sup>lt;sup>36</sup>The PA's Cloud strategy is aimed at adopting the cloud computing model in Italian public administrations and ENIT has conformed to this strategy, identifying the migration of Italia.it into the cloud as a fundamental prerequisite for the qualification of services in reliability terms, Security, scalability, reversibility and data protection. The ENIT website has also undergone a graphic restyling and a content and language extension. URL: <a href="https://mpra.ub.uni-muenchen.de/121115/I/MPRA\_paper\_121115.pdf#page8">https://mpra.ub.uni-muenchen.de/121115/I/MPRA\_paper\_121115.pdf#page8</a> p. 8

<sup>&</sup>lt;sup>37</sup> "Marketing di prodotto e strategie di branding nel turismo", p.1 URL: <a href="https://mpra.ub.uni-muenchen.de/121115/1/MPRA">https://mpra.ub.uni-muenchen.de/121115/1/MPRA</a> paper 121115, pdf

Experiential marketing is also being transformed due to immersive technologies such as augmented reality (AR) and virtual reality (VR), as tourists have the opportunity to discover destinations engaging and interactively investigate them. Another critical approach in experiential marketing is multisensory engagement. Experiences that engage all of the senses produce memories people can never forget. The customisation of experiences is now critical to experiential marketing. Data capturing and analysis tools supported by emerging technologies are used to identify behaviors as well as preferences of the visitors so that tailor made offers can be imagined with ultimate precision considering real customers needs. This, in turn, has increased their loyalty to the brand. Experiential marketing has been demonstrated to have a substantial effect on the profitability of visitor destinations from an economic perspective.

Furthermore, personal experiences create customer loyalty, which also reduces new customer acquisition expenses. According to its 2021 Annual Marketing and Promotion Plan (ENIT, 2021), the National Tourism Agency of Italy (ENIT) placed an emphasis on tourism marketing policies directed at the domestic tourism market.<sup>38</sup> The agency's objective was to identify and facilitate the consolidation of innovative offerings at the local level, while also considering the dynamics of demand. These offers encourage active nature experiences of slow and sustainable tourism by favoring hiking and brief stays, even in smaller areas. This has been accomplished and promoted in a variety of contributions by Filippo Grasso and Schilirò (2022, 2023), who also emphasize personal enrichment and cultural tourism. Each of the initiatives is designed to promote personal development and psychophysical well-being. This results in the revision of the center-periphery relationship and the improvement of lesser known regions, including villages, rural areas, and small cities that are dispersed throughout the peninsula.

## 3.3 Experiential Marketing Approaches for Made in Italy

The term "Made in" is not merely a geographical designation; it is a potent marketing instrument that significantly impacts global business dynamics and consumer perceptions. Identifying not only the location of production but also the qualitative and cultural attributes that are associated with that location, this designation is crucial for understanding the product's

<sup>&</sup>lt;sup>38</sup> ENIT, *Piano annuale di marketing e promozione 2021*. Roma: Ente Nazionale del Turismo Italiano, 2021.

origin. For instance, "Made in Germany" is indicative of engineering precision and dependability, whereas "Made in Japan" suggests technological innovation and superior quality. In the same manner, the term "Made in Italy" conjures a unique image for Italian products, particularly in the fields of fashion, food, design, and manufacturing, by emphasizing superior craftsmanship, luxury style, and design. Consequently, this label is transformed into a potent branding tool that can instantaneously communicate a set of values that consumers perceive.

Due to its capacity to establish a profound and personal relationship between the consumer and the brand, experiential marketing is emerging as a critical component of the Made in Italy campaign. In this context, a variety of experiences are generated, each of which contributes to the development of a distinct form of experiential marketing, a field that is constantly expanding. The different varieties are categorized into five groups: sensory experiential, emotional experience, cognitive experience, action, and relational experience.

When marketing involves the consumer's sensibilities, the sensory aspect plays a crucial role. For instance, a musical performance for a small group of clients or a tasting that is offered prior to a purchase in a store can create intimate and inclusive moments that can elicit an emotion that is solely available to exclusivity.

Emotional engagement is a critical component of purchasing behavior, and it is referred to as emotional experience. Advertisements that emotionally engage the audience without disclosing the brand are a classic example; the brand is only marginally visible. The cognitive experience is the rational and cognitive plane, which is less prevalent during the choice phase but still significant, as it can be stimulated by a humorous claim or pleasurable packaging. The concept of action is associated with experiences that entail physicality. Finally, relational experiences are those that can motivate consumers to purchase a product due to a sense of belonging to a group or other social dynamics. These experiences can be federated through the use of influencers or testimonials.

Recognized worldwide for its quality and craftsmanship, Made in Italy has discovered experiential marketing to be a potent instrument for improving its products. Experiential marketing enables Italian brands to distinguish themselves in the global context by providing

experiences that transcend the product itself, thereby incorporating culture, tradition, and innovation.

The agri-food sector serves as an emblematic illustration of this methodology. Consumers are afforded the opportunity to experience the genuine flavors and aromas of Made in Italy directly from the source through guided tastings, food and wine events, and farm tours. For instance, wineries in Tuscany or dairies that produce Parmigiano Reggiano conduct excursions that enable visitors to observe the production process in close proximity, thereby forging a direct relationship between the consumer and the Italian production tradition.

In the fashion industry, brands such as Gucci and Dolce & Gabbana have established engaging fashion presentations and exclusive events for their clients to experience the brand's identity, reminding it in the context of the history and art of Italy. In 2024, for example, Dolce & Gabbana selected the borgo of Matera (known for its 'Sassi') as the site for an exclusive fashion presentation. The event capitalized on the city's extraordinary granite architecture to establish a distinctive ambiance that seamlessly integrates fashion and ancient history. The collaboration, which underscored the uniqueness of the location through a lens of luxury and tradition, contributed to the increased international visitor interest in Matera, which was already renowned for its charm. In the same year, Gucci conducted an exclusive fashion display in the 'borgo' of Positano, which is situated along the Amalfi Coast. An atmosphere of luxury and refinement was established by the event, which capitalized on the village's distinctive colorful houses and spectacular natural location. An international audience was drawn to the fashion show, which was accompanied by a series of cultural events and food and wine sampling, thereby solidifying Positano's status as a symbol of Italian elegance and lifestyle.

New frontiers for experiential marketing in the context of Made in Italy are being uncovered by digital innovation. Fashion brands such as Prada have experimented with virtual fashion shows, providing exclusive access to unique events even remotely, while Ferrari utilizes augmented reality to enable customers to customize their vehicles directly from their smartphones. Ferrari improved its brand-related experiences in the village of Maranello in 2024 by incorporating new augmented reality technologies for visitors. Personalized excursions enable visitors to investigate not only the Ferrari factory and museum, but also the village in the vicinity, where they can witness the brand's history in a context that honors Italian automotive engineering and artistry. Maranello became an even more appealing destination for

automotive enthusiasts as a result of this initiative, which fortified the connection between the brand and its homeland.

Experiential marketing is demonstrated in the tourism industry by means of customized excursions that guide visitors to lesser known locations that are rich in history and culture. These experiences, which frequently involve local communities, not only highlight the image of Made in Italy as a symbol of quality and authenticity, but also promote the territory.

## 3.4 Italian 'Borghi'

The importance of the Made in Italy mark encompasses the cultural and historical heritage of its 'borghi', to a depth beyond that of high fashion or Italian craftsmanship. These Borghi are custodians of a different heritage through which the principles of made in Italy can be seen. Italian Borghi attract approximately 9 million people each year and contribute over 5 billion euros to the national GDP. Marco Vulpiani, senior partner and economic advisor leader at Deloitte, asserts that they are

"not only an invaluable historical, landscape, artistic, and cultural heritage but also an important tourist attraction and a consequent source of economic value."<sup>39</sup>

This statement was made in response to the study "The Economic and Employment Impact of Tourism and Digitalization in the Most Beautiful Villages of Italy."

The factor contributing to this economic impetus is the substantial cultural, historical, and landscape value. Fiorello Primi, president of the Association "The Most Beautiful Villages of Italy," declares his commitment to promoting, enhancing and making known the enogastronomic, historical, artistic, and landscape treasures of the villages. There is an agenda for fighting the depopulation phenomenon and also creating new jobs for young persons. In 2022, in collaboration with the association "The Most Beautiful Villages of Italy," Deloitte completed a study that has been working for the enhancement of beauty and quality of small towns across our country since 2002. Specifically, the study stated that in 2022, these villages

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<sup>&</sup>lt;sup>39</sup> "I borghi più belli d'Italia valgono oltre 5 miliardi di euro all'anno del PIL" (2024, 16 April). Forbes Italia. URL: <a href="https://forbes.it/2024/04/16/borghi-italia-5-miliardi-">https://forbes.it/2024/04/16/borghi-italia-5-miliardi-</a>

(borghi) brought over 8.8 million visitors and generated a total of approximately 21.5 million overnight stays. Almost 37 % of those people are foreign. About 32% of these arrivals were day visitors. The other estimate of the tourism sector regarding the villages is that more than 90,000 jobs were sustained in 2022. The accommodation and catering, commerce and transportation sectors are all directly impacted and account for about 60% of the overall areas. More than 362 villages across the national territory have been classified (verified) by the Association "The Most Beautiful Villages of Italy" as a result of an ISO 9001 certified verification standard. The highest number of villages is registered in Marche (31 villages), Umbria (31), and Tuscany (29) with a particularly concentrated presence in the Center (32.2%). Trentino-Alto Adige, Tuscany, Liguria, Marche, and Lombardy, on the other hand, have received the highest number of visitors 40. Nevertheless, the villages are confronted with a substantial challenge in the form of depopulation, which is significantly higher than the average for Italian municipalities. This threat to their long term sustainability is a concern.

"The depopulation phenomenon can be mitigated by the digitization process and flexible work systems, which can enhance the appeal of villages to individuals who are able to work remotely and encourage the growth of local businesses that can capitalize on the digital infrastructure. Consequently, their value is not solely economic; it is also, and most importantly, social." <sup>41</sup>

In particular, the municipalities that are included in the "Most Beautiful Villages of Italy" list, as per Istat, have an average population that is approximately half that of the total number of Italian municipalities. The villages experienced an average reduction in resident population of -4.2% between 2011 and 2021, while the national resident population decreased by 0.7% during the same period. This phenomenon is anticipated to become more pronounced between 2020 and 2030, with a projected decrease of -4.4% in the villages and a national average reduction of -2.8%. Consequently, the estimated resident population of the most picturesque municipalities in Italy in 2030 is approximately 1,285,000, a decrease from 1,344,000 in 2020. Digitalization and clever working are critical factors in the revitalization process. The historical evolution of Ultra-Broadband coverage in the most picturesque villages of Italy has experienced substantial growth in recent years, as indicated by Deloitte's analyses 42. This

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<sup>&</sup>lt;sup>40</sup> Ibid.

<sup>&</sup>lt;sup>41</sup> Ibid.

<sup>&</sup>lt;sup>42</sup> Deloitte (17 April, 2024). "I borghi più belli d'Italia contribuiscono per oltre 5 miliardi di euro all'anno all'economia italiana" URL: <a href="https://www2.deloitte.com/content/dam/Deloitte/it/Documents/finance/i-borghi-piu-belli-di-italia-comunicato-stampa.pdf">https://www2.deloitte.com/content/dam/Deloitte/it/Documents/finance/i-borghi-piu-belli-di-italia-comunicato-stampa.pdf</a>

growth represents a critical milestone in the transition to new economic and social development models. In this context, the implementation of effective communication strategies that can effectively promote these distinctive locations is a critical component. The branding and communication model that has been suggested for this purpose is a clever combination of four narrative channels: personal, digital, media, and advertising. A bottom-up model that integrates personal storytelling (the power of word-of-mouth) in its digital extension (social media, podcasts, blogs) with the classic forms of audiovisuals (films, TV series, entertainment programs, documentaries, advertising) must complement the classic top-down model. This unconventional approach is designed to establish a coordinated image of the territory that emphasizes its authenticity and uniqueness, counteracting overtourism, and promoting more conscious and sustainable tourism by developing a "portfolio" of unconventional destinations and itineraries that can be communicated in a variety of ways. In addition to fostering the preservation of local culture and traditions, these communication strategies also promote economic development by increasing the responsible use of local resources, generating new employment opportunities, and strengthening commercial and productive activities. A comprehensive strategy that takes into account both sustainability and community engagement, which are fundamental components of European development policies, is necessary to incorporate experiential marketing strategies in Italian borghi. The effectiveness of these strategies is substantiated by numerous concrete examples. The village of 'Borghetto sul Mincio,' which is renowned for its picturesque water mills and medieval setting, has effectively employed territorial storytelling strategies by utilizing its distinctive tortellini production, which is locally referred to as 'nodo d'amore.' This has resulted in the creation of a legend that is skillfully integrated into the experiences offered to tourists, not only through the tasting of the dishes but also through annual festivals such as the "Festival del Nodo d'Amore," during which the village is alive with culinary demonstrations, shows, and historical reenactments. The thematic branding strategy has fortified the identity of Alba, a village renowned for its Truffle Fair. This strategy has demonstrated how a village can establish a robust brand around a local product, thereby establishing it as a symbol of gastronomic excellence in the Piemonte region and improving its economy. Art has the ability to revitalize and reignite interest in the small, local realities of villages such as Dozza. Celebrated in Emilia Romagnoli, the "Biennale" del Muro Dipinto" (Biennial of Painted Wall) turns the village into a contemporary open-air exhibit, where artists from around the world apply public murals to the exterior walls of buildings. The process transforms the village into a unique tourist destination. The village's aesthetic appeal is not the only benefit of this fusion of contemporary art and historical environment; it also augmented tourism and local community pride.

In the example of Chiusdino, sustainable tourism products combining eco-friendly practices with trekking itineraries attract visitors who respect the environment. This unique village in the province of Siena has undertaken practices to save energy, initiatives for waste separation, and has even organized educational experiences in sustainability. The purpose of all this, of course, is to attract visitors interested in an authentic experience with respect to the environment while boosting the economy and culture in fully revitalizing the village. Furthermore, these products that mirror the traditional tourist experience can be complemented with new technologies for virtual or interactive experiences to potentially attract a younger, tech-savvy audience. For example, Matera, known as one of the oldest cities in the world, has been at the forefront of using leading technology such as augmented reality applications that allow visitors to experience the original form of the city. These applications provide virtual excursions of the city's renowned caves and rock-carved dwellings ("Sassi").

The "bottom-up" approach to such marketing strategies not only enhances local peculiarities but also establishes a sustainable tourism model that supports the local economy, promotes cultural diversity, and meets the requirements of the community. Consequently, territorial branding is a critical tool for the future of Italian villages. Their implementation is facilitated by funding sources such as the European Regional Development Fund and the European Social Fund. The Albergo Diffuso model is one example of the new forms of tourism and employment that have been made possible by the recent installation of advanced digital infrastructures in 63.9% of villages. This model has the potential to enhance the local economy and preserve the cultural and historical authenticity that distinguishes these distinctive locations by integrating tourism with the daily routines of villages.

#### **CHAPTER IV**

The Model of the 'Albergo Diffuso'

### 4.1 History and Development

The 'Albergo Diffuso', also referred to as the "horizontal hotel", is a hospitality model that is both innovative and distinctive in Italy. Its main goal is to revitalize small places full of cultural heritage and in the meanwhile promoting sustainable tourism. This particular formula, which is totally Made in Italy, was born in the 80s but its roots are dated back in 1976 after the earthquake in Cernia, Friuli Venezia Giulia, that left many villages semi-abandoned because of this natural catastrophe. The idea was to exploit unoccupied or unused houses to create a tourist offer that would have not altered the existing architecture or environment. The word 'Albergo Diffuso' was used for the first time during 1982 to refer to the project 'Comeglians Pilot Project', with the aim of creating a

"A system to manage the territory, promote it, animate it, organize and coordinate various activities in the sector." <sup>43</sup>

Giancarlo Dall'Ara, a tourism marketer who created the albergo diffuso and is currently president of the National Association of Albergo Diffusi, defines it as

"A hotel that is not built, but which networks nearby and already existing houses, linking them together with hôtellerie services such as cleaning, breakfasts, restaurants and common spaces such as libraries and lounges". 44

His primary objective was to revive "the ancient and authentic concept of Italian hospitality" in order to perceive it as not only an opportunity to replace existing hospitality models, but also to acknowledge the fundamental significance of the history of Italian hospitality. In 1989, one of the first concrete albergo diffuso projects was implemented in San Leo in Montefeltro (RN). This project involved the integration of a form of hospitality into the urban context by the use of flats and houses in the proximity of the main plaza. This initiative introduced the concepts of unitary management, hotel services for all guests, and the establishment of an authentic environment that reflects the local architectural style. Implementing and formalizing this model was not an easy process due to economic, legal and cultural pressures and limitations. The first significant step forward was represented by Sardinia's Regional Law No. 27, of the

44 "albergo diffuso e turismo sostenibile", Hotel Klinik, 2022. URL: https://hotelklinik.it/it/blog/tendenze/albergo-diffuso-e-turismo-sostenibile#:~:text=Per%20l'ideatore%2C%20Giancarlo%20dall,comuni%20come%20biblioteche%20e%20salotti.

<sup>&</sup>lt;sup>43</sup> Droll, Marangon F. & Troiano, S., (2013), "I sistemi rurali di fronte ai mutate it cello scenario economics global", Forum, p.97

Autonomous Region of Sardinia of 12 August 1998. From a legislative perspective, the albergo diffuso is the sole form of diffuse hospitality<sup>45</sup> that is acknowledged as a sustainable form. As a result, it is a formula that is gaining widespread popularity and has the potential for significant growth. Each hotel will embody the diverse history of Italy and there are over 140 Alberghi Diffusi located throughout the country. 46 One of the primary advocates of the hotel model is the Sextantio brand, which maintains two hotels throughout Italy: the old village of Santo Stefano di Sessanio, situated in the mountainous region of Abruzzo, has been revitalized by the first accommodation, while the second accommodation boasts intriguing locations concealed within the Sassi of Matera.

The distinctive feature of this formula is that it does not allow for the construction of new buildings or structures, but rather the restoration of existing ones, thereby preventing the abandonment and degradation of these existing structures. The restaurant activity, if present, is conducted externally, in a common area for all units, while the rooms and other dining services are located within the existing housing units. The local technical and architectural constraints must be respected by the restructuring methods, as their attraction and tourist appeal are contingent upon their ability to enhance the environment in which they are situated. The national law<sup>47</sup> requires that hotels have at least six rooms that are managed in a unified manner and provide a continuous assistance service. There are numerous differences between a traditional hotel and a dispersed hotel, which is primarily due to the strong integration of the dispersed hotel in the territory and community in which it is located. This allows the tourist to present an offer in which they are considered a resident of the location rather than a simply passing tourist.

# 4.2 Economic and Social Impact

The 'Albergo Diffuso' model has been demonstrated to be an excellent tool for promoting tourism in the region, being particularly effective in rural communities and villages. This method not only preserves the cultural and architectural heritage, but also stimulates the local economy by reviving commercial and productive activities; playing a critical role in the

<sup>&</sup>lt;sup>45</sup> Among the different forms of diffuse hospitality, Dall'Ara indicates the following: Residence Diffuso, Paese Albergo, Village Albergo, Home Albergo.

<sup>46 &</sup>quot;Alberghi Diffusi: The Unique Way to Experience Italy's Small Towns", the Italy Edit, URL: <a href="https://www.theitalyedit.com/alberghi-diffusi-scattered-hotels/">https://www.theitalyedit.com/alberghi-diffusi-scattered-hotels/</a>
47 Law No. 217 of 17 May 1983, Article 6-7, defines the types of residential structures

recovery of resources that are otherwise underutilized. According to Dall'Ara (2012), the 'Albergo Diffuso' entails on average higher costs than traditional management, both in terms of initial investment and management changes; however, the benefits it can bring to the area are typically higher. This model has been recognized as "sustainable innovation" by the United Nations Development Programme (UNDP) due to these benefits. The Programme identifies four fundamental components of sustainability (Dichter, 2008; summarized in Marangon and Troiano, 2013):

- 1. Environment: it does not add to the landscape through new constructions but rehabilitates existing ones;
- 2. Institution: it envisages a development model that provides local actors with the opportunity to participate in and contribute to a project that piques their interest.
- 3. Sociality: can be employed in locations that are remote from the most popular circuits, allowing for the recognition of communities that are otherwise overlooked;
- 4. Economy: offers the opportunity to exploit new sources of income.

The dispersed hotel is an excellent example of a territorial development project, as it is a product intervention that can have a significant impact on the entire territory in terms of its image and recognition. In fact, it has become increasingly apparent that a hotel chain is more of a territorial development project than a novel hotel hospitality model. A product from the area may be described, according to Dall'Ara, as a

"Flexible hospitality system, which is characterized through the relationships between the tangible and intangible elements that make it up, with the aim of enhancing the quality and vocation of an area, as well as increasing the power of attractiveness of a destination". <sup>48</sup>

The widespread hotel has found a strong correlation with the necessity of preserving the historical and cultural fabric of Italian borghi by incorporating modern amenities and accessibility without compromising the aesthetics or historical significance of the buildings. The combination of conservation and innovation has made it possible to respond to the new trends in experiential tourism, which increasingly demand unique, personalized, and respectful experiences of local realities. The dissemination of the "distributed hotel" model has been

<sup>&</sup>lt;sup>48</sup> Documento Strategico del STL, Giancarlo Dall'Ara/SIL Oristano, (may 2004), p.14, URL: <a href="https://www.provincia.or.it/.galleries/doc-notizie-vecchie/Allegato\_N.1\_SIL.pdf">https://www.provincia.or.it/.galleries/doc-notizie-vecchie/Allegato\_N.1\_SIL.pdf</a>

facilitated by specific training and promotion programs that have motivated local entrepreneurs to acquire the most effective management and sustainable advertising practices in the tourism sector.

The concept of sustainability is the foundation of European development policies, which recognize tourism as a catalyst for community engagement in an economic and social growth trajectory that is respectful of the environment. Consequently, the shared hotel is obligated to support sustainability practices that extend beyond the utilization of existing buildings in order to mitigate environmental impact. The European programs for urban requalification and rural development incorporate initiatives related to diffuse hospitality, particularly those associated with the model of the diffuse hotel. Specific funds, such as the European Regional Development Fund (ERDF) and the European Social Fund (ESF), provide support for projects that meet the sustainable development criteria established by community policies. <sup>49</sup> The norms governing the management of hospitality in Italy may vary significantly among regions due to the fact that it is primarily a regional business. However, it is imperative to incorporate national and regional laws in order to establish a coherent and functional framework for the tourism sector's development.

The results of the research conducted in February were presented at the "Open Day of the Distant Apartments" in Moricone (Roma) on March 17 and 18, 2024. The investigation underscores the distinctive characteristics of dispersed villages and the implications that result from them: Each of the two rooms establishes a workstation that manages rooms and apartments in seven buildings located in close proximity to one another, providing a taste of the Borghinian lifestyle. This detagionalized proposal allows dispersed hostels to remain open for 10 months each year. Additionally, hostels that concentrate on local cuisine are a determining factor in 60% of cases, preventing the overcrowding of hostels.

Furthermore, the report indicates that one fifth of widely dispersed Italian hotels have opened since 2019. These hotels boast 19 rooms and an average of 43 beds per structure. Moreover, this investigation has disclosed significant findings: following the establishment of a hotel in the area, 84% of the neighborhoods have experienced the emergence of new commercial or

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<sup>&</sup>lt;sup>49</sup> According to www.europa.eu, September 2013, Europa.

industrial activities, 71% have observed an increase in real estate purchases by non-residents, and 77% have observed an increase in the local population.<sup>50</sup>

## 4.3 Case Study: Santo Stefano di Sessanio

A remarkable illustration of the Albergo Diffuso strategy is the picturesque medieval village of Santo Stefano di Sessanio, located in the high mountains of Abruzzo. The 'borgo' has experienced a substantial revival as a result of this model. This case shows both the economic and social implication, but also the ability of the model in adopting to different territorial contexts. This village, based in the center of the Gran Sasso and Monti Della Laga National Park, which distinguishes itself because of its rich heritage and amazing natural landscape, was established between the 11th and 12th centuries on the site of a village called Sextantio. The name is derived from the Latin word "sextantio" and denotes the six Roman miles that separated Peltuinum, a significant transport center that connected Rome to the Adriatic coast. The village was not known until 1308 AD. The Baronia of Carapelle, which consisted in Santo Stefano di Sessanio and other nearby villages, was founded between the 13th and 14th centuries. Baronia was owned by the Medici until 1743; at that point, the village returned to the Kingdom of the Two Sicilies and became the private property of the King of Naples, but later on it became a municipality with the Unification of Italy.

The Sextantio Albergo Diffuso has maintained the historic atmosphere of the village due to its isolated location and difficult access, but innovative projects such as this have given the village new life and a different functionality into the existing structures without compromising the architectural or cultural identity of the place. During the 60s the depopulation of these villages started, when many people migrated from rural areas to the cities, leaving them increasingly empty. The problem of depopulation saw a turning point in the 2000s, when the 'Albergo Diffuso' model started to bring life back in the village, avoiding abandonment in Santo Stefano di Sessanio but also many other Italian villages. Indeed, the model represented an example of how tourism and preservation can work together with the objective of improving the local economy and society. Once limited, during the years the activities in Santo Stefano's albergo

<sup>&</sup>lt;sup>50</sup> "Alberghi Diffusi, il Report: un posto di lavoro ogni due camere", L'agenzia di Viaggi Magazine, URL: <a href="https://www.lagenziadiviaggimag.it/alberghi-diffusi-il-report-un-posto-di-lavoro-ogni-due-camere/">https://www.lagenziadiviaggimag.it/alberghi-diffusi-il-report-un-posto-di-lavoro-ogni-due-camere/</a>

diffuso have considerably grown, considering that it started as one small business and it is now represented by fifteen operating facilities. As a consequence, Santo Stefano di Sessanio became a popular destination worldwide.

### 4.3.1 History and Development

The idea of building an Albergo Diffuso in Santo Stefano di Sessanio comes from Daniel Kihlgren, an Italian-Swedish entrepreneur, who after one of his motorbike trips discovered the village and fell in love with its natural beauty and preservation. Consequently, he decided to invest in this model of hospitality that would have preserved the village's culture and its architectural features.

"What gives this mountain village its unmistakable charm is not a single medieval building, church or square. When it comes to medieval villages, the charm is all about the fragile balance between the human and natural elements. Just one inappropriately built building, just one voice out of the chorus, and the spell is broken".<sup>51</sup>

Then, in a 2024 interview with Corrière Della Sera, he also stated that:

"For a long time, I had imagined recovering a hamlet of 'minor architecture' free of concrete. The idea was a place to live like 70 years ago, with the furniture of the time, even if it was uncomfortable, the loom-made textiles like it used to be. 52

The project was initiated in the early 2000, with the aim of revitalizing the village maintaining its original identity by transforming abandoned houses into hotel rooms located in the streets across the village. The medieval urban structure of the village was preserved by meticulously restoring the existing structures using traditional materials and methods to initiate the project. The real turning point was the implementation of a projection financing model, which was facilitated by a low-interest loan at the outset. Further restoration work was financed by the proceeds of the accommodation business under this model.

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<sup>&</sup>lt;sup>51</sup> "Daniele Kihlgren: 'ho fatto rinascere Santo Stefano, ma tanti hanno approfittato di me", Corriere Della Sera, 24 June 2020, URL: https://www.corriere.it/cronache/20\_giugno\_24/daniele-kihlgren-ho-fatto-rinascere-santo-stefano-ma-tantihanno-approfittato-me-7ffe3602-b552-11ea-b746-d1aa0702042a.shtml <sup>52</sup> lbid.

"At first I was very indebitated to the banks. But what I did pleased the journalists, they talked about it. The sales figures were great, people came and spent a lot. But there was still a budget problem. Costs were very high and I almost went bankrupt. Then a financier, the industrial group Bluserena, the Maresca family, came in and we moved on. Now we would also like to involve an institutional investor" (Kihlgren, 2022)<sup>53</sup>

Kilghren worked closely and collaborated with architects and historians, in this way he ensured that every aspect of the restoration was coherent and faithful to the original. Among them, he worked with institutions, such as Gabriele D'Annunzio University in Chianti and the Museo delle Genti d'Abruzzo in Pescara. In addition, the responsibility of conducting a philological investigation to investigate local traditions was assigned to anthropologist Annunziata Taraschi. Significant support was garnered both locally and nationally as the initiative captivated the interest of investors and tourism boards who were fascinated by the concept of cultural and sustainable tourism. Each home that was restored was converted into a hotel component, with rooms, common rooms, and dining areas situated throughout the village, ensuring an unforgettable experience. The dispersion of the system made the village's economy even stronger since it facilitated the distribution of the profits among different families and local businesses. Finally, in 2004 this initiative was referred to as 'Sextantio Albergo Diffuso'. Originally, the inhabitants of the borgo were only 70 individuals and more or less 75% of the houses were not used. From 2004 to 2009, the objective was to preserve historical details, including stone walls, niches, and vaulted ceilings, by progressively opening rooms. Then, in 2009 an earthquake hit the city of l'Aquila and this event had massive consequences on the region. The crisis was perceived as an opportunity to accelerate the recovery process, despite the challenges. The local economy was stimulated by the increased efforts, which resulted in the opening of new rooms and the installation of common spaces for visitors and residents. In this sense, the project not only restored the village, but it also promoted local cultural traditions, including cuisine based on indigenous ingredients and handicrafts.

Its reputation was emphasized by the participation in tourism fairs, advertising in prestigious travel magazines and collaborations with tourism promotion organizations. The Sextantio Albergo Diffuso has evolved into a model of sustainable tourism, in addition to serving as an

<sup>&</sup>lt;sup>53</sup> "Il Sogno del Filosofo in cerca di un posto autentico", Millionaire, URL: <a href="https://www.millionaire.it/il-sogno-del-filosofo-in-cerca-di-un-posto-autentico/">https://www.millionaire.it/il-sogno-del-filosofo-in-cerca-di-un-posto-autentico/</a>

example of heritage conservation. It has become a favored destination for individuals who are interested in a leisurely journey that honors the cultural traditions of the region.

## **4.3.2** Economic and Social Impact

Before this initiative took place, the village of Santo Sessanio was largely unknown at a regional and international level and it had a very small population. The Sextantio Albergo Diffuso brought a new thrive to the village by changing the local economy as well as the local community, therefore becoming the cause of the village's renaissance. The result of this new venture and the subsequent surge in local tourist numbers has significantly changed the village from an unknown remote place to a recognized one. This development has catalyzed tangible growth in both economic activity and demographic figures, fundamentally reshaping the village's prospects and revitalizing its cultural significance. The hotel's annual occupancy rate is 50%, and the number of foreign visitors visiting Sextantio today is three times the regional average.<sup>54</sup> In addition to the position created directly by the hotel, which has employed over 30 individuals in administration, hotel services, and maintenance, the resumption of handicraft activities, such as the production of textiles and ceramics, and building renovation, which have required local labor, have also had a direct impact on employment in the area. This has contributed to the reduction of unemployment in the village and neighboring municipalities. Frequently, these positions necessitated specialized skills in conservation restoration, which favored the transmission of knowledge and training. Wine bars, restaurants, cafes, and shops which sell local products saw an amazing increase in sales. In particular, the hotel's restaurant has created a renewed interest in typical Abruzzo cuisine, serving zero-km dishes prepared with locally sourced ingredients. Other examples regard the reopening of old workshops and the establishment of new businesses that sell traditional products. The artisans in the village have resumed their work with wood and textiles, producing items that not only adorn the rooms of the albergo diffuso but are also sold to tourists, thereby establishing an economic chain that sustains the local community. An example of the effectiveness of this model in revitalizing the local economy is represented by the typical lentil of Santo Stefano di Sessanio, an ancient variety that is highly regarded for its quality, has experienced a significant decline in

<sup>&</sup>lt;sup>54</sup> "Il Miracolo Santo Stefano di Sessanio: boom turismo e primo per imprenditoria", AbruzzoWeb, URL: <a href="https://abruzzoweb.it/il-miracolo-santo-stefano-di-sessanio-boom-turismo-e-primo-per-imprenditoria/">https://abruzzoweb.it/il-miracolo-santo-stefano-di-sessanio-boom-turismo-e-primo-per-imprenditoria/</a>

production, with an almost exclusive reliance on family consumption. The relaunch of this product on the market is a result of the collaborative efforts of Sextantio and the initiatives promoted by Slow Food. The lentil has emerged as a dominant product in the village's food and wine offerings, and the revival has revitalized local agriculture.

In contrast, the non-farm entrepreneurship index is 27%, a figure which exceeds the Italian commonality by 7.4%. The total worth of real estate in the village has also registered a significant increase as the statistics show the amount of 90% rising in the year of 2008, compared to 2007. Apart from this, there has been a significant boost in terms of social impact through the project, as the demographic decline trend has been reversed with the supplement of new residents, consequently redeveloping the borough. The local people have in turn started to feel more elevated and attached to their village because of this eco-friendly application, as their village has been converted into a model of sustainable tourism. The revival of tourist interest has brought an increase in property values and has encouraged that it is possible to create revenue which is preserving the authenticity of the village. Thus, the Albergo Diffuso Sextantio has developed a sustainable model that respects the environment and culture while ensuring the stability and prosperity of the local community.

#### 4.3.3 Promotion and Marketing

Santo Stefano di Sessanio serves as a remarkable illustration of how a village can experience revitalization through a cohesive strategy that is related to sustainable tourism, experiential marketing, and narrative construction. The employment of territorial storytelling and thematic branding represents one of the most compelling components in the promotion of Santo Stefano di Sessanio. Its medieval past, indigenous customs, and exceptional cultural heritage have favored a robust village identity. Narratives surrounding ancient crafts, the historical accounts of the village, and the conservation of its original architectural features attract tourists in pursuit of an immersive and authentic cultural encounter. For instance, local craftsmen participated in the meticulous restoration and furnishing of the accommodations within the Albergo Diffuso

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<sup>&</sup>lt;sup>55</sup> Ibid.

in Sextantio, employing ancient techniques of weaving and woodworking. The linens utilized in the rooms are composed of embroidered linen, adhering to the local customs associated with wedding trousseau. Due to the intricate details and the narratives encapsulated within each artifact, visitors are afforded an experience that profoundly engages them with the historical and cultural heritage of the village.

Moreover, Santo Stefano di Sessanio organizes a variety of festivals and cultural activities that honor the heritage, history, and artistry of the town. These festivals not only draw the attention of tourists but also facilitate the local people in preserving cultural traditions. The annual Festival of Peasant Traditions constitutes a significant occasion that celebrates the typical village's agricultural and pastoral methodologies. People who attend have the opportunity to take part in craft workshops, sample regional products such as Santo Stefano lentils, and witness historical reenactments that vividly revive the village's enduring customs throughout the festival.

Artistic installations and workshops further improve the tourism experience, as do partnerships with local artisans and craftsmen. One example of such collaboration is the initiative with Italian pianist and composer Stefano Bollani, who held a series of concerts in the village, attracting people who love music from all over the country and raising the visibility of the village as a cultural destination. Additionally, digital platforms were used to manage bookings and promote the Borgo worldwide.

Collaborations with bloggers and influencers, dedicated websites and social media have increased the borgo's visibility and attracted a global clientele. For example, the official Sextantio website helps people make reservations and tells the story of the village through text, video and photographs. It also highlights local traditions and experiences. Social media promotes interactive visual content that invites visitors to visit the village in real time, even before they organize their trip. The marketing tactics implemented have produced visible and significant results.

Tourism in Santo Stefano di Sessanio has increased in comparison to the regional mean. This serves to illustrate that tourism can play a significant role in the conservation of cultural heritage and the advancement of local communities. By providing a framework to integrate

economic growth, environmental conduct, and the enhancement of heritage, this paradigm represents a model that could be successfully emulated in other Italian municipalities.

### 4.4 Challenges and Opportunities for Growth

### 4.4.1 Challenges

Although the Albergo Diffuso model brings several benefits in terms of sustainability and territorial enhancement, there are some obstacles, especially regarding social and environmental responsibility. The balance between the preservation of architectural and cultural heritage and the construction of new buildings is a critical issue due to its delicate nature. While the Albergo Diffuso concept focuses on maintaining the originality of ancient buildings, it is also crucial to modernize amenities for safety, comfort, and convenience. Balancing conservation and modernization goals can be difficult since one may end up being overlapped by the other. One of the main issues in the hotel sector is the challenge of integrating contemporary technology, like stable Wi-Fi access, into renowned facilities like those in Santo Stefano di Sessanio, without compromising the original charm of the village. As a result, the primary challenge is to set itself apart by providing an authentic and tailored experience, despite having equivalent marketing and promotional abilities as the major hotel chains in this case. In these situations, it is crucial to focus on promoting activities connected to the culture of the area and making experiential tourism easier. Another important factor is the tourists' level of consciousness and their desire to experience something genuine, which could involve basic lodging or surroundings, being not satisfied about factors such as limited room size or lacking of amenities that are typically considered normal in modern hotels. Unfamiliar tourists may not be satisfied with the concept itself of the albergo diffuso. Therefore, it is crucial to allocate resources to communication and marketing efforts to make guests fully aware of the hotel's unique selling proposition. From the standpoint of corporate social responsibility, numerous initiatives focus on collaborating with nearby communities to enhance sustainable tourism. Engaging the local community can be difficult at times since there is a chance of incurring in resistance. Some residents might view the increase in visitors as an intrusion on their personal space or a challenge to their lifestyle, thus being reluctant. Establishing consistent

communication and increasing trust required constant effort, often through community meetings and cooperative initiatives with local artisans and suppliers. An additional challenge might be represented by high expenses involved in upkeeping and renovating historical structures. Unlike traditional hotels that take advantage of cost savings through size, Albergo Diffuso hotels face increased expenses in order to preserve their distinctive character and architectural authenticity. The requirement to distribute resources towards sustainable technologies like renewable energy systems and water management. Moreover, obtaining funding for scattered hotel developments can pose difficulties, especially in rural or less developed areas. Some banks and financial institutions may be hesitant in providing funding for projects that differ from typical business methods or are seen as higher risk. Furthermore, ongoing maintenance and the successful application of sustainable methods require further resources. This has created challenges in financial management, in particular the need to integrate the economic viability of the business with environmental sustainability. Although the Albergo diffuso strives to reduce its environmental impact in comparison to standard tourism models, it still faces environmental challenges. Tourism may increase the consumption of native resources like electricity and water, along with the production of waste. Hence, it is crucial to put in place strategic management solutions to reduce the adverse effects on the area. For this reason, to exploit the potential of this model, it must develop a thorough and cohesive strategy that considers the needs and goals of all stakeholders involved.

### 4.4.2 Opportunities for Growth

Albergo diffuso has the potential to significantly expand, particularly in the area of corporate social responsibility, and can act as a powerful catalyst for the sustainable development of regions. Albergo diffuso hotels have an extraordinary opportunity to protect the cultural and ecological resources of the territories in which they are located. The hospitality model that has been suggested has the potential to captivate travelers who are seeking authentic and engaging experiences and who are interested in exploring the region in an environmentally responsible manner. In addition to protecting these valuable assets, the allocation of resources to the conservation and advancement of indigenous customs, handicrafts, and cuisine can also result in additional financial advantages. For example, the town of Santo Stefano di Sessanio has been considerably improved in terms of its appeal to tourists as a result of the active promotion

of indigenous customs and unique local products, such as the renowned lentil. Technical and digital advancements can also be utilized by Albergo diffuso hotels to improve the customer experience and simplify business processes. Increased global market presence and operational effectiveness can be achieved through the integration of digital technology in reservation administration, online promotion, and feedback collection.

Improving the sustainability of the Albergo diffuso involves implementing smart energy and water management strategies. Furthermore, Albergo diffuso hotels can collaborate with local businesses like farmers, artists, and tour guides to provide diverse tourism packages and distinct experiences. These partnerships can improve the local economy, creating a positive cycle that enhances the well being of the community. Moreover, collaborating with other hotels and businesses in the area can make it easier to access financial resources and participate in regional development projects.

Albergo diffuso hotels can appeal to people looking for special and unmatched experiences by leveraging their distinctiveness to build a dedicated group of customers. Hotels can set themselves apart from rivals by providing a hospitality experience that follows environmental guidelines and backs the local community, as consumers are placing greater importance on sustainable tourism. Albergo Diffuso hotels have the potential to function as sustainability training centers, offering seminars, lectures, and learning opportunities that concentrate on sustainable practices and the local ecology. The community and visitors are both more aware of sustainability and cultural preservation as a result of the tourism offer's expansion. Therefore, these hotels could succeed and serve as an example of sustainable growth that can be copied in other areas with smart strategies that foster innovation, protect the environment, and build partnerships.

### 4.5 Replicability of the model

The albergo diffuso is not a mere mechanical replication of previous experiences, such as those of Santo Stefano di Sessanio. The culture, traditions, natural resources, and social relationships of each village are different and unique. Consequently, the successful implementation of this model needs a comprehensive analysis of local specificities, and the active engagement of the

local community. This success is also contingent upon the village's capacity to revitalize its social and economic fabric, meanwhile providing extensive hospitality that preserves its allure. The geographical configuration, cultural heritage, and willingness of the local community to finance territorial regeneration initiatives are all fundamental factors to consider when thinking about the adoption of this model.

Rural or mountain communities, often with a rich history not fully discovered, represented highly suitable places for the adoption of an Albergo Diffuso model.

The albergo diffuso concept is especially fitting for the historic towns of the Central Apennines, including those in Umbria, Marche, Abruzzo, and Lazio. The rich history and unspoiled environment of these areas are valuable resources for sustainable and immersive tourism.

These villages have a robust cultural identity, and the preservation and improvement of their natural and historical heritage are already prevalent. Local communities are more likely to participate in initiatives that are designed to improve and restore the environment.

On the other hand, the villages in the southern region of Italy, including Basilicata, Sicily, and Calabria, present a greater number of challenges but also substantial potential. This is due to the fact that they have not yet established a robust tourism infrastructure, which could complicate the implementation of the Albergo Diffuso model. Nevertheless, the absence of development is precisely what could attract tourists who are interested in the exploration of lesser-known locations and authenticity.

Villages in the Alpine and pre-alpine regions like Trentino-Alto Adige, Valle d'Aosta, and Piedmont hold great promise due to their well developed tourism facilities. Although the strong seasonality of tourism in these regions presents potential challenges, requiring strategies for a steady flow of visitors, establishing an Albergo Diffuso could help diversify the tourism offerings, focusing on sustainable tourism.

Introducing tax incentives and soft loans for companies and entrepreneurs who invest in albergo diffuso projects is one of the most successful initiatives to promote the adoption of this model. Tax breaks in the early stages, grants for historic building renovations, and affordable loans for eco-friendly technology and improving local infrastructure are some of the incentives available. For instance, Umbria and Tuscany have already implemented comparable initiatives that could be expanded to other appropriate regions. The initiative 'I Borghi del Cuore' was

launched in Umbria in 2019 to promote sustainable tourism<sup>56</sup>. The aim of the project is to revitalize the villages in Umbria, often facing economic challenges and population decline, by promoting the restoration of old buildings with financial and technical support. Nonetheless, the 'Toscana Ovunque Bella' project was launched in 2016<sup>57</sup> in Tuscany in collaboration with Toscana Promozione Turistica and local stakeholders. The goal of the initiative is to highlight the distinct attractiveness of Tuscan villages and position the region as a premier tourist destination. It has been shown to be highly successful in improving the comprehension of Tuscany's small villages, thus helping their economic and social revival.

It is also necessary to provide training to local entrepreneurs and communities on how to effectively manage these facilities. Subsequently, universities and specialized institutions may collaborate to establish training courses that emphasize sustainable tourism, resource management, and cultural heritage. Public and private entities must collaborate to overcome the initial challenges and guarantee the Albergo diffuso model's success. Local governments can significantly contribute to the promotion of the village and the facilitation of the renovation of historic structures by implementing territorial marketing campaigns. In the meanwhile, private companies possess the ability to offer financial resources and technical expertise required to establish and operate the organizations. These agreements can also help in the active engagement of the local community by ensuring that profits are located equitably and the cultural identity of the village is preserved. Additionally, the tourist appeal of these locations could be enhanced through the establishment of village networks based on the albergo diffuso model. An integrated tourist circuit is established to connect various villages that share comparable cultural and environmental values. This provides visitors with the chance to explore a diverse variety of distinctive experiences in contexts that are both separate and complementary.

This approach not only improves the growth of specific villages, but it also boosts the cultural identity of the whole region, making the tourist offerings more competitive nationally and internationally. Furthermore, it is crucial to incorporate sustainable technologies. The village's appeal to travelers who are becoming more environmentally conscious is not only enhanced by

<sup>&</sup>lt;sup>56</sup> 'I Borghi del Cuore', dedicated to the 15 villages of "Italian travel villages" in Abruzzo, Lazio, Marche, and Umbria affected by the earthquake in 2026, was created to reactivate the social and tourist fabric of villages though community cooperatives.

<sup>&</sup>lt;sup>57</sup> *Toscana Ovunque Bella*' project, launched in 2016 by the Tuscany Region, aims to promote 279 municipalities of Tuscany though their unique stories, culture, and landscape. The initiative is designed to offer tourists an immersive experience that goes beyond the well-known destinations, encouraging the discovery of lesser known areas of the region.

the implementation of solar panels, rainfall harvesting systems, and environmentally favorable materials during renovations, but it is also reduced in terms of its environmental impact. The 'Sextantio' Albergo Diffuso in Santo Stefano di Sessanio has set a successful example of implementing sustainable technologies, which other villages can use as a guide. Finally, it is essential to use digital technologies and online platforms to broaden the audience and enhance visibility.

Investment in the development of specialized websites, social media administration, and integration with global booking platforms like Airbnb and Booking.com can enhance the visibility of these businesses. An engaging narrative can be generated through territorial storytelling, which involves the promotion of digital content such as videos, photographs, blogs, and social media. This approach not only improves the village's visibility but also creates an emotive bond with potential visitors, motivating them to actively engage in the experiences available. For instance, Polignano a Mare, Apulia, implemented territorial branding to advertise itself as a picturesque coastal resort. Evocative images and personal narratives shared on digital platforms were combined with stories of local traditions. Alberobello, Apulia, is another example of a municipality that has been able to improve the quality of its 'Trulli' by narrating their cultural and historical significance through documentary recordings, the testimony of local artisans, and the narratives of the local families. Consequently, the Albergo Diffuso model has the potential to be not only replicable but also a driver for sustainable development in rural areas and historical communities, thereby contributing to the economic and social revitalization of these regions.

#### Conclusion

As environmental concerns continue to rise, we are living in an era characterized by crucial ecological and societal changes. In this framework, the integration of sustainability in the tourism sector becomes a necessity. The future of sustainable and experiential tourism has thus the potential to change people's interactions with travel, especially in those areas which are rich in culture, history, and nature, such as Italy. Indeed, they represent not only an economic resource which can be better exploited by the country, but they also offer a perfect opportunity to implement innovative tourism models which respect the environment and are projected toward a sustainable future. The 'Albergo Diffuso' model is an example of this. Sustainable

tourism regards more than simply minimizing the ecological footprint of travel, encouraging travelers to engage meaningfully with the visited destinations. On the other hand, experiential tourism, which gives priority to deep engaging interactions, perfectly complements sustainability. These new approaches to the tourism sector offer a perfect base for revitalizing lesser known areas full of potential, such as Italian villages (borghi), which are often not taken into consideration by conventional tourism. By merging sustainable infrastructure and experiential services, tourists may be drawn in these locations, contributing to long term development of these places and the maintenance of the integrity of the local environment and culture.

Innovative technologies, such as artificial intelligence for customized travel itineraries, and renewable energy solutions, can facilitate the transformation of tourism from an extractive business to one that authentically serves both humanity and the environment. Italy's ability to integrate these technologies into the tourist infrastructure will be key to the success of it.

Nowadays events have proven that sustainability and experiential tourism are not just trends, but a step forward in the global way of thinking about travel. Travelers are more aware of their environmental and social impact and are looking for real, respectful and sustainable travel experiences. Italy with its incredible cultural and natural heritage can perfectly show how tourism can be both profitable and ecological.

In this framework, CSR plays a key role in shaping a more ethical and sustainable future. The 'Albergo Diffuso' model, is an example of how sustainability and experiential tourism can move together, creating a positive impact on local communities and offering tourists authentic and meaningful experiences. CSR within tourism companies can ensure that these businesses are not only economically viable but also socially responsible, by addressing the environmental, social, and economic impacts of tourism activities. CSR encourages companies to take into account the well being of local communities, contribute to their preservation, and promote fair labor practices. By adopting CSR frameworks, tourism operators can commit to transparency, reduce their carbon footprint, and foster partnerships that prioritize community welfare. In this way, sustainable tourism can contribute not only to preserving Italy's cultural and natural heritage but also to empowering communities and promoting social equity. Moreover, travelers today are increasingly drawn to companies that demonstrate a strong commitment to CSR, preferring to support businesses that align with their values. This shift in consumer behavior is pushing tourism operators to prioritize ethical practices, such as reducing

waste, using renewable energy sources, and supporting local artisans and entrepreneurs. Hence, the analyzed model reflects all the changes needed in today's society, representing a perfect example to be implemented in other countries too, of economic and social revitalization through the respect of the environment and sustainable practices.

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