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# Academica Turistica

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# Attracting User's Attention for Travelling Purposes via Visual Messages

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Visual content has a significant role in attracting users' attention. Platforms such as Facebook, LinkedIn, Twitter, and others have made it possible to access information at the click of a button. If a country, organisation or a company wants to attract tourists or other target groups, social media has considerable influence. People search for information online and analyse the products they desire. Today, social media mainly drives customers' buying behaviour (Manyika et al., 2011; Kumar, Bezawada, Rishika, Janakiraman, & Kannan, 2016). When promoting content, it is essential to know the target group and to have a visually attractive message. This paper aims to determine the impact of parameters in visual messages that can increase attractiveness and sharing possibilities. The research was aimed at finding the parameters responsible for attracting the users' attention and those responsible for content sharing. To find them, two surveys were done, and quantitative research of those parameters was conducted. After the research, guidelines were set in order to create future content which could have a more significant impact on the target group in creating campaigns on social media.

*Keywords:* communication science, media, social network, visual communication, visual message, tourism

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## **Introduction: Online Purchasing Decisions Influenced by Social Networks are Becoming Common Practice**

As Tussyadiah (2012) claims, we are merely at the forefront of understanding the value of sharing on mobile network platforms and their impact on buying decisions. It is for this reason that Tussyadiah, Park, and Fesenmaier (2011) suggest the need for more studies to understand better how the advancement of digital media technology impacts these experiences. During the previous two decades, the use of information technology has increased, which is characterised by 'speed, visual impression, ease of use, global availability and

maximum efficiency' (Kučič 2010, p. 21). Social networks determine interactions and influence the spread of ideas and behaviour (Tussyadiah, 2012). Leenders (2002), De Bruyn and Lilien (2008) argues that people are taking into account the opinions and behaviours displayed by significant others, combined with the considerations of other constraints and opportunities, to establish their own opinions and take certain actions accordingly. He labelled this process 'contagion' (Leenders, 2002) or social influence. Wilton, Pérez, and Scott (2011) identify that people refer to the experiences of others to make their own decisions when presented with a choice. A social network allows imme-

ciate interactions, which enables the sharing of consumption decisions to generate immediate social reactions and to gain social recognition. Therefore, a social network also represents interconnected conformers seeking recognition from each other (Tussyadiah, 2012).

Today social media mainly drives customers' buying behaviour (Manyika et al., 2011; Kumar et al., 2016). Social network sites have greatly expanded the potential audience beyond traditional family and friends to new, geographically dispersed networks of strangers (Axup & Viller, 2005; Bamford, Coulton, & Edwards, 2007; Goodman, 2007; Schmallegger, Carson, & Jacobsen, 2010). Facebook alone has over 1.5 billion users. More importantly, 70 per cent of users log into Facebook daily (Singh, 2018). As Goodman (2007) noted, networked media has enabled an unlimited number of individuals to potentially join virtual networks and gain valuable market intelligence about places visited. Positive comments on social media increase customers' intentions regarding the purchase, because of risk reduction (Mhlanga & Tichaawa, 2017). Therefore, the best way to attract consumers' attention is to promote content online. It is necessary to know the target group and tailor the visual message appropriately.

While there is research focusing on the social networks' effect on sharing (Pfeil, Arjan, & Zaphiris, 2009; Strano, 2008; Trammell & Keshelashvili, 2005), to date there has been little or no research that addresses the visual parameters that show the relation between visual message's attractiveness and the outcome of sharing in the tourism industry. This paper aims to research the parameters that will show what attracts users' attention the most when seeing a particular ad (visual message) on a social network. In this paper, we further want to show which parameters on an ad (visual message) influence users to share the content that they have seen.

### **Theoretical Framework: Sharing Content on Mobile Brings Promotional Potential in Tourism**

#### **Motivations behind Sharing on Social Networks**

Visual content has a significant role in attracting users' attention. According to Buscall (Mhlanga & Tichaawa

2017), visual content gets 94 per cent more total views and is 40 per cent more likely to be shared on social networks than text content. Platforms such as Facebook, LinkedIn, Twitter, and others have made it possible to access information at the click of a button. Sharing is about getting people to see and respond to content. Social media's positive impact is in the distribution of information in the world in which we live. Sixty-two per cent of people get their news from social media, as stated in a study from Pew Research (Gaitho, 2018). As long as the content remains relevant and the need for information still exists, it is always worthwhile for any organisation using social media to keep publishing.

A study by the New York Times Consumer Insight Group shows different motivations that participants have when sharing information on social media: 84 per cent of participants wants to support a cause or issue about which they feel strongly; 94 per cent share to pass valuable information; 49 per cent of these respondents influence action about products by sharing; 68 per cent use social sharing to build image and demonstrate who they are and what they stand for; 78 per cent want to interact, grow, get a sense of fulfilment, nurture relationships and stay in touch with others; 69 per cent want to participate and feel involved in things happening in the world. Additionally, a number of studies (Pfeil et al., 2009; Strano, 2008; Trammell & Keshelashvili, 2005) suggest that young people use online media to present, manipulate, and/or manage a desired self-image. This is also connected with the theory of self-concept (Grubb & Grathwohl, 1967), which indicates that consumers value consumption that results in recognition and reinforces reactions from the social network so as to strengthen the conception about themselves. Sharing photographs plays a vital role in image-building. Social networks are particularly effective in image self-presentation because the user can display various types of their online activities and open them to the public if desired (Bortree, 2005; Boyd & Ellison, 2007). It is, therefore, imperative to know the motivations of the target group with whom you are communicating (Gaitho, 2018). Sharing content can have a significant impact on the real world as well (Kietzmann, Hermkens, McCarthy, &

Silvestre, 2011). A tweet by the famous Kylie Jenner ('sooo does anyone else not open Snapchat anymore? Or is it just me . . . ugh this is so sad.') caused Snapchat's stocks to drop by 8 per cent, and the company lost 1.7 billion dollars (*Večernji list*, 2018). When promoting a brand, one should make an effort to understand the target group, their habits, needs, and desires to be able to create a visual message that they would want to share.

#### Accepting Tourists as Online Users Has a Promotional Potential

Whether to attract investors, clients, tourists or other target groups, social media has considerable influence. By analysing the travel industry, the following can be observed. On Facebook, 42 per cent of users share the information about where they travel, 60 per cent factor online opinions into their travel decisions, while 83 per cent trust the recommendations of their families and friends (Alizadeh & Mat Isa, 2015). From this, it can be seen that virtual communications are often about coordinating physical travel but also enabling conversation between visits and meetings, as have Larsen et al. (2006) stated. Social media empowers customers to actively contribute to content creation and freely communicate in an international and intercultural environment (Alizadeh & Mat Isa, 2015). Each nation wants to keep its independence and cultural identity, even though globalization has contributed to intensive international contact.

Globalization, however, has not resulted in a unique culture or language. Therefore, professional and international communication in the form of translating promotional tourism messages is an important element of visual communication. In that context, according to Kučič (2016, 84), the 'translator's role is to create new communication value through his work and creativity and thus create a new translated intercultural value.

Therefore, to attract tourists' attention, it is necessary to give them individualised approaches on social networks. Understanding tourists' background improves the chance of attracting their attention; 75 per cent of users who read social sharing comments have clicked on the product link in their friends' Facebook

posts, taking them to the tourist service website, and 53 per cent of the users clicked the product website have made a purchase (Bullas, 2012).

People who post images online tend to search for travel information from others who engage in similar activities (Akehurst, 2009). This development has had and will continue to have an impact on destination image development, marketing, and promotion. It will also extend the reach of the information search process to other key informants who have visited the destination, but who do not have any obligation to promote it (Pan, MacLaurin, & Crotts, 2007). It is important to state that some tourists see consumer-generated content as being more reliable and trustworthy than the content generated for the purpose of advertising (Akehurst, 2009; Mack, Blose, & Pan, 2008; Zheng & Gretzel, 2010). Therefore, destination management organizations should consider using social networks in cooperation with networks' influencers or consider other means of attracting on-line users' attention (Akehurst, 2009). They must compete with non-commercial materials posted by online users to the extent that these information providers are the ones with significant influence on the tourist's decision-making behaviour (Akehurst, 2009). Therefore, it is not only necessary to have ad space and to pay for an ad, but also to visually show what product is being sold and to whom. Tourism is said to exist in the interplay between places and stories (Goodman, 2007), with experiences that contain a sense of 'being a particular type of tourist' (McCabe & Stokoe, 2004). By transforming an intangible experience into something tangible (Osborne, 2000), photographs enable tourists to see the experience more clearly and choose that specific destination as their next one (Schroeder, 2002; Sontag, 1977). Edensor (2000) argues that tourists use photography as a ceremonial form of capturing relationships with each other, places, and other cultures. Likewise, sharing photographs with non-travel party members can enhance the bond between the tourist and the audience. Social networks have transformed this ceremonial form and brought it to the broad online community (Boyd, 2008; Miller & Edwards, 2007; Qian & Scott, 2007).

It is also necessary to know how the tourist prod-

ucts and facilities are different from others who are sending multilingual messages to potential customers.

#### Understanding Mobile as the Primary Platform for Advertising

It is rarely possible to expect people to convert the first time they see a visual message on a social network. They need to see it at least seven times before they consider the offer (Halevy, 2018). To achieve the desired action of the banner, one needs to show the same message across different channels (newsletter, different social networks, and searched key words). By doing so, the odds of getting people to respond will be higher (Halevy, 2018).

One important thing has to be considered when creating visual messages for a certain brand: mobile users must not be ignored. Mobile-only internet users outnumber desktop-only users. Globally, mobile devices dominate in terms of total minutes spent online. For example, in the US, 71 per cent of total digital minutes comes from mobile devices. In Indonesia, 91 per cent of time spent online comes from mobile. The average time spent browsing on smartphones per month is 87 hours in the US, compared to 34 hours on desktops in the same country (De Silva, 2018). Furthermore, 79 per cent of smartphone users have their phone on or near them each hour of the waking day, on which they spend an average of 195 minutes per day (Newlands, 2018). According to Zenith's report, 73 per cent of time spent online in 2018 is predicted to be through a mobile device. Moreover, in 2018, it is expected that 60 per cent of global online advertising spent will come from mobile ads. According to Gartner, more than half of all consumers, by 2018, will be using mobile devices first for anything they do online (De Silva, 2018). What is more, engagement is higher on mobile devices than on desktop devices. This is because consumers have personal, intimate connections with their mobile devices (Heine, 2014).

The smartphone's capability to link people to remote information, exchanging location-based data and social information has made it a powerful tool for tourists and other users. Smartphones are an inevitable partner for tourism, and the tourism context has become a fertile ground for mobile computing (Chev-

erst, Davies, Mitchell, Friday, & Efstratiou, 2000). The emergence of mobile social networking, which has shifted from desktop computers to mobile computing platforms, offers new sharing capabilities beyond hubs for chat and repositories for photographs. As people are ever more mobile for work and leisure, they increasingly share information and connect with their social network using mobile devices. To make the user experience as uninterrupted as possible, ads for desktop should not need to be recreated for mobile and tablet experience. It is important to consider the best way to showcase content on mobile devices to get a maximum result (English, 2018). So by understanding the target group, the technology they are using, when they are using it and by creating an understandable visual message that is in line with the group's needs, it is possible to make an effective communication campaign.

#### Hypothesis Development

Introduction and development of online photo-sharing media has democratized the image creation and dissemination process (Lo, McKercher, Lo, Cheung, & Law, 2011). Its increasing popularity can turn travel into a stronger self-presentation management tool for users. Web 2.0 will play an important role in tourism marketing, destination image formation, and customer-to-customer communications. Marketers are already applying electronic word-of-mouth (eWOM), relationship marketing, and viral marketing (De Bruyn & Lilien, 2008) in their promotional activities. The approach of viral marketing suggests that marketers can leverage the power of interpersonal networks to promote their products and services, transforming the communication networks into influence networks. Ignoring Web 2.0 as a communication tool will be detrimental to destinations (Lo et al., 2011).

Experience shows that the attractiveness of a visual message increases the users' decision to click on it. If the visual message is more appealing, the user will view it longer and better understand the meaning of the message. The aim of this paper is to discover which parameters influence the attractiveness of the visual message, as well as its possibility of sharing. These results will be used for campaign creation, pub-



lishing ads and attracting the target group's attention on social networks.

The first hypothesis of this paper is that photographs combined with illustrations are more appealing to users than those which have no illustrations. This hypothesis is derived from the fact that we are surrounded with digital products that use illustrations to better visualize abstract concepts to the user (install, download, update, log in, tag, like, subscribe, etc.). That is way in which we are familiar with the use of illustrations and its extensive use for promotion purposes. The second one is that understandable visual messages are more attractive to the user and therefore have a greater chance to be shared. If this is true, then the user will view the visual message longer. The longer the user views the visual message, the more likely it is for him to understand the content behind it and which action he should take. However, initial attraction must be achieved quickly in order to get users' attention. That sets the third and the final hypothesis: the visual message made with a short message is more attractive than that with the long one. If the visual message is attractive and understandable to the user, it could reach a higher number of people and will have the highest chance to be successful, will be shared by the users, and will have them make the necessary action. Through results, it will be possible to see which parameters contribute to the attractiveness of the researched visual messages.

## Research Methodology

### Sample Description

The research was conducted via two separate online questionnaires: the first from July to August 2017 and the second in March 2018. The reason for this was the different goals of each questionnaire. The first questionnaire was done to prove the first hypothesis and the second questionnaire was done to prove the second and third hypotheses. Both questionnaires used a non-probabilistic sample, i.e. a sample that includes a group of individuals available in a certain situation. The respondents represent a target group, i.e. users who use social networks the most. As Lo et al. (2011) showed in their research, 79,5% of people aged 25 or less and 63,5% of people aged 26 to 35 have posted pho-

tographs online. These groups represent active social network users and are more engaged personally in the information search process. Therefore, the sample is an optimal choice, and it is homogeneous. Each respondent has independently determined the optimal time to take the survey and chose the space in which to take it. The survey started simultaneously, the groups did not have different questions, and they were not separated.

The questionnaires were completed online via the SurveyGizmo service, and its URL links were distributed via the respondents' email addresses. One hundred respondents completed the first questionnaire, 80 of which were in the age range of 26–35 and 20 in the age range of 19–25. Fifty-seven respondents completed the second questionnaire. Five of them were in the age range of 45+, 30 in the age range of 30–44 and 22 in the age range of 16–29; 15 of them were male and 42 were female.

### Instrument

#### *First Questionnaire and Attractiveness Research*

The method used in this research is an online survey. The target group were people aged 19–35 who use smartphones, frequently consume multimedia content, and are constantly online. The visual message used in this research was designed with sea, vacation, and relaxation in mind. As active vacations are important to young people, displaying motifs for vacation and relaxation can attract their attention.

In order to determine the results of whether the addition of an illustration in a photograph impacts the attractiveness of a visual message, it was necessary to determine the following parameters:

- How many people does the visual message contain (from 0 to 3)?
- Does the visual message have an illustration or not, does the visual message have a product or not and does it have a simple or a complex background?

Each variable will be permuted with another variable in order to determine which element would impact the attractiveness of the message the most. In this way, variables which contribute to the attractiveness of

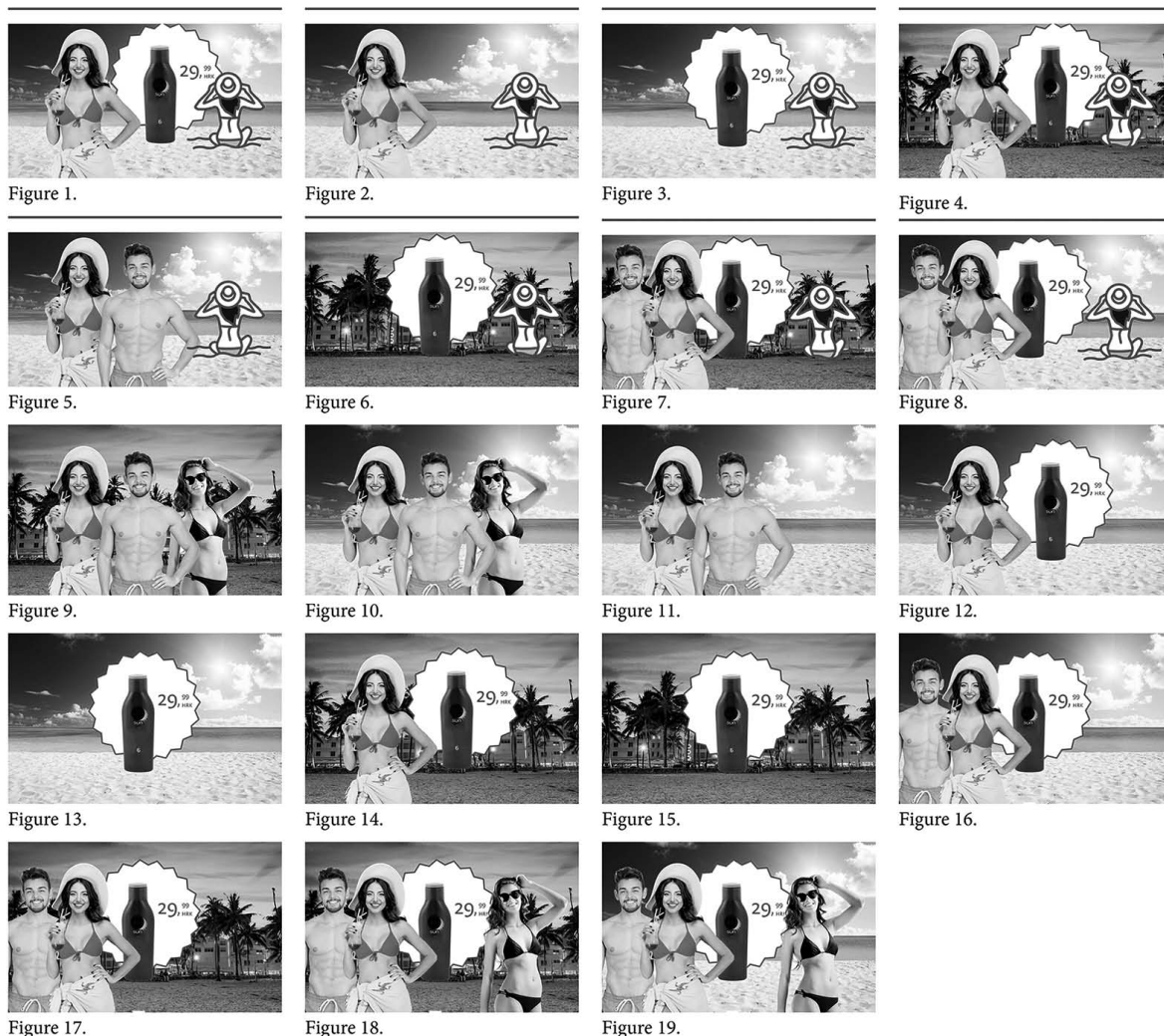


Figure 1 Figures Used in the First Questionnaire

a visual message (illustration, number of people, background, and element composition) were researched. There were 19 figures for which the respondents had to answer the given questions (see Figure 1).

To get the most data from the answers, a 5-point Likert scale was used in order to determine the inclination to one type of question or another. For each figure, each user was asked the same question. The questions for each figure were the following.

1. Grade the attractiveness of this visual message (1 – I don't like it, 5 – I like it a lot).
2. What is the first thing you notice in the visual

message: (a) the illustration, (b) the people, (c) the background, (d) the product, (e) the element composition?

3. Determine what is bothering you in the visual message: (a) the illustration, (b) the people, (c) the background, (d) the product, (e) the element composition.
4. Would you forward the previous content to your friends (1 – No, 5 – Yes).
5. Would you like to research the content further on the internet (1 – No, 5 – Yes).

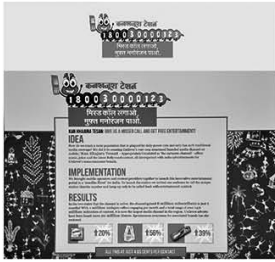


Figure 1.



Figure 5.



Figure 9.



Figure 10.



Figure 14.



Figure 2.



Figure 6.



Figure 3.



Figure 7.



Figure 4.

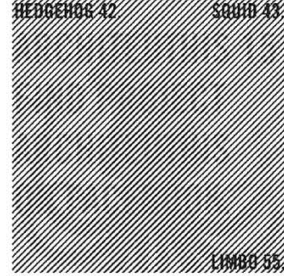


Figure 8.



Figure 11.



Figure 12.



Figure 15.



Figure 16.



Figure 13.



Figure 19.



Figure 20.



Figure 17.



Figure 18.

Figure 2 Figures Used in the Second Questionnaire

Second Questionnaire and Sharing Research

The method used in this part of the research is also a questionnaire. The target group is the same as for the

first one. The questionnaire consisted of two groups of figures (most efficient campaign group and research campaign group). The first group consisted of nine fig-

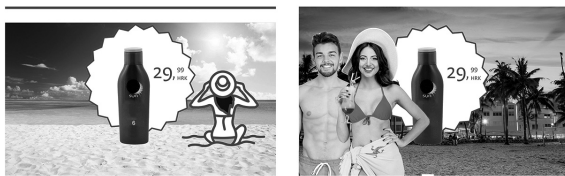


Figure 3.

Figure 17.

Figure 3 The Most Attractive Visual Message is the Figure C, and the Least Attractive One is Figure R

ures from the top three most efficient marketing campaigns in 2015, 2016. and 2017 according to WARC, a marketing intelligence service, using their global index of effectiveness in advertising. The second group consisted of a research campaign (11 ads) whose figures are a refinement of the figures from the first questionnaire. The figures in the research campaign were prepared after the results from the first questionnaire were known. Variables that contributed to visual messages' attractiveness in the first questionnaire were used to set 11 figures in the research campaign. Those variables (background, illustration), chosen from the first questionnaire based on the results from Table 1, were further altered with the additional ones – length of a message, complexity of illustration, product size. In this way, 11 figures were formed. The goal of the research was to get the answers for the second and third hypotheses set out in this paper. There were 20 different ads (figures) in total (see Figure 2).

The variables that were researched are: ad attractiveness, willingness to share, campaign type (questions 1–59 refer to the most efficient campaigns, questions 60–125 refer to the research campaign), message length, message comprehensibility, complexity of illustration, product size, products role (primary or secondary). In this research, picture size as well as the platform (desktop or mobile) was not taken into account because the goal was to research the variables within the format.

There were 125 questions in total. The first five questions had the goal of describing the respondent (travel preferences and factors that help respondent choose a travel destination, gender, age, the purpose for which the respondent uses his smartphone). Each respondent had to answer six questions for each figure:

1. Do you find the visual message attractive (1 – No, 5 – Yes)?
2. Do you find its message understandable (1 – No, 5 – Yes)?
3. The shown message is: (1 – too short, 5 – too long).
4. Do you understand which product is being promoted (1 – No, 5 – Yes)?
5. The size of the product is: (1 – too small, 5 – too big).
6. Would you share the content that you have seen (1 – No, 5 – Yes)?

A 5-point Likert scale was used to determine the inclination to one type of question or another. The responses from the respondents are shown in Table 1.

Based on the second part of the research, a statistical analysis was carried out and the answers between the most efficient campaigns and the research campaign were compared. With the analysis, the possibility for sharing the visual message is explored.

### Results and Hypotheses Testing

The results from the conducted questionnaires are the following.

*First Questionnaire.* For Figure C, most respondents gave the highest grades for the following questions: 'How attractive is the previous content?' (10 respondents, average grade 2.9), 'Would you forward the previous content to your friends?' (15 respondents, average grade 2.25). In total, 15 respondents gave the grade of 4 out of 5 for Figure C.

In contrast, the least attractive visual message was Figure R, for which 60 respondents gave the lowest grade (average grade 1.7). The lowest grade for the questions 'How attractive is the previous content?', 'Would you forward the previous content to your friends' (average grade 1.4) and 'Would you like to research the content more on the internet?' was given to Figure R (70 respondents gave the grade 1 out of 5) (see Figure 3). From this, it is clear that the most attractive visual message has the greatest probability of being shared. At the same time, the least attractive visual message has the lowest probability of being shared.

Table 1 Answers from the Respondents

Figure	Question					
	Q1	Q2	A1	Q3	Q4	A2
A	30	45	1	20	20	a
	20	35	2	0	0	b
	50	15	3	30	20	c
	0	5	4	0	10	d
	0	0	5	50	40	e
	/	/	/	/	10	f
Average	2.2	1.8		/	/	
B	20	40	1	30	20	a
	30	25	2	50	70	b
	20	25	3	20	0	c
	30	10	4	0	0	d
	0	0	5	0	0	e
	/	/	/	/	10	f
Average	2.6	2.05		/	/	
C	10	35	1	40	10	a
	30	20	2	0	0	b
	30	30	3	20	20	c
	20	15	4	0	0	d
	10	0	5	40	30	e
	/	/	/	/	40	f
Average	2.9	2.25		/	/	
D	40	50	1	0	20	a
	30	35	2	30	0	b
	30	15	3	60	50	c
	0	0	4	0	0	d
	0	0	5	10	20	e
	/	/	/	/	10	f
Average	1.9	1.65		/	/	

Continued in the next column

Table 1 Continued

Figure	Question					
	Q1	Q2	A1	Q3	Q4	A2
E	50	60	1	0	10	a
	30	10	2	100	80	b
	10	25	3	0	0	c
	10	5	4	0	0	d
	0	0	5	0	0	e
	/	/	/	/	10	f
Average	1.8	1.75		/	/	
F	30	60	1	30	10	a
	60	25	2	0	0	b
	0	15	3	70	60	c
	10	0	4	0	0	d
	0	0	5	0	20	e
	/	/	/	/	10	f
Average	1.9	1.55		/	/	
G	50	70	1	0	0	a
	30	25	2	80	60	b
	20	5	3	0	0	c
	0	0	4	0	0	d
	0	0	5	10	30	e
	/	/	/	/	10	f
Average	1.7	1.35		/	/	
H	30	40	1	10	30	a
	20	35	2	70	50	b
	50	25	3	10		c
	0	0	4	0		d
	0	0	5	10	10	e
	/	/	/	/	10	f
Average	2.2	1.85		/	/	

Continued in the next column

It can further be seen that the most attractive visual message is the one that has a combination of illustrations and photographs. From the visual messages in which an illustration of a woman's back is shown, the most attractive is the one in Figure C. As seen from Table 1, the illustration of a woman's back attracted respondents' attention the most (40 of them) in Figure

C. The parameters *element composition* (40 of them) and *background* (20 of them) have also attracted respondents' attention the most in Figure C. Figure C is also the figure for which most of the respondents (40 of them) said that nothing bothered them in that visual message. Although the possibility of sharing content on social media is 40 percent (Mhlanga & Tichaawa

Table 1 Continued

Figure	Question					
	Q1	Q2	A1	Q3	Q4	A2
I	40	50	1	10	30	a
	10	30	2	70	50	b
	40	10	3	10	0	c
	10	5	4	0	0	d
	0	0	5	10	10	e
	/	/	/	/	10	f
Average	2.2	1.6		/	/	
J	30	50	1	0	0	a
	10	15	2	100	20	b
	40	20	3	0	10	c
	20	15	4	0	0	d
	0	0	5	0	30	e
	/	/	/	/	40	f
Average	2.5	2		/	/	
K	40	60	1	0	0	a
	20	20	2	60	20	b
	30	10	3	40	0	c
	10	10	4	0	0	d
	0	0	5	0	30	e
	/	/	/	/	50	f
Average	2.1	1.7		/	/	
L	20	45	1	0	0	a
	10	25	2	80	40	b
	50	30	3	10	0	c
	20	0	4	0	0	d
	0	0	5	10	40	e
	/	/	/	/	20	f
Average	2.7	1.85		/	/	

Continued in the next column

Table 1 Continued

Figure	Question					
	Q1	Q2	A1	Q3	Q4	A2
M	30	40	1	40	20	a
	20	30	2	20	0	b
	40	30	3	20	10	c
	10	0	4	0	0	d
	0	0	5	20	40	e
	/	/	/	/	30	f
Average	2.3	1.9		/	/	
N	30	65	1	50	30	a
	40	25	2	0	0	b
	30	10	3	0	10	c
	0	0	4	10	0	d
	0	0	5	40	20	e
	/	/	/	/	40	f
Average	2	1.45		/	/	
O	50	60	1	10	20	a
	30	20	2	40	0	b
	10	20	3	50	70	c
	10	0	4	0	0	d
	0	0	5	0	10	e
	/	/	/	/	0	f
Average	1.8	1.6		/	/	
P	30	60	1	60	30	a
	30	20	2	0	0	b
	40	20	3	30	50	c
	0	0	4	0	0	d
	0	0	5	10	10	e
	/	/	/	/	10	f
Average	2.1	1.6		/	/	

Continued in the next column

2017), this does not guarantee that anybody who looks at the ad will share it with his friends. It is essential to know your target group's needs, wishes and to know when to offer them the product or service. Not only is this information and the message being communicated to the users important, but it is also important to know how to show the message visually. It must be

meaningful to them and it must be something they want, something they search for, something they need. If this is done correctly, the target group will be able to instantly and unequivocally understand the visual message.

It can be seen in Figure 4 (p. 14) the majority of the respondents would not want to forward the visual

Table 1 Continued

Figure	Question					
	Q1	Q2	A1	Q3	Q4	A2
R	60	70	1	20	40	a
	10	20	2	80	20	b
	30	10	3	0	0	c
	0	0	4	0	0	d
	0	0	5	0	40	e
	/	/	/	/	0	f
Average	1.7	1.4		/	/	
S	50	70	1	0	10	a
	20	20	2	60	0	b
	20	10	3	40	40	c
	10	0	4	0	0	d
	0	0	5	0	50	e
	/	/	/	/	0	f
Average	1.9	1.4		/	/	
T	50	60	1	0	10	a
	10	10	2	100	30	b
	30	30	3	0	20	c
	10	0	4	0	0	d
	0	0	5	0	40	e
	/	/	/	/	0	f
Average	2	1.7		/	/	

Notes Questions: Q1 – Grade the attractiveness of the previous visual message (1 – I don't like it, 5 – I like it a lot). Q2 – Would you forward the previous content to your friends (1 – No, 5 – Yes)? Q3 – What was the first thing you noticed on a visual message? Q4 – Determine what's bothering you on a visual message. A2 – (a) the illustration, (b) the people, (c) the background, (d) the product, (e) the element composition, (f) nothing is bothering me.

message (of the displayed figures) to their friends. For the most attractive figure, the number of those who would want to share the visual message was the highest (with an average grade of 2.25). For the respondents who found the content visually attractive, which also implies that they understand the visual message, in 62.5 percent of the cases they would want to share the same content with friends. It can be concluded that attractive content increases the possibility of its be-

Table 2 Average Grade Values from all 57 Respondents from Questions Q6 to Q125

Figure	Question					
	1	2	3	4	5	6
1A	Q6	Q7	Q8	Q9	Q10	Q11
	2	2	4	2	2	1
2A	Q12	Q13	Q14	Q15	Q16	Q17
	4	4	3	4	3	3
3A	Q18	Q19	Q20	Q21	Q22	Q23
	3	3	4	3	3	2
4A	Q24	Q25	Q26	Q27	Q28	Q29
	3	4	3	4	3	3
5A	Q30	Q31	Q32	Q33	Q34	Q35
	4	3	3	2	2	3
6A	Q36	Q37	Q38	Q39	Q40	Q41
	3	4	3	4	3	3
7A	Q42	Q43	Q44	Q45	Q46	Q47
	4	4	3	4	3	3
8A	Q48	Q49	Q50	Q51	Q52	Q53
	2	1	2	1	2	2
9A	Q54	Q55	Q56	Q57	Q58	Q59
	3	3	3	3	2	3
10A	Q60	Q61	Q62	Q63	Q64	Q65
	3	4	3	5	3	2
11A	Q66	Q67	Q68	Q69	Q70	Q71
	3	4	4	5	3	2
12A	Q72	Q73	Q74	Q75	Q76	Q77
	3	5	3	4	3	3
13A	Q78	Q79	Q80	Q81	Q82	Q83
	3	4	3	5	3	2
14A	Q84	Q85	Q86	Q87	Q88	Q89
	3	4	2	4	2	2

Continued in the next column

ing shared on social networks. Therefore, it is possible to make a relation to Buscall's research (Mhlanga & Tichaawa 2017); 31.6 percent of the respondents from the research in this paper thought that the content was attractive. From the users who considered the visual message attractive, 62.5 percent would share the con-

Table 2 Continued

Figure	Question					
	1	2	3	4	5	6
15A	Q90	Q91	Q92	Q93	Q94	Q95
	3	4	4	5	4	2
16A	Q96	Q97	Q98	Q99	Q100	Q101
	3	4	3	5	4	2
17A	Q102	Q103	Q104	Q105	Q106	Q107
	2	4	4	5	4	2
18A	Q108	Q109	Q110	Q111	Q112	Q113
	3	4	4	4	4	2
19A	Q114	Q115	Q116	Q117	Q118	Q119
	3	4	3	5	4	2
20A	Q120	Q121	Q122	Q123	Q124	Q125
	3	4	3	4	4	2

Notes Each image had the same questions in the following order: 1. Do you find the visual message attractive? (1 – No, 5 – Yes) – Q6, Q12, Q18, Q24, Q30, Q36, Q42, Q48, Q54, Q60, Q66, Q72, Q78, Q84, Q90, Q96, Q102, Q108, Q114, Q120, 2. Do you find its message understandable? (1 – No, 5 – Yes) – Q7, Q13, Q19, Q25, Q31, Q37, Q43, Q49, Q55, Q61, Q67, Q73, Q79, Q85, Q91, Q97, Q103, Q109, Q115, Q121, 3. The shown message is: (1 – too short, 5 – too long) – Q8, Q14, Q20, Q26, Q32, Q38, Q44, Q50, Q56, Q62, Q68, Q74, Q80, Q86, Q92, Q98, Q104, Q110, Q116, Q122, 4. Do you understand which product is being promoted? (1 – No, 5 – Yes) – Q9, Q15, Q21, Q27, Q33, Q39, Q45, Q51, Q57, Q63, Q69, Q75, Q81, Q87, Q93, Q99, Q105, Q111, Q117, Q123, 5. The size of the product is: (1 – too small, 5 – too big) – Q10, Q16, Q22, Q28, Q34, Q40, Q46, Q52, Q58, Q64, Q70, Q76, Q82, Q88, Q94, Q100, Q106, Q112, Q118, Q124, 6. Would you share the content that you have seen? (1 – No, 5 – Yes) – Q11, Q17, Q23, Q29, Q35, Q41, Q47, Q53, Q59, Q65, Q71, Q77, Q83, Q89, Q95, Q101, Q107, Q113, Q119, Q125. A 5-point Likert scale was used in order to determine the inclination to one type of question or another.

tent with friends. That means that 19.75 percent of social media users who saw the content, and found it visually attractive, would want to share it with others. Because visual messages are viewed 94 percent more than plain text messages on social networks, it can be expected that 18.57 percent of users will share the content.

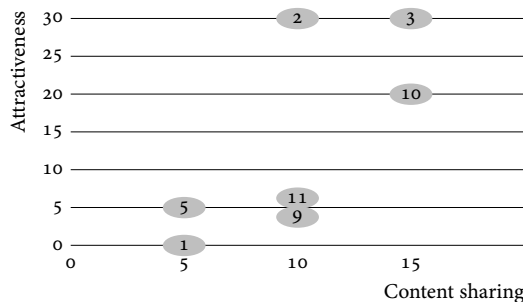


Figure 4 Displaying Figures Which the Respondents Would Want to Share with Friends

When observing figures in total, the following can be seen. From all the variables from all the figures that attracted the respondents' attention, *element composition* attracted their attention the least. In response to the task 'Determine what bothers you on the visual message' most of the respondents wrote that the people those who bothered them on the shown visual messages. Interestingly enough, the illustration was the variable that bothered the respondents the least.

Because people are those who bothered the respondents in the visual message and decreased the overall attractiveness, as seen from the results in Table 1, they were left out in the second research.

*Second Questionnaire.* Several statistical analyses were conducted to research the relation between the attractiveness of a visual message and its possibility of being shared.

The first analysis researched the relation between the attractiveness and the possibility of being shared. More precisely, the relation between the questions 'Do you find the visual message attractive?' and 'Would you share the content that you have seen?' was researched. This research was done with both groups (the most efficient campaigns and the research campaign). It has shown there is a statistically significant correlation between ad attractiveness and willingness to share it.

The second analysis was similar to the first one. The research was about checking the relation of the attractiveness and the possibility of sharing between two groups (the most efficient campaigns and the research campaign).



The second analysis has shown that the correlation is statistically significant no matter which campaign type was analysed. The respondents did not make any difference between the two researched groups (1st group – the most efficient campaigns and 2nd group – research campaign). This means that visual style is not the only thing that affects the overall effectiveness of a campaign.

The third analysis researched the relation of the attractiveness of a visual message and the length of a message. This analysis explored the relation between the following questions: 'Do you find the visual message attractive?' and 'The shown message is: (1 – too short, 5 – too long)'. It has shown that there is no statistically significant correlation between ad attractiveness and message length.

The fourth analysis researched the relation between the understanding of a visual message and the sharing of that message. The aim of this research was to determine whether an understandable visual message would be shared more than the one that was not understandable. The fourth analysis explored the relation between two questions: 'Do you find its message understandable?' and 'Would you share the content that you have seen?' This analysis has shown that there is a statistically significant correlation between message comprehensibility and willingness to share. Regardless of whether the group was the first one (the most efficient campaigns) or the second one (the research campaign), the respondents wanted to share the visual messages which they understood.

Kolmogorov-Smirnov tests showed that ratings on each item were not normally distributed (all  $p < 0.001$ ), and therefore nonparametric statistical analyses were used. The degree of association between dependent variables was calculated using Spearman's correlation analyses and a partial correlation analysis. There was a positive relationship between the ad attractiveness and willingness to share,  $r_s = 0.616$ ,  $p < 0.001$ . This correlation remained significant even when campaign type was partially out,  $r = 0.629$ ,  $p < 0.001$ . However, there was no significant relationship between the ad attractiveness and message length,  $r_s = 0.059$ ,  $p = 0.046$ . Willingness to share was also correlated with message comprehensibility,  $r_s = 0.264$ ,  $p < 0.001$ , indicating

that understandable ads are more likely to be shared.

Based on the results from the second questionnaire the following conclusions can be made for the researched variables:

- *Complexity of illustration*: by adding up the average values from all the respondents regarding the question about attractiveness, one can conclude that a more complex/a more detailed illustration was graded better (60 percent of respondents graded it attractive) than a simple one (55 percent of respondents graded it attractive).
- *Product size*: by adding up the average values from all the respondents regarding the question about attractiveness, one can conclude that the small product size is more attractive (60 percent of respondents graded it attractive) than the bigger product size (57 percent of respondents graded it attractive) as shown in Figure 2. It also shows that respondents tend to like ads that have products with secondary roles more than products with primary roles (which take a lot of ad space). The ads from the most efficient campaigns do not give the product a primary role. The message is more connected with people's lives, their habits, and their struggles than with the product itself. In this way, people can connect with the product (brand) more easily and can find a common ground between the product and themselves.

## Discussion

Based on the research, it can be concluded that the combination of illustration and photographs is the combination that attracts the user's attention the most. The same combination has the highest possibility of being shared. Furthermore, this combination has the highest probability that the user will view the visual message longer than other variations. This in turn makes it easier for the user to comprehend the visual message and take the necessary action that is asked of him. With this, the first hypothesis of this paper is confirmed. If the visual message is understandable to the user, he/she will find it more attractive. Moreover, respondents would want to share the visual messages

which they understood. With this, the second hypothesis is confirmed. It was thought that the length of the message affects the attractiveness of the visual message. Based on the research, the hypothesis that length affects a visual message's attractiveness is rejected.

As stated in the introduction section of this paper, to date there has been little or no research that address the visual parameters that show the relation between visual message's attractiveness and sharing outcome in the tourism industry. Mack et al. (2008), Zheng and Gretzel (2010), and Akehurst (2009) have stated that it is important to attract online user's attention but have not yet given quantitative research on attraction and its influence on sharing. In comparison to other research (Gaitho, 2018; Pfeil et al., 2009; Strano, 2008; Trammell & Keshelashvili, 2005; Tussyadiah, 2012; Tussyadiah et al., 2011), which have provided valuable information regarding sharing, this paper has provided insight into parameters that attract online user's attention when shown visual messages for promotion purposes. As 42 per cent of Facebook users share the information about where they travel (Alizadeh & Mat Isa, 2015), the knowledge from this paper will help companies in creating more efficient visual messages on social networks.

### Conclusion

Illustrations enable additional manipulation with the visual message, which cannot be easily achieved just with photographs. In this way, the content of the message becomes more flexible and personal for the user.

Based on the research in this paper the following can be said for visual message's attractiveness.

A visual message is attractive if it has a complex/a detailed illustration besides a photograph, and if it has a small product size that does not interfere with other elements in the visual message. It is also noteworthy that respondents find the ad more attractive if the role of the product is secondary. In other words, content that takes a great part of the ad should be connected to the product and show something other than just a plain product picture. The most effective campaigns used in this research have also given their products a secondary role. The study has also shown that the length of the text inside the visual message does not af-

fect the overall attractiveness for the user. Visual messages that were understandable for the user are more likely to be shared.

Based on this research, a visual message done in such a way will be shared by 18.57 per cent of users who have seen it.

By following these guidelines, marketers can improve the attractiveness of their visual messages for promotional activities. As marketers are already using different online tools for promotional activities (De Bruyn & Lilien, 2008), the study of this paper can help them further increase the possibility for sharing content by making visual messages attractive. We are living in an age of intensive image sharing especially by young audiences whose income is higher than other groups, so knowing how to make visual messages attractive for them is crucial for promotional success in the travel industry.

Although this study has given insight into parameters of attraction for visual messages and its influence on online sharing, the study did not take specific platforms into consideration because of high burden for respondents.

In future research, we want to find a deeper understanding of the parameters that influence user's attractiveness, which were presented in this paper. By comparing visual messages on different platforms (desktop and mobile), we could further improve the study as today smartphones are a primary medium for online engagement. Furthermore, by researching different colour palettes it can be determined which dominant combinations and how many colours in a single visual message influence attractiveness. With this additional research, it can be found which colour contrast between more and less important information has the greatest impact on user's attention. This can give further insight into visual message effectiveness for promotional purposes.

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# Tourism Ecolabels and Social Sustainability: Challenges and Innovations from a Slovene Perspective

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To gain new insights regarding the implementation of social sustainability practices, this study examined the sustainability performance of five tourism businesses in Slovenia. Each of the five has been awarded the Slovenia Green Certificate or a national award for innovative achievements (Sejalec, Snovalec) by the Slovenian Tourist Board. Semi-structured interviews were conducted among the tourism providers based on environmental, social, and economic dimensions. Findings from the study can help in the stimulation and achievement of higher levels of social sustainability performance within Slovenia's growing tourism industry while positioning the country as not only a green tourism leader but also as a socially-responsible destination.

*Keywords:* social sustainability, ecolabels, innovation, Slovenia  
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## Introduction

Emerging tourism destinations can play a globally significant role in championing the adoption of sustainable tourism development, and in setting the stage for other destinations to follow. The implementation of sustainability practices within tourism settings will be crucial for a destination's enhanced tourism competitiveness, tourist brand loyalty, corporate social responsibility among tourism organizations, innovation, and overall community and economic well-being (Lai, Chiu, Yang, & Pai, 2010). In recent years, destinations as a whole, as well as private enterprises and public entities within the tourism industry have become increasingly responsive to new societal priorities associated with sustainable development and the surging demand among tourists for sustainable experiences, including products and services, which are

ecologically and socially responsible (Chatterji & Toffel, 2010). This trend has provided emerging tourism destinations with the opportunity to develop tourism amenities, attractions, and facilities, while directly responding to the growing awareness among tourists regarding the benefits of sustainable development and their increasing propensity to purchase tourism products and services from enterprises with a proven track record of promoting sustainability through their day-to-day operations. As a result, there has been significant growth in tourism enterprises and organizations offering 'green' experiences to tourists (Vaccaro & Patiño, 2010) since the mid-1990s.

'Green' assertions made by tourism establishments are often unverifiable due to the lack of clear government policies and industry regulations for monitoring the alignment of the marketing rhetoric used

in juxtaposition with the actual sustainability performance of the enterprises claiming to be environmentally and socially conscious in their practices. Tourism enterprises, organizations and, suppliers have the potential to capture a significant proportion of the international tourism market share by educating and directing the industry regarding ways to go beyond mere 'green' rhetoric (Sandhu, Ozanne, Smallman, & Cullen, 2010; Wu, 2010). Within the last two decades, there has been an exponential increase in various voluntary ecolabeling/eco-certification schemes and CSR assessment programs for verifying the ecological and social responsibility claims of tourism businesses (Font, 2002) and for recognizing sustainability leaders within the tourism marketplace (Buckley, 2013). Globally, more than one hundred eco-certifications for tourism organizations are currently available (Dziuba, 2016), and half of these schemes are specific to the tourism industry of the European Union (Margaryan & Stensland, 2017).

Tourism ecolabeling schemes provide certificates, plaques, trademarks, or logos to those tourism enterprises that either meet or supersede the sustainability parameters and performance metrics established by the certifying organization (Margaryan & Stensland, 2017). Generally, tourism ecolabels are awarded to an enterprise after a voluntary third-party audit/assessment of the institution's sustainability practices is conducted (Honey & Rome, 2001). Following this step, a written statement of assurance and/or a marketable 'seal of approval' is issued by the certifying body to promote the environmental achievements of the company and to generate a positive image and goodwill among tourists regarding the organization (Middleton & Hawkins, 1998). From a marketing perspective, an ecolabel serves as a tool for a tourism enterprise to distinguish itself from competitor(s) based on a third-party endorsement of its superior sustainability performance – the ecolabels are displayed by tourism enterprises both onsite and through web-based and print media channels to highlight their sustainability accomplishments to tourists and stakeholders (Morgan, 1999). In addition, tourism ecolabels encourage the adoption of sustainability practices among both private and public sectors of the travel industry, thereby

stimulating the creation of innovative and organic solutions (through products and services) for addressing sustainability issues and for mitigating the adverse environmental, social, and economic outcomes of their operations through improved sustainability performance (Mihalic, 2000).

Although the predominant focus of tourism ecolabels is on the environmental performance of organizations, most schemes also include metrics and indicators for evaluating social sustainability practices, beyond compliance with ecological and economic guidelines. The general criteria (Dawkins, 2010) employed by most tourism ecolabeling agencies for assessing the sustainability performance of organizations are: environmental responsibility (improvement of air, water, and soil), pollution control and prevention (management, reduction, prevention, reuse and recycling of materials, including paper and waste), energy conservation (use of solar, wind, water, geothermal, and bio-fuel energy sources), water conservation (water efficiency, reduction and/or elimination of the amount of water required to do business), education (encouragement of employees, suppliers, and tourists to practice environmental responsibility and sustainability), community initiatives (sponsorship, development or support for community, educational, civic, or industry-related initiatives), and socio-cultural impact (management, preservation and stewardship of cultural and natural heritage). Despite the availability of several commonly used measures for the assessment of environmental and economic performance within the tourism industry, to our knowledge, there is a lack of reliable measurement outlines to evaluate the social sustainability practices and outcomes of tourism organizations. Although ecolabels provide tourism enterprises with a platform to attract travelers through the promotion of products and services that cater to their sustainability preferences and demands, it should be noted that the majority of eco-certified organizations demonstrate higher sustainability standards and achievement levels in the areas of environmental and economic performance, compared to lower levels of accomplishments in the social criteria for sustainability, chiefly due the lack of proper guidelines and indicators for social sustainability performance

among current tourism ecolabeling schemes (Sasidharan, 2017).

Underperformance in the social component of sustainability among eco-certified tourism enterprises can be attributed to the ethical obligation perceived by tourism managers (Sandve, Marnburg, & Ogaard, 2014) regarding the extent to which 'unclear' social sustainability parameters need to be met as opposed to the 'clearly' articulated environmental performance guidelines identified by ecolabeling schemes. In order to better understand the challenges associated with the implementation of social sustainability practices among eco-certified enterprises with the tourism industry, this study examined the sustainability performance of five tourism businesses in Slovenia; each of the five has been awarded the Slovenia Green Certificate by the Slovenian Tourist Board (STB) or the national award for innovative achievements. Findings from the study can be employed by the STB to stimulate the achievement of higher levels of social sustainability performance within Slovenia's growing tourism industry while positioning the country as not only a green tourism leader but also as a socially-responsible destination.

### Background

Slovenian tourism recorded a 9 per cent increase in tourist arrivals in 2016 and 8 per cent more overnight stays than in 2015, reaching the limit of 11 million overnight stays. With 11 per cent more foreign tourist arrivals and 10 per cent more foreign overnight stays in 2016, it is ranked above the European and global average (Slovenian Tourist Board, 2017). The STB also estimates that the 2017 inflows from exports of travel will reach new record numbers, as the growth of exports of travel for the first eleven months of 2016 is 4 per cent. Findings suggest tourism is an increasingly important industry in Slovenia, with potential for further growth, currently contributing close to 13 per cent to the gross social product, accounting for 8 per cent of total exports and 37 per cent of exports of services (Slovenian Tourist Board, 2017). With the expected evolution and several green characteristics (for instance, relative forest coverage in EU puts Slovenia in the third place, following Finland and Sweden),

green tourism became a necessary direction for the STB, which has committed itself to be green and sustainable (see <http://www.slovenia.info/zelenashema>). The STB's mission in green tourism is to inform stakeholders about the tourism impacts and to encourage actions in adapting and mitigating climate change. Among their key strategic orientations are the green economy, incentives to develop green business models and sustainable development models, and sustainability awareness raising among tourists.

To support the represented results, outlooks and orientations, the Green Scheme of Slovenian Tourism (GSST) has been developed. The GSST enables international comparison of Slovenian tourism and facilitates the positioning of green Slovenia globally. In 2015, following several developments and national coordination steps, GSST was applied to the tourism industry level in partnership between the STB, GoodPlace (a Slovenian private R&D institute), and Green Destinations (a non-profit organization for sustainable tourism with headquarters in the Netherlands). The STB manages and develops the GSST, offers educational support, and (most importantly) establishes international marketing channels for the promotion of destinations and tourism providers with the Slovenia Green certificate. GoodPlace is the accredited GSST partner with a license to issue certificates in accordance with the global Green Destinations' tool.

GSST's Slovenia Green certification/standard is based on the Green Destinations standard, created in cooperation with the European Centre for Eco and Agro Tourism, the Coastal & Marine Union, and the Global Sustainable Tourism Council. For tourism destinations, the certification process runs through a dedicated online platform, where they self-assess their sustainable management and policies, obtain feedback from consultants and the auditor, and receive a final assessment of sustainability. For tourism providers, the process is not run in-house, but there are six internationally recognized certificates, which when obtained automatically earn them the Slovenia Green certificate. Similarly, there are two international certificates that are valid for nature parks.

When a tourism destination enters the certification process, it follows 11 steps (see <http://www.slovenia>

.info/zelenashema): 1. Definition of the Green Coordinator, 2. Creating a Green Team, 3. Increasing awareness, getting support, 4. Signing a Green Policy, 5. Surveying destinations' stakeholders and resources, 6. Collecting and inputting data into the online platform, 7. Submitting the report and the request for assessment, 8. Preparing and approving the Action Plan, 9. Defining the local character and green unique selling points, 10. Submitting a field visit application, and 11. Implementing measures and reassessment. The certification costs vary: for destinations they amount to €1,220 plus VAT, for tourism providers and parks the cost is €100 plus VAT.

The Slovenia Green certification scheme comprises 100 criteria and 147 indicators, summarized according to the Green Destinations and Global Sustainable Tourism Council standards. The criteria are divided into six themes: Destination Management, Nature and Landscape, Environment and Climate, Culture and Tradition, Social Climate, and Tourism Business. Destinations are graded on a scale of 1 to 10 and receive three types of Slovenia Green Destination certificates (gold, silver, bronze), according to their score. Thus far, the Slovenia Green certificates have been granted to 22 tourism destinations, 13 accommodation providers, three nature parks, and two tourism agencies.

The STB sees orientation to sustainable development as 'the only real development opportunity' for Slovenia and its tourism offerings, aiming for the development of high quality and innovative tourism products (see <http://www.slovenia.info/zelenashema>). Therefore, in the certification process, destinations and providers sign the Green Policy of Slovenian Tourism, expressing the fundamental commitment to operate according to sustainability principles and to continuously strive for improvements. The certificate brings further advantages to its recipients in terms of raising visibility and promotion through national and international channels through which the STB supports sustainability efforts of the involved destinations, tourism providers, and nature parks. Supported activities include regular announcements of the certificate recipients on the [www.slovenia.info](http://www.slovenia.info) portal and related social network campaigns, their participation

in fairs, PR announcements and materials, study trips for journalist and agents, etc. Special media attention was given to the country and its GSST certification project at the ITB Berlin 2017 event, where the STB was announced as the winner of the National Geographic World Legacy award in the category of Destination Leadership. The category assesses the best environmental practices, the protection of natural and cultural heritage, the impact on the local community, and the education of travelers in the field of sustainable tourism.

### Methodology

Slovenia has a long history of promoting tourism innovation, which in recent years has been further stimulated by promoting sustainable development. In promoting innovation in tourism, the STB and the Ministry of Economic Development and Technology have financed activities to promote and stimulate innovation in tourism since 2004 (Križaj & Zakonjšek, 2011).

The main promotional activity is the annual national award for the most innovative tourism products, known as the Sower ('Sejalec' in Slovenian), which was founded in 2006 by the Bank of Tourism Potentials in Slovenia (BTPS) portal. BTPS has received UNWTO, OECD, and EU acknowledgements for its systematic promotion of innovation in tourism. In 2009, an additional tender for the most promising tourism ideas (known as Creator; 'Snovalec' in Slovenian) was introduced. In recent years, more than 50 tourism products have been granted one or both awards.

In cooperation with the STB, the authors of this manuscript visited a select group of recipients of Creator and Sower award and Slovenian Green Certificates to identify challenges and innovations relating to the implementation of sustainability practices. Prior to these visits, the STB sent invitations to the recipients of the Creator and Sower awards and to the Slovenian Green Certificate recipients. In the invitation, it was mentioned that the authors will visit interested tourism providers in Slovenia and will carry out short individual development workshops aimed at addressing sustainable development and innovation challenges faced by tourism providers in their every-



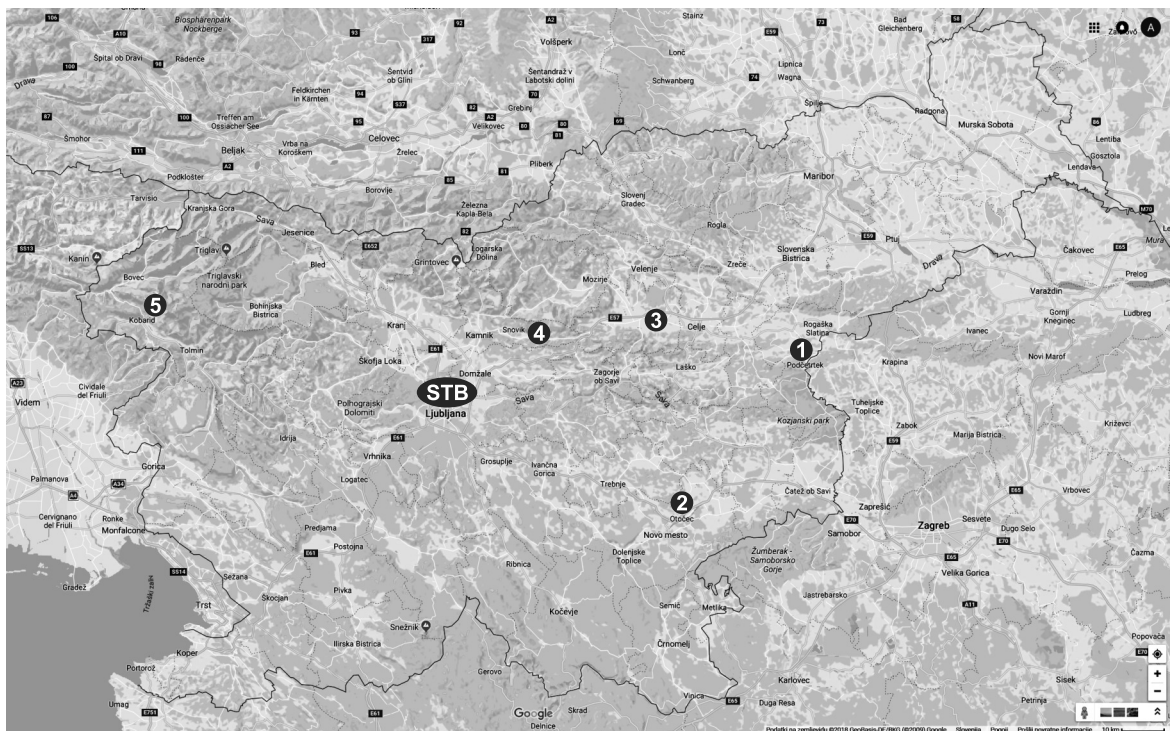


Figure 1 Locations of the Selected Tourism Providers (1–5) and Slovenia Tourist Board (STB)

day business operations. Altogether, eleven tourism providers from all over Slovenia responded to the invitation, of which, due to resource constraints, the authors could choose and visit only five businesses (see Figure 1).

The Ortenia Apartments (1) is located in Podčetrtek (<https://www.ortenia.com>), near one of the numerous Slovenian spa resorts with a long tradition, on the border with Croatia (Ortenia Apartments, 2018). They market themselves as the first eco-friendly apartments in Slovenia, designed using the principles of innovative sustainable construction. Podčetrtek lies in the culturally and historically rich province of Kozjansko, situated close to a monastery from the 16th century, and has many opportunities for recreation in nature through a network of hilly and mountainous roads. The apartments are privately owned; the owners have recruited staff who run the entire operation of six accommodation units of a higher price/quality range. The Ortenia Apartments has received the Green Globe certificate and Slovenia Green Accommodation certificate.

Matjaž Pavlin, owner of Matjaž Homestead (2) in the village of Paha (<http://www.matjazeva-domacija.si>) has been the longtime owner and director of a renowned travel agency in the nearby city of Novo mesto, the urban centre of the Dolenjska region. Close to the homestead is a large spa centre, surrounded by the hilly landscape along the Krka River and its tributaries. There are numerous opportunities for tourism activities among the many vineyards that give the landscape its historical, geographical, and culinary mark. Matjaž Pavlin has received four Sower awards for his tourism projects.

The Green Gold beer fountain (3) was built in the middle of the city/municipality of Žalec (<https://www.beerfountain.eu>), which has been regarded as the centre of the Slovenian hops industry since the end of the 19th century. When Slovenia was still part of the Republic of Yugoslavia, hop collectors from all its republics then gathered in Žalec for commerce. Žalec was not a significant tourist centre before the appearance of the beer fountain. Since then, diversified tourism facilities and services have been developing

rapidly, connected to the story of the beer fountain as well as stories of the nearby museum of hops and brewery industries built in 2009. This well-visited fountain, the first of its kind in the world (according to the owners) has received the Creator and Sower awards and is being mentioned in global media.

The Spa Snovik (4) lies in the green valley between Kamnik and Vransko (<http://terme-snovik.si>), on the threshold of the Kamnik-Savinja Alps. On approximately 1000 m<sup>2</sup>, the spa centre offers indoor and outdoor thermal pools, saunas, massages, and a restaurant. For guests staying on a longer holiday, they offer a four-star apartment complex with 370 beds. Activities in the surrounding area include hiking, biking, walking, and golf. Organic farms and baroque churches can also be seen in the vicinity. Spa Snovik is the recipient of the EU Ecolabel and Slovenia Green Accommodation Certificate.

The Eco Camp Koren (5) is located in the vicinity of Kobarid (<http://www.kamp-koren.si>), on the bank of the emerald-green Soča River, which is in its upper reaches and one of the five best-preserved natural rivers in the European Alps. The camp's visitors – settled in tent sites, camper and caravan sites, or eco chalets – mainly enjoy diverse adrenaline activities along the river bank, on the rapids of the river or surrounding natural climbing walls or explore unspoiled nature on hiking and biking tours or during fly fishing trips. Near the camp, the Soča river creates a short, scenic canyon, and the river's vast and scenic gravel beds are located close to the camp. In addition to that, tourists can visit the waterfalls of the Kozjak brook and the extensive restored front line from the 1st World War. Kobarid is also the location of a World War I Museum, which is considered one of the best of this kind in Europe. Camp Koren is the recipient of the EU Ecolabel and Slovenia Green Accommodation Certificate.

The authors visited the above-mentioned five tourism providers and conducted semi-structured interviews in which they analyzed the topics described further below. The beginning of the conversation was left to the tourist provider to present their product services and facilities, as well as challenges in any form, and then the authors led a systematic discussion covering

the key research questions related to sustainability and innovation in tourism:

1. What were the environmental aspects of their sustainable operation?
2. What were the social responsibility aspects of their sustainable operation?
3. What were the economic aspects of their sustainable operation?
4. Did they face any challenges in the area of sustainable development and certification?
5. In their opinion, what is the added value of sustainable engagement?
6. How would they access their sustainable benchmarking with direct and indirect competition?
7. Which opportunities do they see in adopting and developing sustainable innovations and improvements?

Semi-structured interviews were conducted to determine the current sustainability performance gaps among each of the five tourism providers based on the environmental, social, and economic dimensions. As a triangulation measure, the interview findings were shared with the companies for their feedback and verification. Qualitative data received from the interviews with the five businesses were evaluated to obtain a general profile of the sustainability efforts and innovations of these companies and to identify the main challenges faced by them in the area of sustainability operations. The following sections provide a detailed description of the study's findings.

## Results and Discussion

Promoted as the first eco-friendly apartments in Slovenia, the Ortenia Apartments utilized the principle of innovative sustainable construction and design, energy and water conservation efforts, and the use of organic fabrics and cosmetics to implement environmental sustainability within their operations. The plants surrounding the apartments were saved from the old garden of the house that stood at the site prior to the construction of the apartments, and fruit from some of the plants are used for making jams served to the apartments' guests. A key indicator in most

tourism ecolabeling certifications is the usage of paper – it was observed that paper usage by the apartments was relatively higher compared to the other cases. For example, the management still relied on paper for guest food order/request forms, bathroom towels, etc., and these were not recycled after use. In the dimension of social sustainability, no extensive efforts were in place to address local needs and to engage with the local community. With regards to economic sustainability and contributions to the local economy, the apartments hired some staff from the area and provided its guests with discount coupons to promote some of the restaurants in the area. Additionally, it was noted that the apartments provided local wines and fresh tea (leaves), from a monastery located in the neighbourhood, to its guests.

The Matjaž Homestead's main environmental sustainability effort focused on the use of recycled wood and household furnishings for the construction of cottages and farmhouses, highlighting the traditional farmer views regarding the interconnectedness between farm life and the surrounding environment. With regards to social sustainability performance, it became clear that the Homestead was committed to promoting local wine and food and had a guest informational video to illustrate the culinary distinctions of the region. In addition, the Homestead was involved in several local initiatives, such as the restoration of historic buildings (e.g., local churches, farmhouses), the introduction of farm voluntourism, etc., which sometimes extended beyond the scope of tourism development, and related more to the broader context of regional community development and engagement. From an economic sustainability perspective, the Homestead is part of a larger initiative to create a network of local value chains including private wine cottages and farms by utilizing a scattered development model to stimulate the regional economy.

The Fountain of the Green Gold, the first beer fountain in the world, aligned well with the preservation of the hops industry in the region. Other than this connection to the environment, no specific initiatives relating to environmental sustainability, i.e., conservation and protection, were observed. In the dimension of social sustainability, the beer fountain

has been instrumental in stimulating engagement between the local municipality, residents, and tourists. Since its creation, the beer fountain and surrounding gardens has become a local gathering place of cultural significance and has instilled a sense of pride among the residents of the community. In a region where hops production is an essential part of the local economy but hops farms are not utilized to their full production capacity due to external economic factors (particularly market competition), the beer fountain has contributed to the area's economic sustainability, by boosting the local economy, particularly in the neighborhood and around the main square on which the fountain is located. For example, the Open Kitchen programme connected with the fountain has promoted new opportunities for local entrepreneurs connecting the guest dining experience with the local hops culture.

The Spa Snovik's approach to environmental sustainability is emphasized through their stated commitment to nature-friendly operations, with a particular focus on reducing energy consumption. The resort was created based on the underlying principle of energy conservation and use reduction. For example, electricity is disconnected from every apartment in the resort when the space is not being used by the guest(s). Additionally, the spa has implemented onsite guest education programs for generating environmental awareness, such as planting of local trees and herb gardens (for guest use) along with markers to identify the flora and naming of apartment blocks in the resort based on the endemic trees of the area. In terms of social sustainability, it is essential to acknowledge that the resort idea originated from a local entrepreneur whose main goal was to integrate the resort with the community. To that effect, local community members have reduced-fee access to the resort's amenities, including spa, pools, and recreational facilities. Furthermore, the spa's apartments showcase the region's heritage and culture through locally-made furnishings and vintage photographs of the area's residents. The spa's efforts in supporting economic sustainability were observed through their local hiring practices and purchase of produce from local farmers only. While the spa has been involved in some commercial projects

with the locals (such as the spa's guests attending community festivals jointly organized by the spa and local residents), these efforts have not yet reached their full potential in terms of stimulating the local economy.

The stated aim/virtue of Eco Camp Koren, the first eco-friendly camp in Slovenia, is the respect of nature and fellow human beings. The camp clearly addressed environmental sustainability throughout most of its operations, including design and construction, energy conservation, environmental management, guest and community education, and agriculture. The camp's efforts in social sustainability include spearheading municipal initiatives in collaboration with other local tourism providers to boost the economy and improve work conditions in the industry, sharing tourism know-how and information from national level meetings among local businesses, engaging guests with community members through joint activities such as camping skills workshops, organizing camp dinners created by local chefs using local ingredients, inviting the area's residents to join camp guests at concerts and events held at the camp, etc. From the perspective of economic sustainability, the camp employed local students, partnered with local 'adrenaline' sports activity providers to offer camp packages and promoted their services through the camp's information services, sold local products through the souvenir shop, and hosting local sports competitions at no cost to the participants.

While all five businesses examined in this study were recipients of the STB's Creator/Sower award and/or Slovenian Green Certificate, it became apparent that their respective sustainability performances varied greatly along environmental, social, and economic dimensions. Although most of the businesses were able to reasonably integrate environmental and economic sustainability criteria within their respective management and operational frameworks, only a few were able to satisfactorily position their initiatives towards supporting social sustainability and community development. Overall, none of the businesses had articulated long-term plans for addressing critical social sustainability indicators such as supporting and promoting cultural and heritage conservation, maximizing cultural and heritage benefits, minimizing negative cultural and heritage impacts, adopting codes

of cultural behavior for guests, providing in-kind or philanthropic assistance for local, community-based social empowerment projects, advocacy groups, etc. During the interview phase, the authors also observed that the concept of social sustainability was interpreted differently by each of the five businesses and they were unable to deliberately operationalize this dimension within their respective sustainability-related efforts in an effective manner with future positive implications for the local community. Some businesses expressed interest in learning more about social sustainability and how to incorporate this dimension within their operations. These businesses indicated that since they had received the Slovenian Green Certificate from the STB, it would be beneficial if the STB could also provide technical know-how (including legal guidance), training and workshops to assist them in operationalizing social sustainability and implementing community development/engagement projects.

The sustainability performance analyses of each of the five tourism businesses certified by the STB revealed that there was a consensus among the establishments regarding guidelines/indicators for achieving environmental and economic sustainability, although some of them had long-term systems in place to improve their initiatives related to these dimensions, whereas others exhibited a short-term/reactive approach to these sustainability goals. The most notable variances/gaps in the sustainability performances of the businesses were notably observed in their levels of commitment to implementing long-term social sustainability initiatives. From a CSR standpoint, it would be prudent for the STB to determine strategies and solutions for addressing this gap in the social sustainability performance of the tourism businesses which have been awarded the Slovenian Green Certificate. Establishing clear social sustainability goals as well as trackable and measurable criteria and respective indicators that connect the STB's commitment to Slovenia's long-term community development agenda would not only help increase social sustainability performance among the STB's certificate recipients (and non-recipients), but could also position the country as a green tourism leader with a social-responsibility commitment to its citizens and visitors.

The companies were also asked why and how their tourism product offers inspiration to other innovators of sustainable tourism and about what problems the national stakeholders, such as the STB and municipalities, should be cautioned. All five companies indicated that they are quite regularly mentioned as good cases (because of the prizes and labels they received or due to their diversified tourism offering). Guests of the Ortenia Apartments are often interested in the building, entirely designed with natural materials. Many of them come to check the premises since they want to build their own dwelling in a similar manner. Matjaz Pavlin mentions that he provides a 'before-then situation' presentation to many visitors, showing how he started rebuilding at the beginning when he bought the farm and preserved the heritage of the farm by keeping the old buildings rather than demolishing them. According to him, the groups are enthusiastic and inspired by his presentation to transfer his approach to their home environment. The Green Gold Beer Fountain managers see their greatest achievement in the fact that they succeeded with an idea that seemed unusual and initially had many opponents and skeptics. Now, they are an example to many entrepreneurs and individuals that tourism innovations can be realised if there are sufficient desire and interest among stakeholders. Both Spa Snovik and Eco Camp Koren inspire other innovators with top-notch nature conservation approaches that include ISO standards, ecolabels, renewable heating approaches, energy consumption reductions, employing mostly locals, etc. Both already have new development plans from incorporating traditional holistic treatment methods to new green accommodations, fitness, and meeting space/convention investments.

Although all companies agreed that in the previous year, the promotion of natural and ecological tourism offerings has grown, they felt that there is room for improvement. The state (and especially the municipalities in which certified tourism providers are located) would, in their opinion, still have to do more to emphasize and promote the sustainability movement. This would, according to Ortenia Apartments, additionally increase the customers' and providers' awareness regarding contemporary sustainability is-

ues. Matjaz Pavlin, in contrast, thinks that he has never sought excessive help from the state and, therefore, it cannot help or disappoint him. The Green Gold Beer Fountain had a different state-related experience. Once the first acknowledgements for innovation were received by the beer fountain from outside Slovenia and their town, the local environment became more perceptible to this innovation. It would be difficult for them to suggest what more the state could do. In their opinion, the Sower and Creator awards that they have received are indeed examples of positive incentives, which helped to convince their local stakeholders that they are on the right track. When Spa Snovik became the first green provider of Slovenian tourism ten years ago, they tried to encourage and seek out related providers. After a decade of efforts by Spa Snovik (as well as interventions by the STB), the number of such sustainability-oriented partners has started to rise rapidly. Similarly, Eco Camp Koren has been a local sustainability champion for many years, but hopes for their entire destination to be certified aside on GSSR so that the company can be considered as a sustainable tourism provider in a certified sustainable destination.

### Conclusion

With the growing trend of businesses obtaining ecolabels within the tourism sector (Margaryan & Stensland, 2017) and the rapid 'greening' (Vacarro & Patiño, 2010) of the world's largest industry, a significant concern is the potential utility of eco-certifications to effectively address the social responsibility dimension of sustainable tourism. The results of this study indicated that sustainability performances of eco-labelled/eco-certified tourism businesses vary greatly along environmental, social, and economic dimensions. Although tourism businesses are generally prepared to implement environmental and economic sustainability initiatives as part of their regular operations, there is an overall lack of consensus with respect to the adoption of social sustainability owing to the lack of clear parameters and guidelines for operationalizing the performance indicators associated with the criteria established by ecolabeling organizations (such as the STB). Furthermore, variations among eco-labelled

tourism establishments in terms of their levels of engagement in and commitment to social sustainability is also, perhaps, correlated with the perceptions of owners, managers, and staff regarding the 'bottom-line' effect of adopting measures to boost the business' sustainability performance along this dimension. To address social sustainability performance gaps among tourism businesses, destination management organizations and tourism governing bodies responsible for awarding eco-certifications will need to identify and articulate specific, measurable, and trackable social/community development targets and goals which could be satisfactorily achieved by the various sectors of the industry.

In Slovenia, awareness of sustainable development concepts in tourism is rapidly gaining momentum, which means that companies are realizing the business sense in consistently offering (mostly environmental and economic) sustainable tourism products and experiences. Although in the beginning, energy-efficient infrastructure, as well as green services, are more expensive, Snovik Spa calculations showed that their returns-on-investment in such infrastructure were realized sooner than anticipated (Zlatoper, personal communication, November 2017). According to all of five businesses, the company that is presented as a green provider in the tourist market has increasingly more opportunities to acquire high-quality partners and guests with higher levels of loyalty and spending capacity.

While the sustainable tourism innovation activities are still ongoing in Slovenia, it is highly likely that the majority of tourism providers in the country will start to adopt greater standards for environmental and economic sustainability, although the next focus of tourism companies (especially among early adopters) needs to be directed towards social sustainability in tourism, in the coming years.

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# Classification and Efficiency Analysis of Slovenian Restaurant SMEs

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Focusing on the characteristics of restaurant SMEs, the purpose of this paper is to use (1) a cluster analysis (CA), and (2) data envelopment analysis (DEA) approach to classify restaurant SMEs into different groups based on their physical and managerial characteristics and attempts to determine whether differences exist in the efficiency performance of different groups. The study has conducted a two-step CA and DEA analysis to identify the effects of restaurant characteristics on efficiency performance. This method takes into consideration the presence of heterogeneous subsets in efficiency assessment. Restaurants were preselected based on their operational characteristics. SMEs whose only source of income was their restaurant business were included in the study. Surveys were performed with restaurant managers, and the firms' financial reports were analysed. Two diverse groups were identified: smaller restaurants with younger and less experienced managers, and bigger restaurants with older and more experienced managers. The various physical (number of seats, years of business activity) and managerial (age, and professional experience) characteristics appeared to significantly affect restaurant types differently. Established restaurants with more seats, older and more experienced managers proved to be more efficient. This is the very first study to analyse Slovenian restaurant businesses efficiency with a combined CA-DEA approach. Primary data was collected by surveying restaurant managers while secondary financial data was provided by national tax authorities after the implementation of fiscal cash registers.

*Keywords:* cluster analysis, DEA, efficiency, restaurant industry, Slovenia, SMEs  
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## **Introduction**

This study analyses the productive efficiency of small and medium-sized (SME) restaurant businesses in Slovenia. Recently, a considerable body of literature has developed around the theme of efficiency mea-

surement. The literature has extensively reviewed efficiency practices for the lodging industry (Assaf & Agbola, 2014; Assaf & Barros, 2013; Wu, Liang, & Song, 2010), but there is less evidence from the restaurant sector (Reynolds & Thompson, 2007; Roh &

Choi, 2010) and even less from restaurant SMES (Assaf, Deery, & Jago, 2011).

This research was performed in Slovenia, where restaurant SMES represent a significant part of the tourism sector within the national economy. Statistical and financial data show that tourism is one of the most important facets of the Slovene national economy. In 2016, tourism provided employment to 13% of all employees in the country and contributed 12.7% to the Slovenian Gross Domestic Product (GDP) (World Travel & Tourism Council, 2018; <http://pxweb.stat.si/pxweb/Database/Economy/Economy.asp>). The food and beverage (F&B) service sector is a vital and integral element of tourism, and an essential economic activity (Kukanja, 2015). In 2016, there were 2,516 companies operating in the F&B sector (3.96% of all companies in Slovenia), employing a total of 8,988 people (2.08% of all employees). The F&B service sector represents a significant part of the Slovene national economy. Its performance has significant impacts and spill-over effects that go well beyond customers' needs for food and beverage. Specifically, the F&B service sector has a multiplier effect on many economic activities and significantly boosts businesses that are losing their competitive advantage in the international marketplace (e.g., local food production). An essential subsector of the F&B service sector is the restaurant sector, which includes almost 43% of all F&B facilities in the country (see <http://www.ajpes.si>). According to official statistical classification of economic activities (the NACE classification) in the European Union (EU), the restaurant sector is classified as 156.101 – Restaurant and Inns. In this study, we focus on the efficiency analysis of the restaurant sector in Slovenia, which is by far the largest and the most important. This subsector is dominated by SMES, with several industry-specific characteristics: the restaurants are mostly family-run businesses; on average, restaurants have 20 years of business activity; and the average number of employees is 8.7 per restaurant unit (Kukanja, 2015). Competition in this industry is severe and, as in other service industries, the restaurant industry is also highly sensitive to economic trends and changes in real household disposable income (Kosi & Bojnec, 2013).

On the market, restaurant businesses are characterized by high levels of uncertainty and change (Kim, Li, & Brymer, 2016). The industry is experiencing fast growth, globalisation pressure, high competitiveness, and international trends. Together, these aspects significantly add to current complexities and challenges in the industry. As noted by Parsa, van der Rest, Smith, Parsa, and Bujisic (2015), approximately 30% of all restaurant businesses in the USA end up failing. Similarly, Lee, Hallak, and Sardeshmukh (2016a) reported that approximately three fifths of all restaurants in Australia earn an average net profit of just 2% after taxes, which makes the survival rates in the industry extremely low. Thus, understanding restaurants' efficiency performance is critical for the success of the restaurant and tourism sector, as well as for the livelihood of regions and countries depending on tourism income to survive. Consequently, the need for SMES' managers and business owners to have a strong knowledge of operational, marketing and financial skills is arguably greater than ever before (Assaf et al. 2011). Management skills and knowledge are extremely important, as superior efficiency performance is strongly correlated with restaurant firms' superior financial performance (Kim et al., 2016). Due to the importance of the restaurant sector in the national economy, it is important for academics and practitioners to have more accurate information about restaurants' efficiency practices.

In previous studies (Reynolds & Biel, 2007; Roh & Choi, 2010), restaurant efficiency was mostly assessed based on managers' subjective feedback and simple ratio measures (e.g., input to output analysis). According to Assaf, Barros, and Josiassen (2012), conventional ratio approaches are limited, because they integrate too few operational characteristics to evaluate an overall operational efficiency. Efficiency measurement, in contrast, is based on the concept of a production possibility frontier (Barros, 2005) and econometric linear programming methods, such as DEA, which provides a useful diagnostic tool for analysing efficiency-based performance improvement at the individual unit level by simultaneously incorporating multiple inputs and outputs. DEA has proven to be an efficient internal benchmarking technique

in the service industries. In hospitality research, several researchers have applied DEA to measure hotel efficiency (Alberca-Oliver, Rodríguez-Oromendía, & Parte-Esteban, 2015; Barros, 2005; Sigala, Jones, Lockwood, & Airey, 2005) and restaurant efficiency (Assaf et al., 2011; Fang & Hsu, 2014; Reynolds & Biel, 2007; Reynolds & Thompson, 2007). Although DEA proved to be an effective tool for efficiency measurement, its major drawback is its inability to distinguish different decision making units (DMU) based on their operational characteristics. Therefore, this paper applies CA to increase the discriminatory power of DEA and to improve the classification of restaurants. First, restaurant businesses were divided into different groups based on their physical and managerial characteristics. Taking a post hoc approach to restaurant market classification, DEA was introduced to analyse restaurants' efficiency based on financial data officially provided by the national tax authorities. This study presents an alternative approach to efficiency measurement. No previous study classified restaurants according to their operational characteristics (CA) and efficiency performance (DEA). Applying CA-DEA methodology enables practitioners and researchers to better understand restaurants' efficiency based on their operational characteristics. Using this approach, this study presents an important insight into restaurant SMES' efficiency performance. As noted by Lee, Hallak, & Sardeshmukh (2016b), an academic approach to efficiency measurement is essential, as entrepreneurs often do not possess sufficient resources for a complex data and benchmarking analysis.

The present study is the first to explore restaurant SMES' efficiency in Slovenia. The specific objectives of this study were as follows:

1. to determine differences between restaurant SMES based on their managerial characteristics and the restaurants' physical characteristics;
2. to measure the overall efficiency of restaurant SMES in Slovenia; and
3. to identify potential differences in efficiency performance between homogeneous clusters (groups) of restaurants.

The overall structure of the study takes the form

of four sections, including this introduction. Section 2 begins by laying out the theoretical dimensions of the research. Section 3 is concerned with the methodology, research results, and findings. Finally, the conclusion presented in Section 4 gives summary and critique of the findings.

## Literature Review

### Traditional Approaches to Efficiency Measurement

The term 'efficiency' in economic theory was broadly defined by Farrell (1957) as the maximum output from a given set of inputs. Based on his definition, service industries have historically utilized partial ratio analysis to analyse a firms' efficiency and to benchmark its performance with competitors (Coelli, 1995; Riley, 1999). Given the labour-intensiveness of tourism-related businesses, interest in productivity has predominantly focused on labour and its corollaries (e.g., service outcome per employee). While useful for specific intrafirm analysis, these partial-factor statistics measures have limited utility, as they reflect only specific operational attributes. In terms of benchmarking analysis, these methods have some major drawbacks, as most partial-factor ratios fail to account for potentially meaningful differences among food-service operations. Therefore, the use of single input-to-output ratio measures should be treated with extreme interpretative caution (Joppe & Li, 2016). According to Assaf and Matawie (2009), another potential problem is that many partial measures (single statistics) could be difficult to interpret if some indicators move in opposite directions over a given period. Nevertheless, Reynolds and Biel (2007) state that the use of simple ratio measures remains the most common practice to evaluate operational performance in the restaurant industry, although these measures have been proven to provide limited and inconsistent benchmarking information. The focus on efficiency measurement has evolved dramatically since the mid-1990s. Building on Reynolds' (1998) definition of productivity as the effective use of resources to achieve operational goals, researchers and practitioners have acknowledged the importance of productivity measures that are more comprehensive than any single-factor indices. Donthu Hershberger & Osmonbekov (2005) advocated the

need for more rigorous methodological approaches (presented below) to handle multiple inputs and outputs simultaneously. Ideally, these methods would substantially mitigate shortcomings associated with traditional measurement techniques.

#### Efficiency Frontier Approaches – DEA

Efficiency is based on the concept of a production possibility frontier (Barros, 2005). The production possibility frontier represents the maximum output attainable from each input level. Productive efficiency, therefore, refers to whether internal resources in the production process were used efficiently to produce operational service capacity effectively (Huang, Ho, & Chiu, 2014). With the knowledge of the frontier, one can estimate different components of productive efficiency – specifically, technical and allocative efficiency. The former reflects a firm's ability to obtain maximum outputs from a given set of inputs, whereas the latter reflects the ability to use the inputs in optimal proportions given their input prices. These two measures are then combined to provide a measure of total cost efficiency. Thus, if an organization is allocatively and technically efficient, it can be said to have achieved total cost efficiency. According to Assaf and Matawie (2009), the efficiency frontier analysis is described as an effective tool for identifying areas of cost containment and cost reduction. In scientific literature (Coelli, 1995; Reynolds, 2003; Reynolds & Biel, 2007), different holistic analysis techniques for efficiency measurement have been proposed. The most common ones are DEA (presented below) and stochastic frontier analysis, or SFA (a complex parametric technique that requires function specification of the functional form).

While still residing in the output-to-input ratio measurement domain, DEA solves many of the problems associated with the aforementioned measures by integrating multiple outputs and inputs simultaneously, and it is especially useful for the analysis of firms that are characterized by multiple resources and multiple services. This approach allows for both controllable (discretionary) and uncontrollable (nondiscretionary) variables, producing a single relative-to-best productivity index that relates to all units under

comparison. Mathematically, DEA is the ratio of the weighted sum of outputs to the weighted sum of inputs (Wei, 2001). On a more general basis, if the number of inputs and outputs is potentially infinite (this form of DEA is known as the ratio form), the weights estimated for one unit are such that, when they are applied to corresponding outputs and inputs in the analysis, the ratio of weighted outputs to weighted inputs is less than or equal to 1. Since DEA seeks an optimization contingent on each separate unit performance (also referred to as the unit relative efficiency or productivity) in relation to the performance of all units, those with the greatest productivity have a score (P) of 1, suggesting 100% efficiency when compared with those in the competitive set. Finally, if a firm uses multiple inputs, defined by the point P (the isoquant of a fully efficient firm is 1) to produce a unit of output, the technical (in)efficiency ratio could be represented by the distance to the point  $P = 1$  value, which is the proportional reduction in all inputs that could be theoretically achieved without any reduction in the output(s).

#### DEA in Restaurant Efficiency Studies

DEA has been applied to several restaurant industry studies (Assaf et al., 2011; Banker & Morey, 1986; Fang & Hsu, 2014; Hruschka, 1986; Reynolds & Biel, 2007; Reynolds & Thompson, 2007). For example, Hruschka (1986) determined differences in efficiency among ten different restaurant groups, Banker and Morey (1986) analysed efficiency in a fast-food chain with 60 restaurants. Reynolds (2003) used DEA to evaluate the performance of a chain restaurant and suggested that the average efficiency score could be increased by as much as 22%. Reynolds and Thompson (2007) further assessed the multiunit restaurant efficiency score for a chain of 62 full-service restaurants and found that their average efficiency level was 82%. Reynolds and Biel (2007) analysed the efficiency score of 36 same-brand units of a casual theme restaurant chain in the USA. Authors found that only eight units were fully efficient, with the average efficiency score at 86%. In their study, Roh and Choi (2010) assessed the efficiency of different brands within the same franchisor using DEA; the results indicated a low average effi-

ciency (73%) and showed that the efficiency of each establishment and brand differed significantly from the others. Similarly, Assaf et al. (2011) used DEA to assess the efficiency and return to scale of the 105 Australian restaurants. The results revealed a low level of efficiency (on average 46.17%) and highlighted the critical impact of factors such as restaurant size and management experience on the efficiency results. A different approach was implemented by Taylor, Reynolds, & Brown (2009) and Fang and Hsu (2014). These authors implemented DEA for multiple factor menu analysis to increase menu items' financial performance. In their study, Fang and Hsu (2014) also investigated differences between two frontiers using the metafrontier value for different dining periods as well as for the efficiency of different menu items. The results revealed that the efficiency of the metafrontier DEA method increased profitability by 15% compared with the traditional menu engineering method.

O'Donnell, Rao, and Battese (2008) further indicated that DEA might also produce inaccurate results if samples are considered in different environments (e.g., different dishes served during lunch and dinner, different chefs' proficiencies, etc.) and thus should not be treated as a homogeneous frontier. To account for this problem, Battese, Rao, and O'Donnell (2004) first introduced the technology-gap ratio; later, O'Donnell et al. (2008) introduced the metatechnology-gap ratio (MTR), which quantifies the efficiency of heterogeneous groups based on their distances from a common frontier. As production frontiers may change in different periods or even within a single unit analysis, the traditional (common) production frontier cannot be applied generally. Therefore O'Donnell et al. (2008) employed DEA to construct a metafrontier to DEA analysis (MDEA) by pooling all observations from all groups and by constructing various group frontiers to measure their efficiencies and MTRS relative to the metafrontier. The metafrontier DEA model is a complex academic model able to calculate the comparable efficiencies for firms operating under different technologies. However, on a daily basis, it provides little information of practical value for restaurant managers, and it does not facilitate restaurants' benchmarking process (Assaf & Josiassen, 2016).

### CA in Restaurant Studies

CA has long been used as a preliminary method for market segmentation (clustering). Traditionally, researchers' segment market groups *a priori*: first selecting a defining variable, then segmenting based on this specific variable. Characteristics of the segments are then described based on the specifics of this original descriptor variable (e.g., lifestyle, demographic, geographic measures etc.), as well as other distinguishing attributes. Often consumers are grouped by age, gender, service preferences or purpose (Yüksel & Yüksel, 2003). While these descriptive methods provide useful data, they cannot reveal objective patterns or imply causation. Therefore, scholars (Mooi & Sarstedt, 2011) call for the industry to implement multivariate statistical techniques instead of traditional descriptive methods to gain a better understanding of market segments. One of these multivariate methods is CA, which is commonly used in tourism (mostly hotel and travel) and marketing research to segment market groups.

In terms of restaurant industry research, only few studies have used this technique for segmenting restaurant guests (Carlson, Kinsey, & Nadav, 2002; Gursoy, McCleary, & Lepsito, 2003; Swinyard & Struman, 1986; Yüksel & Yüksel, 2003) and managers (Marzuki, Hall, & Ballantine, 2014). As Duncan, Josiam, Kim, and Kallidin (2015, p. 1381) point out: 'Since 2000 the CA has increased in popularity but is still infrequently used in the academic literature pertaining to the restaurant industry to divide customers into distinct market segments.'

To date, no research has been found that measured restaurant efficiency pre-based on CA, although this approach has been widely used in other service industries, such as hotels (Denizci Guillet, Guo, & Law, 2015), banks (Dharmapala & Edirisuriya, 2011), and logistics (Marchetti & Wanke, 2017).

### Research Methodology

#### Instrument Development and Variable Identification

A questionnaire was developed for this research. It comprised over 25 items and was grouped into two major areas: general information about respondent (manager) and restaurant facility. General informa-

tion items (primary data) derived from previous studies (Fang & Hsu, 2014; Kukanja & Planinc, 2013; Reynolds & Taylor, 2011) and were used for classification purposes in the CA analysis (see Table 2). In the next step, financial variables (secondary data) for restaurants efficiency assessment (DEA) were identified.

According to Reynolds (2004), the application of DEA to the restaurant industry is particularly advantageous because the method accommodates both controllable input variables (those within managers' purview; e.g., labour hours, cost of goods, employee satisfaction, etc.) and uncontrollable input variables (environmental factors; e.g., number of competitors, parking capacity, number of seats, rent and taxes, location, etc.). Similarly, the selection of output variables enables the inclusion of several financial (e.g., operating revenue, gross profit, etc.) and non-financial variables (e.g., guest satisfaction, restaurant popularity, etc.). According to Sigala (2003), the analysis process can include any number of input and output variables. While the number of potential variables is relatively limitless, the literature review suggests that some (e.g., revenue) are 'essential,' while others offer provocative possibilities. Reynolds (2003) and Reynolds and Thompson (2007) proposed the basic groups of variables that have proved to be important for restaurants' efficiency analysis: financial, physical, and composite (reflecting both financial and physical variables). Regarding outputs, the critical variables are revenue, profit, guest/employee satisfaction, and retention equity. Regarding inputs, financial measures that have proven to be significant include labour costs, cost of goods sold, controllable fixed expenses, and uncontrollable expenses. Physical inputs that have proven to be important include service capacity (square footage or number of seats) and environmental characteristics (e.g., competitive conditions) (Reynolds & Taylor, 2011). According to Lynn (2001), the validity and usefulness of such a generalised approach to variable selection is somewhat problematic, as, due to lack of available and reliable information, researchers often base their studies on several assumptions. For example, Reynolds and Thompson (2007) used restaurant sales as a surrogate for profitability, since they did not have access to profitability data. Reynolds (2004) used

charged tips as a surrogate measure of customer satisfaction; similarly, Reynolds and Thompson (2007) also assumed that paid gratuities serve as an adequate measure of customer satisfaction. According to Wöber (2007), all DEA variables must be thoroughly preselected in accordance with the availability of reliable data.

The major advantage of the present study is that it avoids the problem of assumptions (surrogates) and subjective self-reported primary data. In the present study, secondary financial data provided by the national tax authorities were used to assess restaurants efficiency. Prior to applying DEA, the authors of the present study ensured that each input was related to at least one output (see Table 1), as previously suggested by Reynolds (2003).

The analysis began with pre-selecting the financial-based input variables. To begin this process, all operating items included in the standardized profit and loss (P&L) report were used as potential input variables. Based on the correlation analysis, only the following operational variables had positive correlations ( $p < 0.01$ ) and were therefore suitable for the subsequent DEA application: F&B cost of goods sold, cost of part-time employees, cost of full-time employees, and depreciation (see Table 1). Regarding output variables, only net sales revenues were included in the study. Specifically, a potentially negative financial output value in DEA (e.g., negative profit) might project this inefficient unit onto the efficient frontier as a radial expansion and make the mix of efficiency results even more negative.

The results of the correlational analysis clearly indicate that only five financial variables are suitable for efficiency measurement using DEA.

#### Data Collection and Sample Description

Given the research objectives, data were collected from 142 restaurant SMS located throughout the country. Since the identification of a competitive set is crucial for a successful benchmarking process (Barrows, Vieira, & DiPietro, 2015), the authors of the present study focused only on those restaurants that operate with comparable operational variables. This research is, therefore, predicated on the following precondi-

Table 1 Correlation Coefficients between Input and Output Variables

Input		Output			
		Acquisition cost <sup>a</sup>	Costs of services	Labour costs	Depreciation
Net sales revenues	Pearson Correlation	0.982**	0.918**	0.874**	0.871**
	Sig. (2-tailed)	0.000**	0.000**	0.000**	0.000**

Notes <sup>a</sup> Of goods and material sold and costs of material. \*\*Correlation is significant at the 0.01 level (2-tailed).

tions: SMES with similar physical characteristics officially classified as restaurants, inns, or snack facilities; independently run restaurant facilities (not part of a hotel or food chain); and the restaurant business is the only source of income in restaurant firms' financial statements. The last of these preconditions presented one of the major challenges to identifying appropriate sample firms. Specifically, restaurant firms often diversify their business activities, which are aggregated in common financial statements; restaurant firms are frequently officially registered for several business activities; seasonal facilities are commonly registered as full-time businesses; and closed facilities are not automatically deleted from the official business register. To ensure that all restaurant units included in the study matched the research criteria, randomly selected businesses ( $n = 850$ ) were pre-checked by ten interviewers in a vast field research during the winter and spring of 2017. If the restaurant appeared to match the research criteria and the manager agreed to participate in the study, the manager was asked to complete the questionnaire by providing general information about himself and the restaurant. The final analysis is, therefore, based on 137 independently operated restaurants located throughout the country (five restaurants were excluded from further analysis due to incomplete data).

In the next step, restaurant firms' annual financial reports (balance sheets and income statements), which are in the public domain under Slovene legislation, were thoroughly analysed. The authors of this study focused on the 2016 fiscal year. Namely, in 2016 fiscal cash registers (also referred to as fiscal memory devices are electronic devices used for registering and controlling tax revenues at a point of sale) were implemented. Therefore, it can be assumed that the official financial data represented a solid base for reliable efficiency analysis.

### Analysis and Findings

In the first step, descriptive statistics were used to analyse respondents' demographics and restaurants' physical characteristics ( $n = 137$ ). Most respondents were slightly less than 45 years of age on average, and the sample was composed of a majority of male managers (60.1%). The highest number of managers had completed secondary (vocational) education (70.9%); 26.4% of managers had acquired a high school education; 2% had finished elementary school; and 0.7% of managers had obtained a master's degree. On average, managers had 21 years of experience in the industry. In addition to demographic data, restaurant characteristics were also analysed. Results show that most restaurants (41.1%) employed from six to ten employees, followed by restaurants employing two to five employees (31.5%), while only four restaurants (2.7%) employed more than 20 workers. On average, the restaurants had less than 20 years of business activity (19.9 years), coinciding with managers' (owners') average years of experience (21 years). Following Reynolds (2004), managers were asked to indicate the number of competitors within a 1 km radius.

Results reveal a relatively uniform distribution of responses regarding the number of competitors. Most managers (28.4%) indicated one to two competitors, 18.2% of managers identified no competition, and 17.6% of managers identified more than seven competitors within 1 km radius.

A CA was applied to classify restaurants into mutually exclusive groups (physical and managerial variables). CA was conducted using SPSS 24. The two step CA was used, since it can automatically determine the optimal number of clusters. This method is conducted in two steps. Formation of original cases into pre-clusters is the first step, followed by the second step, in which the standard hierarchical clustering algorithm is used. In the second step, the pre-clusters

are combined into optimal number of clusters (Liew, 2013). In addition, with this method, data transformation is not required. The log-likelihood measure was used to reveal natural clusters. Schwarz's Bayesian information criterion was used to determine the optimal number of clusters. A drawback of this method is that missing values are not allowed and, therefore, cases with missing values are not included in the analysis (IBM Knowledge Center, 2013).

A two-cluster solution (see Table 2) was identified based on the following variables: managers' age; managers' years of experience; years of restaurant operation; and number of seats. The two clusters are comparable by their size (cluster 1 = 68 restaurants; cluster 2 = 69 restaurants). To provide additional distinctive information about the two clusters and to confirm significant differences between variables in each cluster, an independent-samples T test was performed. As shown in Table 2, there were statistically significant differences between variables in both clusters.

- *Cluster 1: Smaller – Younger and Less Experienced.* As shown in Table 2, restaurants in this cluster ( $n = 68$ ) had fewer seats (98 seats) and fewer years of business operation (11.8 years). In contrast with the other cluster, managers of this cluster were much younger (37.97 years) and with less professional experiences (15.02 years). Therefore, this cluster was designated as 'smaller – younger and less experienced.'
- *Cluster 2: Bigger – Older and More Experienced.* Compared with the other cluster, this cluster ( $n = 69$ ) was characterized by bigger sitting capacity (146.91 seats), and older (52.19 years) and much more experienced managers (29.46 years). In accordance with its dominant characteristics, this cluster was named 'bigger – older and more experienced.'

The results of CA clearly indicate that restaurant SMES can be classified in two distinctive groups based on managerial and physical characteristics.

In the next step, DEA was performed using DEAP Version 2.1 software. The input-oriented DEA model, which measures a unit's ability to convert inputs to outputs, was employed, as suggested by Reynolds and

Biel (2007). Radial efficiency measures were taken using the DEA-CCR model. This model provides an objective method to structure various measures into a single (aggregate) meaningful performance score of technical efficiency (Roh & Choi, 2010), which leads to the unit-efficiency scores described in the following section. The CCR model presumes constant returns to scale (CRS), which means that an increase in inputs results in a proportionate increase in the output levels. Seiford (1996) referred to this practice as 'relative efficiency,' since a unit's variables are calculated to maximize the efficiency ratio, followed by comparing them to similar ratios of the best performing units.

Building on the correlation results from Table 1, the final set of variables included four input variables and one output variable. Following Fang and Hsu (2014), a fixed selection of input variables was chosen. The selected financial variables present key input elements (also referred to as requisite assets) of any restaurant production process (labour, direct materials, production assets). The items in the preceding parentheses are expressed in financial terms as labour cost, cost of goods sold, and depreciation, respectively. Most restaurants are privately owned; therefore, their managers do not have to pay rent. As the restaurant business is the managers' only source of income, net sales revenues were used as an output variable to complete DEA.

First, the efficiency for the overall sample was analysed ( $n = 137$ ). Results indicate that 21 of the units were efficient (showing scores of 100%), with the average efficiency score at 85%, which indicates that restaurants in the sample are 15% from achieving their maximum efficiency. The lowest-scoring restaurant had an efficiency score of 0.56 (or 56%), while 54 restaurants were above the average efficiency score (85%), and 62 restaurants were below the average efficiency score. The results also revealed that, in most restaurants, the cost of goods and cost of part-time employees are well-managed and provide little room for improvement. When analysing underperforming restaurants, it is evident that principal areas of potential efficiency enhancement are depreciation and labour costs. Comparing the two results, the underperforming restaurants could, on average, decrease their depreciation



Table 2 Average Values of Variables in Both Clusters

Variable	Cluster 1 ( $n = 68$ )	Cluster 2 ( $n = 69$ )	t-values
Age of the managers	37.97	52.19	-12.357*
Years of managers' experience in the industry	15.02	29.46	-10.727*
Years of restaurant operation	11.80	29.60	-5.161*
Number of seats in restaurant	98.00	146.91	-3.954*

Notes \*t-values significant at the 0.000 level (2-tailed).

costs by more than 36% and their labour costs by more than 23% to achieve the same level of net sales revenues.

Next, efficiency was analysed within each cluster. The relative efficiencies of each subset demonstrated that the restaurants in Cluster 1 achieved an average efficiency score of 83%, while restaurants in Cluster 2 achieved an average efficiency score of 87%. The difference of efficiency achievement in both clusters was statistically significant ( $p < 0.05$ ).

A possible explanation for these results might be that bigger restaurants performed better due to the economies of scale (measured as sitting capacity), which resulted in cost advantages due to their scale of operation. This conclusion is in line with previous results (Assaf et al., 2011). Another source of scale economies is the possibility of purchasing inputs at a lower per unit cost purchased in large quantities. These results are likely to be related to managers' years of experience. More experienced managers seem to better organise the production cycle in terms of efficiency management than their younger colleagues. As managers' years of experience seem to prevail, further long term studies that account for these variables will need to be undertaken.

According to Assaf et al. (2011), differences in methodologies and data used in different studies can interfere with the comparison of DEA efficiency results. Nevertheless, the efficiency scores identified in our study are mostly in line with the findings of previous studies. For example, Assaf et al. (2011) reported that Australian restaurants operate with an average efficiency score at 46.17%, while Fang and Hsu (2014) identified the average scores of two same-franchise restaurants in the USA as 87% (lunch) and 89% (dinner). Similarly, Reynolds and Biel (2007) reported that the average efficiency score of corporate-owned, same-

brand casual theme restaurants in USA was 86%; in a similar study, Reynolds and Thompson (2007) identified the average score as 82%. By analysing three brands' restaurants operating under the same franchisor in USA, Roh and Choi (2010) concluded that their average efficiency score is 73%. The comparison of results reveals that restaurants in Slovenia are relatively successful (in terms of efficiency scores).

### Conclusion

This article has addressed the issue of efficiency measurement for the Slovenian restaurant industry. Research results suggest that the average level of restaurant SMES' efficiency in Slovenia is 85%. These results suggest that a substantial reduction in cost could be obtained if managers were to improve their current performance practices. The second major finding was that both identified groups of restaurants operate with different average efficiency scores – 'Smaller – younger and less experienced' (83%) and 'Bigger – older and more experienced' (87%).

The analysis was based on the CA-DEA model, which allows the integration of multiple environmental variables in determining the relative efficiency of different market groups. The results of this study clearly support the effectiveness of such approach as different efficiency scores for both groups of restaurants were identified. The insight of this method paints a deeper image of efficiency measurement, allowing for scholars and practitioners to develop tailored plans for efficiency improvement of different restaurant groups.

The present time is highly challenging for the restaurant industry. Increased efficiency and appropriate management seem to be the prerequisites for long-term financial survival (Hua & Lee, 2014). The fact that the industry is made up largely of SMES poses major challenges in relation to increasing the overall effi-

ciency of the restaurant industry. Previous attempts at restaurant industry assessment mainly focused on industry reports (Roh & Choi, 2010) and managers' feedback (Reynolds, 2004). The current study is the first to introduce reliable and comparable financial indicators, providing a more comprehensive and comparable assessment of restaurants' efficiency.

The results of this study could benefit the industry in several ways. First, we have provided restaurant managers with an opportunity to assess their level of performance against other competitors and to re-evaluate their management practices relative to efficient producers. Second, accurate efficiency measurement can provide a significant competitive advantage (e.g., operational optimization, employee performance management, etc.). Third, results can also be compared to regional operators that operate in comparable market circumstances. In sum, these results should draw the attention of managers to the potential improvements in overall performance, in terms of both effective utilization of inputs and financial performance.

While provocative, this study has several limitations. Firstly, DEA is not stochastic in nature, which means it does not allow for an error structure. Secondly, as there is no general, industry-wide acceptable method regarding the inclusion of variables, we focused on financial indicators. However, the inclusion of other variables (e.g., guest satisfaction) might help us to establish more accuracy on this matter. The major limitation of this study is the limitation to one year of operational data. Therefore, the investigated relationships could differ from country to country (especially outside the EU) due to industrial composition, industry regulations, and other factors.

What is now needed is a longitudinal, cross-national study with a substantially larger dataset. More research is needed to better understand the efficiency of restaurants, especially in terms of determining the best performing practices. A follow-up qualitative study (interviews with managers), as previously done by Hummel and Murphy (2011), could also provide additional information. Given the growing importance of both financial and non-financial disclosures, it is suggested that future studies incorporate a set of non-

financial measures of performance (e.g., innovation; corporate social responsibility). Finally, performing a similar study on different service industries could significantly contribute to the existing body of research.

In terms of practical implications, these findings suggest several courses of action for restaurant managers. The identification of the importance of different variables for efficiency performance (established restaurants with more seats, and older and more experienced managers proved to be more efficient) and the identification of average efficiency ratios provides a starting point for managers to study the processes of their own businesses and to easily benchmark distinctive differences in comparison to other properties.

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## Albergo Diffuso (Diffused/Distributed Hotel): Case Study of Slovenia

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In the second decade of the 21st century, *Albergo Diffuso* (AD), a new type of tourist accommodation, which originated in Italy, emerged in other countries of Europe, e.g. in Croatia, Switzerland, Slovenia and others. The purpose of this paper is to set out an in-depth understanding of how AD is understood in Italy and to present the evolutionary path of ADS in Slovenia. The goals of the research are (a) to point out the key characteristics of AD, its structural and legal features as implemented in Italy, (b) to compare AD to a traditional hotel and (c) to present the first Slovenian AD with some related legal and organisational considerations. The research started in June and was completed in December 2017. A number of different qualitative methods were used in the process of data collection (review of existing literature, websites, regulations and four in-depth semi-structured interviews, two site-observations) and data processing (description, compilation, comparison, analysis, interpretation). The limited amount of available data was the prime reason for the use of a descriptive type of research. Results of the study are presented according to the research goals. Firstly, the results show that ADS in Italy are understood to be a formal subtype of hotel with the following characteristics: with deep ties to the surrounding territory and the local culture, with some special physical features and a hospitality service that distinguishes them from traditional hotels and other traditional types of private tourist accommodations. Secondly, several initiatives for creating ADS in Slovenia started after 2010; however, only one was realised: in December 2017 the first AD, Konjice, was opened, even though official tourism documents in Slovenia are still overlooking the concept. The contribution of the paper is to provide insight into the evolution of AD in Italy and to present the evolution of ADS in Slovenia despite the gap between the strategic approach of Slovene tourism policy makers and the private tourism sector. ADS are a somewhat new research topic. There are some research studies about ADS in Italy and Croatia, but none about ADS in Slovenia. This paper represents the first step in filling this gap, which calls for further studies on ADS in Slovenia.

*Keywords:* Albergo Diffuso (AD), diffused/dispersed hotels (DH), scattered hotels, legal framework, organisational issues

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### Introduction

Tourist accommodations (TACS) are various functionally designed spaces used by travellers for tempo-

rary stays: hotels, motels, private rooms, apartments, campsites, etc. There are some key facts about TACS evident from current theory and practice. Firstly, TACS

differ from each other according to the technical characteristics, content and quality of their facilities and services (Vallen & Vallen, 2013; Cerović, 2010). Secondly, due to different cultural, geographical and historical characteristics of individual countries, the criteria for TAC classification vary among countries. Thirdly, countries differ from each other with respect to whether TACS are (or are not) regulated by the state. Fourthly, there are types of TACS that are specific for certain countries, e.g. *paradores* in Spain (<http://www.paradores-spain.com>), *pousadas* in Portugal (<https://www.pousadas.pt>), *Albergo Diffuso* in Italy (<http://www.alberghidiffusi.it>), and diffused and integrated hotels in Croatia ('Pravilnik o razvrstavanju, kategorizaciji i posebnim standardima ugostiteljskih objekata iz skupine hoteli,' 2016).

Since the turn of the millennium, new forms/types of TACS have been created: e.g. glamping, tree houses, ice rooms, 'capsules' etc. (Page & Connell, 2014). Some of them are – due to their innovative design – difficult to classify according to standard criteria. In Slovenia, innovative developments in the field of TACS has been evident in Garden Village in Bled (<https://gardenvillagebled.com>), Herbal in Ljubno (<http://www.charmingslovenia.com>), Ecoresort beneath Velika Planina (<http://sloveniaecoresort.com>), and others. Slovenian TACS of this new era are innovative in the functional arrangement of their accommodation units or in their comprehensive, holistic hospitality facilities and services. Officially, they are classified according to Slovenian regulations. However, for marketing purposes they use – instead of an official TAC type – terms that briefly indicate their facilities and services (e.g. tourist ecological complex, glamping resort, etc.). Guests reward their service with excellent reviews (see, e.g., <https://www.booking.com> or <https://www.tripadvisor.com>).

Different types of TAC meet the requirements of the different target niches of tourists. Experience from ADS in Italy indicates that ADS have specific characteristics that are particularly attractive to a certain niche of traveller. This paper aims to explore them and to investigate its potentials in Slovenia.

In this paper, we present the answers to the following research questions:

1. What was the evolution path of ADS in Italy from the initial idea until the present?
2. How has the idea of AD evolved in Slovenia?
3. What are the organisational and legal frameworks for AD in Slovenia?

## Theoretical Background

### Terminology

AD is an Italian phenomenon (Confalonieri, 2011) and a relatively new research topic (Presenza, Yucelen, & Camillo, 2016; Russo, Lombardi, & Mangiagli, 2013). Thus, the amount of research is rather limited, particularly that of a quantitative nature. Most existing research studies on AD are qualitative and geographically limited, mostly to Italy and Croatia.

The review of existing literature revealed some different approaches of scholars and practitioners to the topic, e.g. use of different terms when the Italian term 'AD' is translated to English, different viewpoints of researching AD, etc.

In the existing literature, there are several different translations of 'AD': 'diffuse hotels' (Županović, 2015), 'diffused hotels' (Đurkin & Kolarić, 2016; Dragicevic, Tomasevic, Stanovic, & Avejic, 2016; Russo et al., 2013), 'scattered hotels' (Scarcelli, 2017; Pollice, 2016; Fumo & Feltria, 2012) and 'widespread hotels' (Monge, Cattaneo, & Scillia, 2015). The majority of authors use the original Italian word: 'AD' (Ideass, n.d.; Verges Palazon, 2016; De Montis, Serra, Ledda, & Ganciu, 2014; Valone & Veglio, 2013; Dropulić, Krajnović & Ružić, 2008). 'Difuzni hotel' is the official expression for AD in Croatia ('Pravilnik o razvrstavanju, kategorizaciji i posebnim standardima ugostiteljskih objekata iz skupine hoteli,' 2016). The corresponding expression for AD in the Slovene language is 'razpršeni hotel' (<http://razprsenihotel.si>; Blatnik, 2017). However, Slovenes translate the term in English as 'distributed hotel' (<http://razprsenihotel.si>) or 'diffusion hotel' (Blatnik, 2017). Those two terms are exceptions to the existing English-related literature on AD. In this paper, we use the original Italian term AD or ADS (for plural).

Scholars and practitioners define AD from different perspectives. AD is understood as a:

- Tourist/hospitality model: a form of innovative tourist facilities and services (Dragicević et al., 2016), a new kind of hospitality (De Montis et al., 2014), a hospitality model (Vallone & Veglio, 2013), an innovative form of hospitality (Ideass, n.d.), a hospitality concept (Dragicevic & Letunic, 2015; Verges Palazon, 2016);
- Sub-type of hotel: new hotel model (Monge, Cattaneo & Scillia, 2015), particular type of hotel (Ideass, n.d.), a new alternative to traditional TACS (Canfalonieri, 2011), emerging concept of hotel typology (Presenza, Yucelen & Camillo, 2016), or
- Tourist accommodation management system (De Montis et al., 2014).

### Characteristics

Dall'Ara (2015) defines an AD as an original model of hospitality and a model for tourism development of the territory. It is suitable for the 'third generation' of tourists who desire to experience a unique vacation, new and different places, personalised services, authenticity and want to immerse themselves in the local cultures and unique situations (Ideass, n.d., Dall'Ara, 2015; Verges Palazon, 2016). Dall'Ara thinks 'of an AD as a novel that tells the story of a culture. Guests are brought into the story temporarily, so they better understand the way of life' (Murphy, 2011).

An AD is characterised by its deep ties with the surrounding territory and the local culture; in fact, territory and culture are an integral part of its service (Vallone, Orlandini & Cecchetti, 2013). It provides an experience of authentic life in a historical centre (or rural village) – 'network of "local flavour" houses, uninhabited and pre-existing, that are able to operate as a hotel' (Monge, Cattaneo & Scillia, 2015, p. 69).

The innovation lies in the involvement of different tourism-related services that develop a form of hospitality under one coordinated management. They intend to valorise the potentialities of the area, e.g. culture, history, traditions, food products, scenery etc. with little impact to the environment. Despite having different owners, the unified management promotes the integrated service of the territory (Vallone & Veg-

Table 1 Combination of Feelings in an AD

Feeling at home	Feeling in a hotel
Courtesy and kindness	Provision of professional services
Authenticity	Efficiency
Non-standardised rooms	Easy booking
Local and warm furniture	Variety of tariffs, according to the different rooms
Attention to details	Comfort
Link with the territory	Wide range of services
Contacts with the local residents	Contacts with other guests
Informal environment	Privacy

Notes Adapted from Ideass (n.d., p. 4).

lio, 2013). An AD offers guests some typical hotel service, e.g. customer assistance, cleaning, food, beverage etc. (Dall'Ara, 2010) and promotes other activities e.g. selling of local products, storytelling, local guidance etc. Dragičević & Letunić (2015) present an AD as a concept that connects small tourism providers in a specific small geographic area into a broader and more complete range of tourist services.

This new kind of hospitality is based on a network of houses built usually in a historic centre or in a village. The visitors have the opportunity to 'live the area' by taking part of the life in it while enjoying the comfort of a hotel (De Montis et al., 2014, p. 1).

A set of distinctive features enable an AD to establish itself on the tourist market as a competitive player (Vallone, Orlandini & Cecchetti, 2013). It positions itself 'between the idea of [the] family house and traditional hotel accommodation' (Presenza, Yucelen & Camillo, 2016, p. 226). Due to its features, an AD combines feelings of home and of hotel (see <http://www.alberghidiffusi.it>). A combination of both is presented in Table 1.

From a *technical point of view*, an AD is characterised by a horizontal framework, not a vertical one as in a traditional hotel. Its components are 'scattered' within different buildings in the same urban (rural) area; thus, it is not a typical condominium-like traditional hotel (see <http://www.alberghidiffusi.it>). The

centre of an AD is located in the main building with reception and common spaces. In the inner lobby, the receptionist informs guest about activities in the area. Examples of local art and handicrafts reinforce the identity of the locality. A local urban centre, which guests feel to be a lively welcoming community, represents the outer lobby of an AD (Vallone, Orlandini & Cecchetti, 2013). Accommodation units are scattered around the area within walking distance to the main building.

The characteristics of an AD can be summarised as (Central Europe Programme, 2013):

- Joint management;
- Presence of common areas for the hotel guests;
- Range of hotel services (cleaning, breakfast, reception, assistance to the guests);
- Presence of hosting community;
- Integration in the territory and in its culture;
- Honest environment;
- Reasonable distance between guest units and areas (200–300 m).

Ideass (n.d.) points out the following *advantages* of ADS. Firstly, an AD generates high-quality services in local areas and territories on a sustainable basis. There are no negative environmental impacts while existing houses are restored and networked, not newly built. They prevent the abandoning of historic centres. Furthermore, they help to develop and network the local tourist supply and increase sustainable tourism development in the off-the-beaten-track areas.

Promoting *participation within the local communities* is a particular benefit of ADS. Stakeholders in the local community become aware of the advantages of the image, social life, economic returns and preservation of the resources. Non-productive space of public administration can get a new function – common space for tourists. New events and new personal assistance services can be encouraged by local associations. The owner of houses starts to look at their property in a different manner. Local enterprises and the services sector (e.g. handicraft, food and fine sector) can use ADS as a means of increasing their revenues (ibid.).

This ‘innovative form of hospitality can bring [...]

sustainable development, triggering economic animation and providing opportunities for the balanced utilisation of the local resources and tourist potentials’ (Ideass, n.d., p. 6). The guidelines of the AD model respect the value of sustainable development in many ways (Racin, 2012):

- Promote local culture (visitors select an AD to enjoy an authentic local experience);
- Stimulate the local economy (ADS encourage homeowners to participate in an organisation (sometimes a cooperative) and support the development of small business in traditional sectors, e.g. handicrafts, food preparation, other local products);
- Protect the environment (preserving existing buildings and giving them ‘a new lease on life’).

The organisational structure and ownership of ADS are not determined. An AD can be constituted through a private initiative (by one or more entrepreneurs) or in a coalition of the public and private sectors on the particular area (Confalonieri, 2011). Dropulić et al. (2008) point out three ownership structures:

- One owner (e.g. family, with special arrangements for rent with the owners of rooms and apartments);
- A commune as a hotel owner (e.g. ‘community hotel’, the *Bethlehem* experience – Pollice, 2016);
- Common rooms fund run by a cooperative.

For Ideass (n.d.), there are two major ways to create an AD:

- An investor purchases or rents the accommodation units and becomes the manager;
- A group of locals creates a consortium and delegate the management of the structure to a private subject, e.g. to the cooperative.

In the initial phase of creating an AD, the local administration plays an essential role. Its priority is to ‘incubate’ the idea of the AD in the local area and support it, e.g. with the facilitation of the legal aspect, investments in local infrastructure, etc. It is deeply engaged in the first step in the path of creating an AD that continues with (Ideass, n.d.):



- Territorial analysis (verifying the existence of conditions for creating an AD);
- Marketing analysis;
- Technical phase (preparing a sound business plan);
- Provision of start-up support (financing);
- Management.

The characteristics of the environment (the territorial ties and the influence of the local community on the structure), the characteristics related to the market or to the market segment, and the strategies implemented by the economic actors are the three most important classes of *critical success factors for an AD* (Monge, Cattaneo & Scillia, 2015; Vallone, Orlandini & Cecchetti, 2013). However, all three critical success factors have value only if some *basic determinants of territorial attractiveness exist*: (a) the presence of a territorial network, (b) the sensitivity of the population to the management theme and (c) the legislation that allows the development of the initiatives (ibid.). Thus, there has to be 'a strong organic link between an AD and its territory; an AD has to be connected to local characteristics (e.g. morphological, climate, wildlife, economic production etc.) and socio-cultural specific features that 'the flow of history has produced in that territory' (Vallone, Orlandini & Cecchetti, 2013, p. 32).

It is necessary that a national (or regional) administration formally recognise an AD as a new type of hospitality and in this way enable it in legal and economic terms. Moreover, governments have to set up special financial schemes to support the creation and operation of ADS (Ideass, n.d.; Vallone, Orlandini, & Cecchetti, 2013; Russo et al., 2013).

### Methodology

The research was conducted in Slovenia from June to December 2017. For data collection and for data processing different qualitative methods were used that corresponded to the research goals.

Data were collected from primary and secondary sources. The following relevant *secondary sources* were used: scientific and professional articles, magazines, books, tourism-specific regulations in Italy and in

Slovenia, websites, media official pages and other materials. Data from *primary sources* were collected (a) during four in-depth semi-structured interviews and (b) during site-observations at AD Konjice, Slovenske Konjice. Site-observation helped us to collect additional data to examine specific relevant facts or to clarify the data collected with other methods.

To achieve the research goals, interviewees were sought to provide relevant information:

1. On strategy and on the legal framework on ADS in Slovenia;
2. On operational activities on ADS development in the state.

The results of the preliminary investigation on participants in interviews showed that there were four relevant people who were engaged in AD projects in Slovenia: two representatives of the government and two representatives of the TAC sector, who were involved in AD operational projects in Slovenia.

1. *Secretary of State, responsible for tourism at the Ministry for Economics, Development and Technology* (hereinafter MGRT). This interviewee was the most relevant participant to provide information on current and future regulatory framework on ADS in Slovenia.
2. *Secretary of State in the Cabinet of the President of Government of Republic of Slovenia* responsible for establishing a dialogue with civil society, for coordination of citizen initiatives and for social entrepreneurship (hereinafter Secretary of the State in Government). The interviewee has been involved in developing and implementing ideas about ADS in Slovenia from its beginning. He was also engaged in an operational phase of opening the first AD in Slovenia.
3. *Two representatives of the private sector, involved in ADS in Slovenia*: the project manager of the first AD in Slovenia (AD Konjice) and the initiator of another potential AD in Slovenia.

All four potential participants were asked to participate in this research, informed by the research goals and asked for permission to use their names. We sent them reminders with the pre-set interview-questions in advance.

The research questions were adapted to the area of involvement of each participant in the interview and designed to elicit answers to the research questions. Different open-ended questions were prepared for each participant (Table 2).

The interviews with the Secretary of the State in MGRT, with the Project Manager of AD Konjice and with the initiator of another AD in Slovenia were conducted by the author of the research in person at the interviewees' premises; however, the interview with the Secretary of the State in Government was conducted over the telephone. Each interview lasted an hour on average. The statements of the interviewees were documented in writing while the interview was being carried out. Particular attention was paid to make verbatim notes of the most interesting statements.

Data were processed by using the method of content analysis. For the first part of the results section, the method of description and compilation were used and in the second part, content analysis of data from semi-structured interviews. A part of the findings is presented in the interviewee's own words. Most often, their comments, answers and points of view are paraphrased. Observations, data and answers are interpreted and significant findings highlighted.

## Results

Results of the research are presented in the parts of the section, following the answers to the research questions. In the first part, the results of the research on the evolution of AD in Italy in the last two decades are presented and in the second part the results of how the concept of AD has been transformed from an idea to the opening of the first AD in Slovenia. In the third subpart, the results highlight the organisational and legal framework for establishing an AD in Slovenia.

### Evolution of AD in Italy

The AD is an Italian concept that 'combines the very old with the contemporary' (Racin, 2012). It was originated in 1982 in Carnia, in the Italian Region Friuli Venezia Giulia. After the severe devastation of the territory caused by the earthquake in 1976, a technical working group aimed to restore and improve small

centres. Giancarlo Dall'Ara, a professor of marketing, engineered a new hospitality model: AD (Ideass, n.d.; Vallone & Veglio, 2013).

Initially, the AD was thought to respond to the need of restoring houses in historic centres that were not attractive as tourist resources (Ideass, n.d.). In the following years, a model of the AD spread to others regions in Italy. As a form of 'distributed hospitality' ADS have changed the perceptions of Italian tourist facilities and services (Dall'Ara, 2015). Differences among ADS that appear within the country are metaphorically described as 'artists' palettes with colours' (Dropulić et al., 2008, p. 610). In 2017, one of Italy's leading newspapers, La Repubblica, reported on 200 ADS in Italy. Only 76 reflected the idea of mixing preservation and hospitality; of those only 35 are officially accredited (see <http://www.reidsitaly.com>). The AD has been registered as a *trademark* valid at the European level (Ideass, n.d.).

*Common aspects of an AD* are the following (see <http://www.alberghidiffusi.it>):

- 'Horizontal hospitality' (rooms and services located in different buildings);
- Buildings, located in culturally, historically, environmentally important territories;
- Typical food from the area;
- 'AD' DOC (the ideal concept);
- Centralised management;
- Hospitality unit;
- Location in historical centres;
- Integrated hosting community;
- Shared restrooms for the guests;
- Reasonable distances between housing units and common spaces;
- Original environment with typical houses (furnished and refurbished);
- High-quality standard (comparable to a three-star hotel or higher);
- Integration of the tourist in the area and the culture.

In 2012, the *visitors of ADS* in Italy were foreign travellers (46%); most of the guest were couples (55%).

Table 2 Set of the Questions Prepared for Each Interviewee for Semi-Structured Interview on AD in Slovenia

Interviewee	Questions
Secretary of State in MGRT	How do you understand the implementation of ADS in Slovenia? Is the government going to regulate ADS as a new type of TAC?
Secretary of State in Government	How has the idea of ADS evolved in Slovenia? What are other initiatives in Slovenia referring to ADS, apart from the AD in Konjice? What are key issues of the initial phase of the AD Konjice and potential other ADS in Slovenia? What are the benefits of SE and cooperatives as organisational forms in the case of ADS in Slovenia? How did the government support the establishing of AD Konjice and how it will support it in the future?
Project manager of AD Konjice	How do you understand the implementation of ADS in Slovenia? Is the government going to regulate ADS as a new type of TAC? The Secretary of the State in the Government was asked the following: What is general relationship/mood of the local inhabitanancies toward AD Konjice? What are the benefits of the current organisational form (cooperative) of AD Konjice? What legal background is supposed to be used for regulating the relationship between AD Konjice and those who would like to participate in ADS with their properties and other activities? Was there a feasibility study or a business plan for AD Konjice made for checking its long-term financial performance? Who is supposed to work in AD Konjice and how will they be paid?
Initiator of another AD in Slovenia	What benefits do you see in potential ADS? What kind of organisational form would you choose for it?

Senior guests accounted for only 3% in the guest structure. The primary interest of AD guests were environment and nature, food and wine, and typical places. An average stay in an AD was 2.9 nights, and the average occupancy rate was 68%. On average, 4.7 people worked in ADS, mostly Italians (75%) (Presenza et al., 2016).

From the *constitutive* point of view, the majority of Italian ADS have been established by private entrepreneurial initiative, by individuals strongly rooted with the territory of their residence. Only in some cases, Ads were created from the impulse of a group of local actors (Russo et al., 2013).

Via the Code of Tourism, the Italian Government in 2011 (30 years after the creation of the idea of ADS) acknowledged AD as a TAC type within the cluster of hotels and other forms of TAC ('Codice della normativa statale in terma di ordinamento e mercato del turismo,' 2011). According to this legislative decree, the AD is characterised 'by accommodation in separate buildings, close together, mainly located in historic centres and placed a short distance from a central building in which reception, concierge and other re-

lated services are offered' (article 9). Apart from ADS, there are three other sub-types of hotels: *Paese Albergo* (Eng. village hotel), *Residence Diffuso* (eng. scattered residence) and *Albergo Diffuso di Campagna* (Eng. country AD) (Dall'Ara, 2015).

Regulation on ADS has been enacted by all Italian regional administrations; Sardinia was the first Italian region that issued a specific law on Ads, in 1998, Molise was the final one, in 2014 (De Montis et al., 2014). However, not all regulations are adequate and complete; Italian regional administrations have indicated a variety of requirements concerning ADS (De Montis et al., 2014):

- The minimum accommodation capacity in different forms, e.g. eight bedrooms, two independent buildings, thirty bedrooms etc.;
- Maximum distance from the central building and the rooms: ranging from 200 m to 1,000 m;
- Contextual aspects of AD design: an AD can be realised under certain circumstances – locations are limited to the municipalities with maximum 5,000 inhabitants, in historic centres with maxi-

mum 3,000 inhabitants, an AD can be extended to inter-municipal areas.

National Association of Scattered Hotels (Associazione Nazionali Alberghi Diffusi – ADI), established in 2006, promotes and supports the development of ADS in Italy, protects its image and its public reputation. One of the founders of the ADI and its president is the ‘father of the AD model,’ Dall’Arra (see <http://www.alberghidiffusi.it>). International School specialising in ADS is the only school specialised in ADS and ‘spread hospitality industry;’ it operates within the framework of ‘4E development model:’ Effectiveness, Efficiency, Equity, Ecologic sustainability (see <http://www.sisad.it>).

In 2008, the United Nations Development Programme convention in Budapest gave Dall’Ara’s concept of ADS an award for best economic growth practice capable of being transmitted to other countries (Ideass, n.d.). In 2010, Dall’Ara received the World Travel Market Global Award in London, given yearly to original thinkers in the tourism industry (Fumo & Feltira, 2012).

AD in Italy is understood as a sub-type of hotel that is distinct from a traditional hotel. A hotel is – from the users’ point of view – ‘an institution of commercial hospitality, which offers its facilities (rooms, public areas, restaurants, bars, meeting rooms, recreation facilities) and services for sale’ (Medlik & Ingram, 2000, p. 13). It is a functional facility under common management, which has – in most cases – a similar physical structure: public space for accepting guests, hotel rooms/accommodation units – usually on the floors – and service area for staff (Cho & Sparrowe, 2000). Traditional hotels usually have a vertical scheme. ADS, however, are characterised by a horizontal framework; in a traditional hotel, reception, public spaces and accommodation units are usually placed within one building; in ADS, those parts have different locations within a specific area (De Montis et al., 2014).

The critical difference between ADS and traditional hotels and private TACS is the ‘symbiotic relationship’ of the tourist facilities and services within the area of ADS; an AD contributes to the growth of the whole area, while traditional hotels and private

TACS mostly focus on their own profit (Dropulić et al., 2008).

For Pollice (2016), private investors in a traditional TAC usually create a model of tourism that has nothing to do with the typical characteristics of the place; moreover, it reduces the quality of the landscape and environment. ADS – in contrast to traditional TACS – have a more sustainable note.

The role of a hotelier in an AD overlaps with the role in a traditional hotel structure. However, the significant differences lie in the style of management and in the importance attributed to the overall performance. Instrumental benefits in ADS are essential and distinctive elements of the hospitality system (Valone et al., 2013).

Service excellence for ADS is different from traditional hotels (Vallone & Veglio, 2013). The high quality of an AD is derived from innovative services, e.g. friendly staff, the integration of tourists and the local community, cultural and artistic events, traditional rooms, local wine and food etc. It offers an original atmosphere of hospitality and ties with the territory; it is designed to encourage guests to have contact with residents of the community and in this way become a ‘temporary residents.’ An AD guest has diverse options to buy local products and participate in local events. Thus, the AD is characterised by the elasticity of the services, which is not typical for traditional hotels. Furthermore, guests of ADS are more willing to accept some negative aspect of ADS than guests in traditional hotels are, e.g. small rooms and bathrooms, steep steps, no internet connection, etc. (Vallone & Veglio, 2013).

Some significant differences between ADS on one side and traditional hotels and private TAC on the other are summarised in Table 3.

#### ADs in Slovenia: From the Initial Idea to the First AD

Since 2010, the Association of Municipalities and Towns of Slovenia has been seeking interesting business solutions and models in tourism. In 2012, the case of the revitalisation of Bale in Istria, Croatia, and its tourist transformations rose attention at the summit on social entrepreneurship in Slovenske Konjice (T. Slapnik, personal communication, 8 December 2017).

Table 3 Differences between ADS, Traditional Hotels and Private TAC

Item	ADS	Traditional hotels	Private TAC
Number of premises	Three or more	One	One or more
Reception	In the area	In hotel	On proprietors' home
Location of acc. units	Spread in the area	Single location	Single location or spread
Furniture	Traditional	Standardised/modern	Standardised/modern
Services	Professional	Professional	Self-service
Connection with	The locals	Other hotel guests	The locals
Type of experience	Exploration	Holidays/relaxation	Holidays/relaxation
Influence of environment	Very important	Not important	Not important
Seasonality	Not important	Partly important	Partly important
Location	Rural areas, villages	Cities, urban areas	Small towns, suburbs
Cooperation of locals	Very important	unimportant	unimportant
Guest structure	Middle-age or senior individuals and couples	Couples, families of all ages	Individuals, couples, families of all ages
Impression	Authenticity	Efficiency	Practical

Notes Adapted from Črnigoj Marc (2016, p. 21).

The same year, Mrak, Zavodnik, and Fikfak (2012) presented an Italian AD model as a solution for the revitalisation of rural countryside in the Slovenian Alps.

The government of Slovenia started supporting ADS in the context of the development of social entrepreneurship and cooperatives. The governmental working group organised several presentations about best practices of ADS in Italy and Croatia for Slovenian municipalities, who showed interest in ADS (e.g. Municipalities of Piran, Koper, Bohinj, Slovenske Konjice, etc.) (T. Slapnik, personal communication, 8 December 2017). In 2015, Over 50 interested representatives of Slovene municipalities (predominantly from Istria, some from Styria, Prlekija, and Gorenjska) visited ADS in the Friuli-Venezia Giulia and experienced how cooperatives can be successful in rural areas (see <https://skupnostobcin.si>).

Piran has been intensively developing initiatives for establishing tourist cooperatives and consequently ADS. In 2011, The municipality of Piran, together with the organisers of excursions, formulated the concept of 'tourist experience' in Padna. The village community and some of its inhabitants developed attractive services and facilities. As there were vacant premises that needed reconstruction, the local community and municipality planned to connect them in ADS and

devote them to tourism (Širok, 2016). In 2016, the conceptual architectural design of ADS was prepared (Črnigoj Marc, 2016). The initial idea was to include all providers in the village in ADS; an AD should be managed as a cooperative. The investment of the first phase of the renovation was estimated at one million euros (Širok, 2016). Thus, Padna had all the major foundations for creating ADS: an excellent location, the locals and municipality who supported ADS, and 34 available beds for tourists. It was foreseen that the first AD would be created there. However, by the end of 2017, the plans had not been realised.

Parallel to the development of ADS in Padna, some of the Slovenian Local Action Groups (LAS – Between Snežnik and Nanos, Istria, from Pohorje to Bohor, Gorenjska Košarica, Soča Valley, Dolenjska and Bela Krajina, Barje) joined the project of cooperation under the name 'Pilot Model of an AD' (Društvo Podeželje, 2017). Through projects of participation in the LAS, local partnerships can carry out projects in the entire territory of Slovenia. The first phase is dedicated to joint activities for the preparation of the AD model and the implementation of motivational activities for obtaining the locations of individual hotels in the field of partner LAS. In the second phase, the project will include the implementation activities of the AD at se-

lected locations (U. Buda, personal communication, 20 July 2017). The relationship between partners is planned on an entrepreneurial basis.

The project aims to establish the conditions for the establishment of ADS in Slovenia and a business system that would connect Slovenian ADS into a joint story or joint offer (U. Buda, personal communication, 20 July 2017). Due to various problems, the project is expected to start in 2018 (Društvo podeželje, 2017). Tavčar (2017) defines this type of ADS as a Slovenian alternative to Airbnb, but with a significant difference: the organisers will take a much lower commission for their work than specified by Airbnb. By using and marketing existing tourist accommodation capacities in Slovenia, it would not be necessary to build many new hotels. This approach is in line with the European Circular Economy (cirCE) project that covers tourism, waste, and mobility (Tavčar, 2017). A proposal for an action plan for the transition to a circular economy, prepared by the government of Slovenia in 2017, is expected to be implemented in 2018 (T. Slapnik, personal communication, 8 December 2017).

In 2016, four municipalities in Štajerska: Slovenske Konjice, Vitanje, Oplotnica and Zreče decided to join their tourism development in the Rogla-Pohorje destination. In April 2016, the Cooperative Konjice announced the plan for the creation of an AD at the end of the year (Mernik, 2017).

On December 15, 2017, the first AD in Slovenia was opened: AD Konjice (Novice.si, 2017). The central location of AD Konjice is in Trebnik Castle on the outskirts of the town of Slovenske Konjice. There is a reception in the building (reception can also be 'virtual'), breakfast room and six rooms of the three-star category. In accordance with the Social Entrepreneurship Act ('Zakon o socialnem podjetništvu,' 2011), those rooms are rented free-of-charge for the following three years from the Municipality of Slovenske Konjice. The remaining five accommodation units are located in Dravinja Ranch, which joined the AD immediately after its opening (Novice.si, 2017). In continuation, new locations in Rogla-Pohorje destination will gradually be added to the AD. In presentation workshops on ADS in the above-mentioned four municipalities, the interest of property owners and other tourist suppli-

ers for joining ADS has already been expressed. Due to the positive orientation of the local population to ADS, there are expected to be at least 50 beds available in the AD Konjice by the end of 2018 (J. Ivanuša, personal communication, 27 December 2017).

In the first phase, the key issue of AD Konjice is a single-entry site for future visitors of Pohorje-Rogla; this site enables them to choose the location of their residence and other activities in the destination only in one entry point (T. Slapnik, personal communication, 8 December 2017). Accommodation units of AD Konjice are marketed and can be booked through online platforms. The price of a room with breakfast starts at €70 (see <http://razprsenihotel.si>).

Before the opening, the initiators of AD Konjice were closely linked by volunteering work, enthusiasm and confidence in the AD's success. In the start-up phase, they did together everything that needed to be done in a given situation. 'When it was necessary to clean, we all cleaned; when it was necessary to do the administration, we did it jointly' (J. Ivanuša, personal communication, 27 December 2017). After opening the AD, operational (booking, reception of guests) and the managerial function was contracted to the associate member AD. By the end of 2018, at least one person should be employed (J. Ivanuša, personal communication, 27 December 2017).

For the start-up phase of AD Konjice, the cooperative obtained a €20,000 grant from the European Regional Development Fund (Operational Program for the Implementation of Cohesion Policy in 2014–2020). The tender document of cooperative contained some elements of traditional business plans; however, there were no financial projections to justify the economic performance of the AD. In cooperatives, positive results of their operation are usually assessed by other dimensions, not only by financial measures; moreover, there is no short-term success (J. Ivanuša, personal communication, 27 December 2017).

AD Konjice is organised as a cooperative. The proprietors of TACS can engage in cooperative as a member or as a 'landlord.' In the first case, the proprietor can become the member of the cooperative and market their TAC through AD; for its service, the cooperative charges them the agreed fee. The second way

(but not the preferable one) is that the Cooperative rents and manages the proprietors' TAC (T. Slapnik, personal communication, 8 December 2017).

Slapnik (personal communication, 8 December 2017) is convinced that further development and performance of AD Konjice will be significantly influenced by two key factors: by AD management and by the willingness of property owners in the destination to include their premises in the AD. The manager of AD Konjice is supposed to be a person with experience in tourism, a visionary who will be convinced in the development of the AD. The manager will also have to coordinate the activities between all cooperative stakeholders and guests. The most desirable personal characteristics of the manager-coordinator of AD Konjice are a friendly/warm attitude toward stakeholders, hospitality, and empathy (J. Ivanuša, personal communication, 27 December 2017).

According to Slapnik (personal communication, 8 December 2017), the willingness of the local population to include their real estate in AD Konjice can become a severe issue; it is partially related to the traditional attitude of Slovene population to real estate. Being a property owner for Slovenians still represents a certain status. However, Slapnik assumes that the new socio-economic conditions (aging of the population, inability to maintain real estate, tax policy, etc.) will trigger a change in the attitude of the local population in the Rogla-Pohorje area to their unused real estate, i.e. 'dead capital.'

The Rogla-Pohorje destination offers a good potential for the success of AD Konjice. It is up to public and private actors in the territory to decide how they will exploit the available potential. In any case – success or failure – AD Konjice will become an example for other ADS in Slovenia (T. Slapnik, personal communication, 8 December 2017).

#### Organisational and Legal Framework for ADS in Slovenia

Cooperatives are regulated by a special law ('Zakon o zadrukah,' 2009). Cooperatives 'combine the positive features of corporate governance with what is good for the community' and that is their advantage over corporate organisational forms (T. Slapnik, personal com-

munication, 8 December 2017). In commercial companies, e.g. limited liability companies, shareholder corporations, etc. ('Zakon o gospodarskih družbah,' 2009) there is more focus on the owners than on guests. In cooperatives, however, the personal ownership puts the personal relationship with the guest in the first place.

The key regulation on hospitality in Slovenia, the Hospitality Act ('Zakon o gostinstvu,' 2007), does not define ADS as a special type of TAC. Similarly, there are no regulations about ADS in both by-laws: Rules on Minimum Technical Conditions and The Minimum Level of Hospitality services ('Pravilnik o minimalnih tehničnih pogojih in o minimalnem obsegu storitev za opravljanje gostinske dejavnosti,' 2017) and the Rules on the Categorisation of Accommodation Facilities ('Pravilnik o kategorizaciji nastanitvenih obratov,' 2008). Moreover, ADS are overlooked even in the new Strategy for the Sustainable Growth of Slovenian Tourism from 2017 to 2021 (Ministrstvo za gospodarski razvoj in tehnologijo, 2017). For the government representatives responsible for tourism, ADS were (in July 2017) an 'expression' for a new type of tourist service that links private TAC owners; there was no plan to propose the Government of RS to change the tourist regulations because of it (E. Štravs Podlogar, personal communication, 14 July 2017).

The absence of a legal determination of ADS has not been an obstacle to the applicants for obtaining EU grants for AD purposes. In the Rural Development Program for the period of 2014 to 2020, there are several measures that are suitable for ADS: a village renewal measure in rural areas, support for pilot projects and the development of new products, practices, processes and technologies, support for local development under the LEADER initiative (Local Community Leadership – LAS) etc. (Ministrstvo za kmetijstvo, gozdarstvo in prehrano, 2017). Within the programs that include an AD model applicants can compete for the funds.

Successful operation of ADS in Slovenia, particularly on a cooperative basis, is also supported by various nongovernmental organisations. In the middle of 2017, the Manual for ADS was published (Škofljíč Vrba, 2017). In November of the same year, the first

free motivation workshop on ADS was held (Podjetniški portal, 2017).

Slapnik (personal communication, 8 December 2017) believes that the legal framework for ADS as a TAC type in Slovenia at the present stage is not a necessary condition for the further development of ADS on the tourist market. However, if ADS will prove to be a successful hospitality model, Slovenia should follow the practice of Italy and Croatia and formally define them.

### Conclusion

The results of this research show the evolutionary path and organisational and legal framework of ADS in Italy and Slovenia.

In Italy, the concept of AD appeared in the 1980s. ADS been spread over the country since then and have been developing for over three decades. At present, AD is determined by the Italian regulations as a sub-type of hotel. Specific characteristics differentiate it from other tourist accommodations: horizontal structure, scattered facilities around the area (but with joint management), different hospitality approach, close ties with the territory, heritage and community and flexible tourism-related services. Additionally, ADS in Italy usually support the sustainable development of the territory. ADS have changed the view of Italian hospitality. The legislative context, a national organisation, a special school and trademark protection attempt to direct their development path. However, in practice, their diversity is a consequence of different regional regulations and characteristics of the territory, natural heritage and local community.

In Slovenia, the idea of establishing the ADS have started after 2010 through a public initiative (in the context of fostering social entrepreneurship and cooperatives). In 2016 and 2017, two mainstream development directions of ADS appeared: (a) integration of various entrepreneurial initiatives into the AD framework (e.g. the LAS project), and (b) creation of an AD as a cooperative (e.g. AD Padna, AD Konjice). The first example of an AD model aims to connect providers of various tourist services in Slovenia and to ensure a higher flow of tourists among them. The second example of an AD model aims to connect mem-

bers (TAC proprietors or providers of other tourist services) in cooperatives. Several initiatives in Slovenia promote the second model. The first AD in Slovenia, which opened in December 2017, was AD Konjice (Slovenske Konjice, Rogla-Pohorje destination). The characteristics of the territory (destination) and support of the local community offer a good potential for its successful long-term performance. However, as a 'newcomer' in the TAC sector, it is expected to be faced by some administrative barriers (of legal nature) and issues (future funding, management, engagement of proprietors of TACs, etc).

The key finding of this research is that the implementation of ADS in Slovenia is not supported by the current tourism policymakers; however, the case of ADS in Italy indicates that ADS have more potential for development with the support of the local and the state policymakers than without it. Thus, further research is necessary to investigate the performance of the first AD in Slovenia, to follow the pace of appearance of new ADS in Slovenia in the future and potential changes in attitudes of the government toward ADS.

There are certain limitations to this research. Firstly, there was a limited scope of available literature on ADS. Secondly, there was a limited number of people in Slovenia who were engaged in ADS development projects and could participate in the research. Thus, the number of interviewees was only four. Despite the fact, that they were the relevant participants who could provide qualitative answers about ADS in Slovenia, more participants in the research could have revealed new perspectives on the topic. We hope to overcome those limitations in further research.

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# Innovative Design of Corporate Clothing in Tourism

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Corporate clothing in tourism has characteristics that are distinct from other formal uniformed groups. This article deals with innovative approaches and the multi-functional design of corporate clothing in order to satisfy the needs of the end user. The research was limited to the corporate clothing used in the tourism sector, with a focus on accessories as part of corporate clothing, in this case on men's ties. One of the main questions was how to offer aesthetically pleasing and useful accessories for corporate clothing in the tourism sector, using a recognisable geographical symbol or a traditional story. The method of gathering and analysing information with the help of a survey, fashion design research, and design development was used. The purpose was to design men's ties that correspond to the requirements of users to offer youthful, relaxed, and innovative ties that reflect the identity of the company. The typical problems with wearing ties, which are uncomfortable and feel hot when worn, were considered. Development from the idea to the final product was a challenge, as well as the cooperation between the subscriber, the designer, the suggested manufacturer and the Faculty of Mechanical Engineering, University of Maribor; all needed to work together to satisfy the end user. A tie was developed in the shape of an innovative, buttoned band that could replace the traditional tie and give the user much more freedom when wearing it in different weather conditions. At the same time, the tie maintains the elegance expected of a traditional tie. The surface is using the unique technique of air lace, which includes storytelling in the design and personalisation in the making. The design took a sustainable approach, which results in the use of significantly less material. The combination of the above features represents an innovative approach to developing fashion accessories for corporate clothing design.

*Keywords:* corporate clothing, innovative accessories, multi-functionality, functional design, tie, tourism

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## **Introduction**

Tourism workers are an essential part of the tourism system. They serve guests with their professionalism and kindness. With their visual appearance and their communication skills, they influence the experience of their guests. In this context, it is imperative that workers who are selling their knowledge, services, products, and capacities feel self-confident and comfortable

in their uniforms. Successful communication also depends on their human capital (Kaluža & Bojnec, 2016) from the point of view of clothing as non-verbal communication (Bernard, 2002). Corporate clothing with its style and colour has a significant impact on society and user acceptance (Adomaitis & Johnson, 2005). Clothes should have a strong identity, transforming local features into visual information, in the form of lines

and details that will activate tourists' senses and tell stories about the organisation, town, region, or country.

Appropriate functional clothing is comfortable and of high quality, thus enabling those wearing it to be focused on their important tasks and their working result and visual impact can be better. Inappropriate material, the design of the model, or incorrect sizing can disturb their work and lead to workers who are not focused primarily on their tasks. The same applies to accessories as a part of corporate clothing. If they are not appropriate, they can disturb the normal work process. Some accessories in corporate clothing have a more functional impact on clothing, such as a belt, while others, such as ties or scarves, have a more aesthetic impact.

The critical elements in the design are innovation and multi-functionality. Innovation is an attribute that is expected of every new product. Innovation can be expressed with new shapes, materials, colour combinations, the manner of making, or by way of use. McKelvey and Munslow (2003) see innovation as 'something that comes from thinking in different ways, having different approaches, by searching for something new' Functionality in corporate clothing is one of the most important criteria. With multi-functional design, a product can be used in many different ways.

As an example, we will present corporate clothing for the staff of Spirit Slovenia at the Expo Milano 2015 Trade Fair (Šterman & Kreševič Vraz, 2017). The requirements of the client were clear: they would like their corporate clothing to reflect freshness and youth and had to provide free-moving, durable clothing with the possibility of home washing. In designing uniforms, we considered a design that has both an innovative multi-functional approach, and storytelling. We focus primarily on accessories that are often a part of the corporate clothing image. For women, scarves are very often used, and for men ties are commonplace. We would like to review the innovative solution for a man's tie, which was seen for the first time in the way it was presented here. It is a good solution for all the staff, working in similar conditions in Tourism, or other fields.

In this case, the starting point of research and de-

sign were the needs of the users and their working conditions. We recognised users as young staff and their working conditions as described. Working in crowded areas in hot weather conditions demanded research into an innovative accessory that suited the user better than the traditional tie. We used innovative and multi-functional ideas and applied technical solutions for (buttoning and) wearing.

When designing for an international event, we intend to project a story about that country. In our case, it was Slovenia, and we were glad to introduce people to it. Local characteristics were presented in the unique design and included unique shapes and surfaces, with storytelling about local identity. Lines tell stories about different symbolic meanings: Slovenian symbols, cities, population density, local specialities, forests, rivers, and other features.

In this case, the stories in air lace accessories show that an innovative approach can give creative, functional and user-friendly results.

There were no limitations in the presented example, where all measurements from the shirt buttoning and from the tie are fitted. If someone would like to use that tie with another shirt, the buttoning probably will not fit completely. That is a technical challenge for the next version.

For every profession, it is necessary to consider starting points and requirements. For tourism workers, it is necessary to wear clothes that correspond to working conditions, and the include storytelling and functional design. We would like to explain how we can prepare aesthetically balanced, functional, and useful corporate clothing design, with emphasis on accessories, which includes powerful local stories.

The research question is: How can we implement an innovative approach and multi-functional design in corporate clothing, to satisfy the needs of the end user working in the tourism sector and, at the same time, implement the story of a specific area into the design?

## Literature Review

### Corporate Clothing and Dress Codes

Workers in different areas of work have different rules of wearing that are sometimes subordinated to the dress code, especially those who wear formal wear

(Pisani, 2016). Other workers wear corporate clothing with personalised rules or the dress code of a company.

In defining why to wear uniforms, one answer is that (UniFirst, 2017):

a uniform promotes a consistent brand image, identifies employees, and can convey many things, from a position of authority to a level of service. Uniforms evoke assumptions and associations about the wearer. It is important to understand how uniforms affect consumers and their decision-making processes.

Companies and associations that would like to build a recognisable corporate identity through clothing often decide to adopt a policy of corporate clothing. Through clothing, they represent a membership of a group in society or a group of workers in a company (UTSA, 2017):

Consumers associate certain positive traits with uniformed employees. A uniform conveys a higher work ethic and instills in a consumer a greater sense of trust and confidence. When a consumer sees an employee in uniform, they feel that they receive a better product and higher quality of service.

The answers in a questionnaire (UTSA, 2017) show that 82% of the participants can more easily identify with workers that wear uniforms; 61% of them think that employees in uniforms increase their confidence in their ability to do their jobs; 57% think that if employees are in uniform, the product quality will be higher than if the employee is not in uniform; 55% trust employees in uniform more than they trust employees not in uniform; 54% feel more comfortable explaining their purchase requirements to employees in uniform than to those not in uniform.

Corporate clothing, as one of many clothing systems, has symbolic communication with society (Bernard, 2005; Damhorst, Miller-Spillman, & Michelman, 2005). It communicates through its style and colour, showing a person's role, status, affiliation with a group, and the position of that person in the group (Bernard 2005).

In the design of corporate clothing, many criteria must be considered using multi-criteria decision-making (Šterman, 2014). There are many essential factors needed for the optimal design solution. It is attained through the design of many models that are incorporated into the unified solution made from clothing, shoes, and accessories.

In designing, we very different conditions of work and weather conditions must be considered. End-user acceptance and feedback are the keys to deciding between different ways of design (Šterman, 2014). All information influences the process of choosing fabrics and style of design. Regarding different groups of uniforms, we can also conclude that, for example, uniforms for civil authorities, have entirely different requirements to uniforms for Tourism.

The statement that the product should be aesthetically acceptable and useful at the same time (Ljungberg & Edwards, 2003) is critical in corporate clothing, especially for tourism, for which meeting people and communication to achieve the main results of a business plan are of crucial importance. The need for uniqueness in the tourism context (Čivrić & Kolar, 2014), and the area of corporate clothing for tourism workers, where design became a part of the storytelling in the tourism context should also be discussed.

#### Ties as an Important Part of Corporate Clothing

Ties and scarves belong to the broad group of accessories. They are worn for functional or aesthetic reasons, and the market is full of different kinds of accessories (Jersey, 2016), which are an essential part of styling in everyday use and as a part of uniforms. Ties complete the clothing image, stress parts of the body, or styling, and complement the wearer's look. In addition, the tie attracts the eye to the face (Pisani, 2011). Today, the tie is part of a traditional formal business suit in the corporate and political realms, and for very formal business opportunities and ceremonies. The tie is also part of the corporate clothing image, crucially so in Tourism.

The oldest historical example of a tie is found in ancient Egypt (Pisani, 2011). A rectangular piece of fabric tied around the neck was an important part of the Egyptian male's clothing image, as it indicated the

social position of an individual. A similar example can be found in the Roman Empire, where accessories resembled today's ties. The development of the tie, as we know it today, began in Europe in the 17th century, when the French king Louis XIV founded the elite Equestrian Regiment La Royal Croate in Paris. Croats wore the white route, tied around the neck in a unique way. It was part of a military uniform and, at the same time, a recognisable sign. Then the 'Hrvatian' or 'Croatian,' as they called the tie, began to appear in the Court of Versailles, though with certain style modification. The original canvas was replaced by silk, decorated with rich Venetian lace. Over the centuries, ties took on different symbolic meanings. The tie was quickly established as a symbol of culture and elegance in the bourgeois fashion of the time. At the end of the 19th century, a narrower version of the necktie was created and retained as an essential part of the men's wardrobe. Through various models and styles of tying, to this day, the tie has demonstrated both the individual's individuality and social position and has no other useful function (Pisani, 2011).

#### When a Problem Became a Challenge for the Innovative Approach

Sometimes men do not feel comfortable wearing a tie at work. There are many reasons why. Some of them asserted that wearing a tie in hot weather makes them feel uncomfortable. If we consider the weather conditions of 35° C, we can understand. If they loosen the tie, the look is even worse than if there was no tie. A waiter, if he does not wear a jacket or vest that fixes the position of the tie, can have an unpleasant situation with serving food while wearing a tie. This was the reason for this research: to find a way of more appropriate design for ties.

Corporate clothing must, first of all, be designed functionally. The designing process is, thus, more oriented to specific user requirements (Gupta, 2011), subordinated to comfort. Functionality refers to the wearing and caring of the item. Many authors have written about user-centred thinking and the designing process. The first writer that categorised people's needs in relation to design, and life itself, was Abraham Maslow (Parsons, 2009). Results of the research were concen-

trated on psychological, safety, love, esteem, cognitive, aesthetic and self-actualisation needs. Nowadays, the trend in products, services, and experiences is to develop them in a way to be enjoyed by a broad audience, regardless of age or ability, and oriented towards user-centred and inclusive design.

One of the sustainable approaches to design is multi-functional design, according to which one model can be used in many different ways. Consumption and environmental impact will be reduced if we can use clothing in many ways. Multi-functionality is, thus, one of the principles of slow fashion (Niinimäki, 2010).

A model can be created from many parts. A variety of components can be used, separately or in different combinations, and the user can save space and have more pieces in one (Mollerup, 2001). This is modularity. In fashion design, this can be seen in the so-called 'onion' way of wearing, in which modular clothes detach and make many possibilities, according to the weather conditions.

This problem leads to the functional design idea about a detachable tie, that looks similar to the traditional tie, but, with its approach to different ways of use, solves the problem of fixed wearing without limiting movement. Thus, the context of wearing was solved. Regarding the surface of the tie, storytelling is still needed.

#### Empathic Approach to Storytelling Design

There have been many proceedings published relating to the number of ways in which people can become more emotionally attached to products (Parsons, 2009). Their relation to a product is different if they know something more about the product and can have an emotional connection with it. In this case, the product has no personal story, and people have no emotional attachment to it. If people are co-creators of the product, or the product relates to a person or event connected to the story of the product, the emotional connections to the product are stronger.

The emotional durability of a product impacts its duration of use and life cycle. Owners have a greater sense of care of products with an emotional connection (Parsons, 2009; Niinimäki, 2011). This kind of product is kept longer, in comparison to a product

that is not personal or connected emotionally to the user. The longer life cycle of a product leads to less consumption, less energy used and, finally, less waste. This kind of design thus has a more sustainable impact. Authors (Niinimäki & Koksinen, 2011) discuss this relationship, in which the 'empathic approach can be of primary importance in promoting sustainable product relationships by deepening current methods of understanding consumers' needs, values and emotions.'

If all aspects are considered when designing, products are created that take into account the wishes of the customer. We accept the visual and functional properties of the product. We understand the message through different shapes and lines, details and proportions. 'Products communicate with us through visual language' (Parsons, 2009). All these artistic principles communicate the product and its characteristics with a visual story that we translate into our feelings. The empathic approach includes storytelling as one of many principles of design. It is 'a method of creating imagery, emotions, and understanding of events through an interaction between a storyteller and an audience' (Lidwell, Holden, & Butler, 2010). Storytelling can be oriented in two ways from the designer's perspective (Johansson, 2017): as input and output in communication. Storytelling represents powerful images and gives values more dynamic context (Fog, Budtz, Munch, & Blanchette 2010) in different areas of work. Like in design, empathy is also used in photography to expose the main story (Laigneau, 2017). Laigneau writes about many different approaches to expose the main story in photography, but some of them can be very useful to compare with exposing the story in designing accessories. She exposes unique expressions of life, idiosyncrasies in the crowd, urban geometry and architectural lines, complementarity of colours and shapes, patterns and repetitive elements, which comprise a convincing story.

Storytelling is also an effective device for fashion design. Sung and Kwon (2009) state that 'a story used interactively is a powerful tool for attention, understanding, and change in both individuals and communities.' The story of clothing can be told through its colour, shape, detail, and textile patterns. Patterns

often include local motifs, which is a critical part of tourism promotion. Some corporate clothing that includes certain motifs, colours or design, is typical of one area or country. Motifs are used especially for t-shirts and accessories. The importance of local motifs is shown in the research that explores 'the communication of Australasian cultural motifs to overseas tourists through the production and sale of designer apparel' (Asplet & Cooper, 2000). This example shows the importance of authenticity that derives from cultural heritage, as well as that of locally made textile articles.

In tourism, storytelling is included in four different fields: marketing, product development, interpretation, and tourists' recounting of their experiences (Turnšek Hančič & Trdina, 2017).

## Methods

Based on the research question, 'How can we implement an innovative approach and multi-functional design in corporate clothing to satisfy the needs of the end user?' we made the next steps through research. For the first question, 'What does innovative and multifunctional design mean?' we used methods of gathering and analysing information. We discovered that the question correlated to theory background, and, furthermore, was connected to corporate clothing and accessories.

For the question 'Why are these kinds of accessories used in tourism and how can we improve the user experience?' it was important to research and design with empathy, using a questionnaire. What does the user feel in certain weather conditions when wearing a uniform? How can he be elegant and relaxed when wearing a tie? The method of obtaining answers was fashion design research and developing design and prototypes. We obtained the users' opinion by conducting a survey.

The next research question we focused on was, 'How can attractive and useful corporate clothing with local stories be offered?' The method of solving that challenge was research in the area of the storytelling theory, and research of local characteristics. We discovered how to implement ideas and make them into products with innovative technical solutions.

Challenging starting points and expected results required the inclusion of the mentioned methods. The procedure makes the concept and design of accessories in the frame of corporate clothing as a unified combination. The technical aspects require planning, and development of a prototype and its realisation in accordance with other parts of corporate clothing that correspond to the requirements of the subscriber (Spirit Slovenija, 2015). The process of realisation requires individual and team work, which has to be well planned and coordinated.

### Research

#### Exposed National Identity in Storytelling Design

From research to design, we explored national and local stories and planned how to portray our own story on the surface of the tie. All models of corporate clothing are inspired by information received in the brief, and further research into the meaning and personal feelings gained from exploring the promotional titles of the Expo Milano trade fair ('Feeding the planet, energy for life') and Slovenian pavilion ('I feel Slovenia. Green. Active. Healthy!'), as well as the logo 'I feel Slovenia.'

The main words and associations from research represent a storytelling of design (Šterman & Kreševič Vraz, 2017). The result of the research was to incline toward asymmetrical models, colour accent lines, cuts and cross-sections in the design of the clothes. This part was inspired by expressions: fields, food, greenness, activity, health. The colour green symbolised vegetation and the structures of nature as an accent, which can be used for accessories.

Accessories can be unique and personalised, so we included different stories of diversity in Slovenia. To portray them in the best way, we planned to make personalised designs. The paraphrases of structural and textural characteristics of the form of Slovenia were shown in accordance with the promotional titles of the fair and the Slovenian pavilion. Slovenian regions and individual features are portrayed in terms of terrain morphology, biotic diversity with forests, rural and urban areas connected logistically by the highway and railway networks, as well as river basins. It is national, as well as state symbolism. This leads to the creation

of pieces that complete stories on the topic of Slovenia and express Slovenian identity; at the same time, they spread ethnographic heritage to the realm of modern interpretations and applications, which is an extremely important contribution to the mosaic of Slovenian culture and its image.

We also researched the use of informal materials and special techniques that are not often used in accessories, especially accessories corporate clothing. We chose threads used in the technique of air lace. Green fashion accessories, in the form of laces, are produced on the basis of sewing the water-soluble embroidery base with thread. When using a sewing machine, the embroidery basis has only a temporary function and is later removed. Thus, a minimalist record is created, which illustrates diverse impressions of students' views of Slovenia. Structures emerging from thread surfaces enable a 3D representation of the landscape and its characteristics in the area (Šterman & Kreševič Vraz, 2017).

The idea of air lace accessories includes personalisation, uniqueness, and different stories about Slovenia. It was an engaging challenge for the students and employees of the Laboratory for Clothing Engineering, Physiology and Garment Construction, the Faculty of Mechanical Engineering, at the University of Maribor, who made the accessories, to represent their personal views about Slovenia.

#### Innovative Approach to the Storytelling

##### Design of Ties

Men's ties were made to coordinate with women's scarves as a part of a corporate clothing identity, but the ties were in another shape. Instead of the traditional tie, the story of an innovative approach and, considering of specifics and limitation of men's ties, results in an innovative model of a tie.

The tie for men is simple, effective and innovative. It is in the shape of a band, made with the technique of air lace. The first example in Figure 1 shows the air lace band, where local specialities are shown. The structure of seams clearly shows the symbolic meaning of the band. Slovenia is rich in wines; therefore the motif of the grape is clear and simple to portray this fact. The same band also has a symbol of wheat that communi-





Figure 1 Examples of the Air Lace Bands with Stories (Left) and Buttoned on the First Prototype (Right) (Photo by Sonja Šterman)

cates that the north-eastern part of Slovenia is known as ‘the breadbasket of Slovenia.’

The second example shows many lines that represent connections between people living in Slovenia. On the shirt, the tie shows a connection between cities in the region that was made under the map of traffic in Slovenia. The left example in Figure 2 is made with the map of the river basin of Slovenia. The right example from Figure 2 shows lines and borders of fields. All examples show that the local stories are an essential part of storytelling design and can be shown in very unusual and innovative ways.

The bands on the left part of Figure 1 present the upper level of the tie, that is, from the bottom side, finished with the fabric. That fabric has buttonholes at the same distance apart as on the shirt, so it could be simply buttoned onto the shirt (Figure 1).

The new model of a tie in this context could replace the traditional tie. The only condition to its use is that formality is not conditioned strictly to dress code. In Figure 2, we can see how innovative design can solve the problem of fixing the shirt and, at the same time, offer free movement by working in it.

Innovative variation of the men’s tie (Figure 2) shows its composition from the top material – air lace – and material from the bottom of the shirt, which is, in our case, the same as the shirt. Photos were taken at the Expo Milano 2015 Fair, where this kind of tie was used for the first time.

## Discussion

Corporate clothing in tourism often includes many accessories. Some have decorative functions, and some are part of the dress code or related to specific areas. We focused on men’s ties, which are an excellent area of creativity, which can tell stories, be personalised and unique, and have an impact on the user, as well as other people connected in business. In this case, accessories overtake the role of nonverbal communication. As corporate clothing at the state level, they have to communicate the story of Slovenia: about regions, rivers, forests, symbols, cities, population density, and local specialities. They are made in innovative ways.

The starting point of the research was user requirements for appropriate corporate clothing that should look free and fresh, but also formal and innovative. When making a design, it is imperative to consider the working conditions of the staff. In our case, the staff had to work in hot weather conditions inside and outside of a pavilion. Accordingly, the design had to be functional and comfortable; therefore, a traditional tie was not an appropriate solution. Furthermore, the subscriber desired an innovative design representing a country. To tell a story about Slovenia was a challenging task. The research question asked how a strong identity using local features can be created. A unique storytelling design about local identity was included as the answer to the question of how to represent a story about Slovenia.

Besides the lines and materials of the corporate clothing, we decided to include innovative storytelling accessories. For men, we chose special ties. We used the air lace technique for accessories where the innovative approach gave a creative, functional and user-friendly accessory. Lines at the surface tell stories about different symbolic meanings: Slovenian symbols, cities, population density, local specialities, forests, rivers, and other features.

After considering all the data, we designed simple, effective, and innovative ties. As an answer to the requirements, we developed a variation of the tie that could be fixed onto the shirt at the bottom with buttons, and at the front, which was made as air lace. This band replaced the classical tie for men. With an innovative design, we have solved many problems: We of-



Figure 2 Staff of the Section Expo Milano in Corporate Clothing (Photo: Daniel Novakovič, STA)

fer freedom of movement when wearing a tie. The tie is fixed with buttons, and the shirt could be buttoned up to give a formal look. If the weather is too hot, the person is able to unbutton the shirt and leave it open for a more casual look. With the new design, we minimised the quantity of material in accordance with sustainable trends. From the historical point of view, we kept elegance and the impression of corporate clothing that still looks professional but, at the same time, personalised. This kind of tie is suitable for tourism workers and can solve technical problems of wearing ties in some other professions, where a dress code is not necessary.

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itive flow of knowledge, ideas, and experience. Every project is finished successfully when the end users are satisfied. In our case, the users gave positive feedback about the uniforms and the way they felt when wearing them.

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# The Relationship between Income and Tourism Demand: Old Findings and New Research

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The purpose of this paper is to review the main findings regarding the income/tourism demand relationship and discuss the development of this relationship over time as well as its impact on tourism growth. The paper draws significant findings regarding the income elasticity of tourism demand, highlighting the most recent research on this topic and examines future aspects of the income/tourism demand relationship. A literature review along with UNWTO and IMF reports was studied and assessed to discuss the income elasticity research in recent decades as well as more recent developments in this area. Income elasticity of tourism demand is today lower than in the past due, firstly, to the long-term growth of tourism demand leading to demand saturation and stagnation of some tourism products, and, secondly, fluctuations across the business cycle. The paper summarizes the main findings and contributions of studies on the income elasticity of tourism demand thus far and reflects tourism demand sensitiveness to income as a tourism growth driver.

*Keywords:* income elasticity, tourism demand, luxury product, necessity

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## Introduction

The relationship between income and demand is one of the main concerns in economics. Meta-analyses reveal an extensive body of research on this relationship in tourism demand (Crouch, 1995; Peng, Song, & Crouch, 2014; Peng, Song, Crouch, & Witt, 2015), air travel demand (Gallet & Doucouliagos, 2014), and other areas, such as residential water demand (Dalhuisen, Florax, de Groot, & Nijkamp, 2003). Regarding tourism, income in origin markets is recognized as a dominant explanatory variable of international tourism demand by many authors (Crouch, 1994; Lim, 1997; Peng et al., 2015).

The study of the relationship between income and recreation demand relationship started in the 19th century, explained with Engel's law. Since then, a number of studies have been undertaken on the relationship between income and tourism demand. Knowing tourism demand, its characteristics and relationship

with income is of great importance to researchers and practitioners especially because of the perishability of tourism products. Indeed, Dwyer, Forsyth and Dwyer (2010) highlight that the understanding of tourism demand and its forecasting is essential for tourism marketers, managers, planners and public agencies.

The relationship between income and tourism demand is usually estimated with the income elasticity of tourism demand-based macroeconomic data using time data series as well as panel data. Furthermore, studies on consumer surveys were undertaken lately to assess the relationship between income and tourism spending (Bronner & Hoog, 2016). Reviews of studies on the income elasticity of tourism demand (Crouch, 1995; Song & Li, 2008; Peng et al., 2015) show that explanatory and dependent variables, time periods of data, methodologies and origin/destination pairs influence the income elasticity of tourism demand.

Song, Li, Witt, and Fei (2010) found that the most

used proxies for tourism demand are the number of tourist's arrivals and tourist expenditures, but also the number of tourist's overnight stays and the length of stay have been used. While the number of visitors is difficult to measure undertaking frontier counts for international visitors, the number of tourists' arrivals and overnight stays are easily available based on statistical reports of accommodation facilities. Tourist expenditures are reported as international receipts and international expenditures in country's balance of payment and are usually measured using visitor surveys and, as such, being the subject of data collection problems and leakages (Frechtling, 1987, in Song et al., 2010). With regards to income, it is usually measured in nominal or real GDP or GDP per capita. Song and Witt (2000) highlight that personal disposable income or private consumption is a better proxy for income when leisure tourism is investigated. Other measures of income that were used in the past studies exist, such as industrial production indices (Gonzales & Moral, 1995, in Peng et al., 2015), foreign travel budgets (Smeral & Witt, 1996, in Peng et al., 2015). Moreover, tourism demand can also be influenced by past income in the origin market 'since changes in income may take some time to affect tourism demand' (Lim, 1997, p. 842).

The purpose of this paper is to review the main findings about income/tourism demand relationship and discuss the change of this relationship over time as well as its impact on tourism growth. The paper discusses significant findings about the income elasticity of tourism demand, highlighting the most recent research on this topic and examines future aspects of income elasticity.

### **Income Elasticity of Tourism Demand**

Since the 1960s, there has been an increasing concern in research on the income elasticity of tourism demand (Crouch, 1995; Smeral, 2004; Peng et al., 2014). In fact, the relationship between tourism demand and income has been widely researched in the form of income elasticity, which measures the sensitivity of tourism demand to changes in income. Specifically, it is the ratio of the percentage change in tourism demand to the percentage change in income.

Regarding the elasticity of tourism demand, income elasticity is the most frequent variable assessed, following own-price elasticity, cross-price elasticity (referring to substitute tourism products or products in joint demand), and the elasticity of habit persistence and expectations.<sup>1</sup> Tourism demand elasticity can be estimated for any influencing factor, which is adequately measured and reported.<sup>2</sup>

In line with the direction and magnitude of income elasticity of tourism demand, tourism products are classified as luxuries (having coefficient positive and higher than 1 and being income elastic) or necessities (having coefficient positive and between 0 and 1 and being income inelastic). The higher the coefficient is, the more luxurious the tourism product is and, vice versa, the closer to 0 the coefficient is, the more necessity is perceived in the tourism product. Products with negative elasticity coefficient are perceived as 'inferior'. In the same way, tourism destinations can be classified.

A meta-analysis of tourism demand performed by Crouch (1995) found that about 70% of estimated income elasticities of international tourism demand were income elastic with coefficients higher than 1, and 5% of the estimated income elasticities were negative, referring to an 'inferior' destination or possible estimation error. Since income is an essential influencing factor of tourism demand, income-elastic international tourism demand has been an important driver of tourism growth. Higher values of income elasticity were found when tourism demand is measured in terms of tourist arrivals than when it is measured in terms of expenditure (Peng et al., 2015). Moreover, income elasticity of tourism demand depends on how

<sup>1</sup> It is measured by lagged tourism demand variable.

<sup>2</sup> In a study of Italian domestic tourism, Massida and Etzo (2012) calculated elasticities regarding population density, aerial distance between town of origin and destination, income (measured in GDP), price (measured in ratio of CPI at destination to CPI at region of origin), the ratio of residents travelers in the region of origin who travel abroad, regional endowment of touristic places, regional expenditures in cultural activities, ratio of national museums with entrance fee, highways kilometres, the presence of minor crime over total one, CO<sub>2</sub> emissions.

income is measured, revealing that income elasticity is higher when permanent income is included than when current income is obtained in the study; it is also sensitive to the sample population, specifically whether only those that travel or the whole population is included in the research (Alegre & Pou, 2016).

The study by Smeral (2004) investigated the income elasticity of outbound tourism demand between 1975 and 1999, finding that international outbound tourism was a luxury good, being income elastic in 24 out of 25 countries. Later studies also show that inbound international tourism is a luxury good, for instance, the study on tourism demand in Spain (Garin-Munoz, 2007) and Turkey (Dogru, Sirakaya-Turk, & Crouch, 2017). In general, international tourism is widely recognized in the literature as being income elastic.

Nevertheless, international tourism can have characteristics of necessities when destinations are close to origin markets. Nemeč Rudež (2016) found that Slovenia as a close destination is recognized as a necessity for tourists from Austria and Italy, probably due to time and financial convenience. This is consistent with the findings of Peng et al. (2015) that long-haul travel is considered more luxurious, having higher coefficients of income elasticity than short-haul travel does.

Studies on the income elasticity of tourism demand usually focus on the general tourism demand. From the viewpoint of tourism suppliers, it is more appropriate to look at the income elasticity of specific tourism products. Divisekera (2010) focused on specific products consumed by tourists while visiting Australia from different foreign origin markets and found that the coefficient of income elasticity of inbound tourism demand varies across tourism products. Specifically, accommodation is recognized as a luxury and shopping as a necessity, whereas other tourism products are income inelastic or income elastic depending on that origin market. Investigations of the income elasticity of specific tourism products aid in better understanding the insights of tourism demand.

### **Changes in Income/Tourism Demand Relationship**

The relationship between household demand and household income was first described in 1857 by Ernst En-

gel, who stated that as household income increases, the percentage of income spent on recreation and similar products increases more than proportionally. This happens when basic needs (like food) are satisfied. In terms of income elasticity, it means that recreation is income elastic and characterized as a luxury good. However, a higher standard of living throughout the 20th century led to a decrease in the income elasticity of tourism demand. Costa (1997) estimated the income elasticities of several recreational goods and found that they had fallen during the period of more than 100 years between 1888 and 1991 from 4 to slightly above 1. A downward trend of income elasticity of tourism demand is present because the long-term increase in real income increases the level of satisfaction with tourism products and, consequently, makes tourism demand less income sensitive. In other words, income elasticity gives an insight into the future growth of tourism demand. The lower the income elasticity of tourism products is, the nearer the tourism market to is the saturation level.

International tourism remains widely recognized as a luxury good in many studies. In line with this, tourism demand has been facing high growth rates worldwide. However, if we look closely at the tourism growth rate, it has been decreasing in the past decades following a weaker sensitivity of tourism demand to changes in income. As reported by UNWTO statistics (UNWTO, 2005, 2011), there was a 10.6% average annual growth rate in international tourist arrivals worldwide between 1950 and 1960, followed by a 9.1% average annual growth rate between 1960 and 1970 and a 5.3% average annual growth rate between 1970 and 1980, a 4.7% average annual growth rate between 1980 and 1990, and it fell to only 4.4% between 1990 and 2000; it was followed by a 3.4% average annual growth rate between 2000 and 2010. Additionally, looking at only advanced economies, the annual growth rate was even lower (UNWTO, 2011).

Recent studies show that the income elasticity of tourism demand further fell during the economic crisis of the past decade. Gunter and Smeral (2016) compared the income elasticity of tourism demand in different world regions, finding that during the period between 2004 and 2013 it was lower than pre-

viously because of the great recession between 2007 and 2009, financial crises, increasing unemployment, and insecurity; in fact, during the decade between 2004 and 2013, tourism goods became income inelastic with the coefficient varying from 0.20 in Southern Europe to 0.99 in Asia, reflecting the fact that tourism has become a necessity. Additionally, Gunter and Smeral (2017) investigated income elasticity across the business cycle, dividing it into fast growth-periods (expansion, peak and slowdown) and slow growth-periods (recession, through and recovery), revealing that between 2004 and 2014 tourism products were income elastic during slow growth periods (luxurious) and income inelastic (necessities) during fast growth-periods. The reasons for the changing income elasticity of the tourism demand across the business cycle are loss aversion, liquidity constraints, and precautionary savings (Smeral, 2016). During a crisis, consumers pay more attention to spending and, thus, increase precautionary savings because of higher uncertainty about the future.

Consumers undertake different economizing strategies during the recession, which enable them to participate in actual tourism demand, such as reduced length of stay, cheaper accommodation, closer to home, fewer holidays, changed period of travel and cheaper transport (Campos Soria, Inchausti-Sintes, & Eugenio-Martin, 2015). Travelling closer home reflects the substitution of the international travel with domestic travel. However, tourists' economizing decisions on tourism expenditure differ across climate conditions of the origin country (Eugenio-Martin & Campos-Soria, 2014), education, occupation and age (Campos-Soria et al., 2015). Because of spending pattern changes during different phases of the business cycle, promotional strategies cannot remain unaffected by this phenomenon. Lee, Taylor, and Chung (2011) highlighted that the economic crisis has led to the use of more rational and functional features in promotional strategies. The goal of promotional strategies should be, of course, to turn the income/tourism demand relationship to the favour of tourism suppliers and destinations.

The most recent economic crisis also revealed how the income/tourism demand relationship differs between different tourism products. Based on a ques-

tionnaire on holiday patterns, Brooner and Hoog (2017) found that the main summer holidays have an asymmetric tourism demand, belonging to the category of necessities during crisis because of crisis-resistance and to the category of luxuries exhibiting considerable growth during the expansion phase of the business cycle; in contrast, short in-between vacations and day trips are 'classic luxuries,' with symmetric tourism demand across the business cycle with substantial demand decrease during recession and considerable growth during the recovery. Regarding economizing priorities during crisis, the main summer holiday exhibits a low economizing priority, which suggests that consumers economize on other products.

In summary, the income elasticity of tourism demand is continuously changing due to, firstly, long-term increases in the standard of living and, consequently, increasing levels of satisfaction with the tourism products consumed, and, secondly, fluctuation across the business cycle.

### **Future Tourism Growth and Income/Tourism Demand Relationship**

Gunter and Smeral's recent study (2017) on the income elasticity of tourism demand poses a question of whether the income elasticity of tourism demand could become elastic after the economic crisis in the near future, highlighting that this largely depends on economic and political frameworks. Moreover, both income elasticity growth and tourism demand growth will probably differ based on the tourism product type. Higher income elasticity will be probably related to the experience-oriented tourism products with high-growth perspectives, while lower income elasticity will be present for products with low-growth perspectives or stagnation, such as mass-tourism products, according to Gunter and Smeral (2016).

Indeed, tourism demand and its growth depend on income and its elasticity as discussed by Gunter and Smeral (2016). Income growth measured by the real GDP annual growth rate in advanced economies is today lower than in the past (Figure 1). According to the IMF's economic forecasts (see <https://www.imf.org>), the real GDP annual growth rate will be around 2% in advanced economies in the coming years. Along with the low-income elasticity of tourism demand,



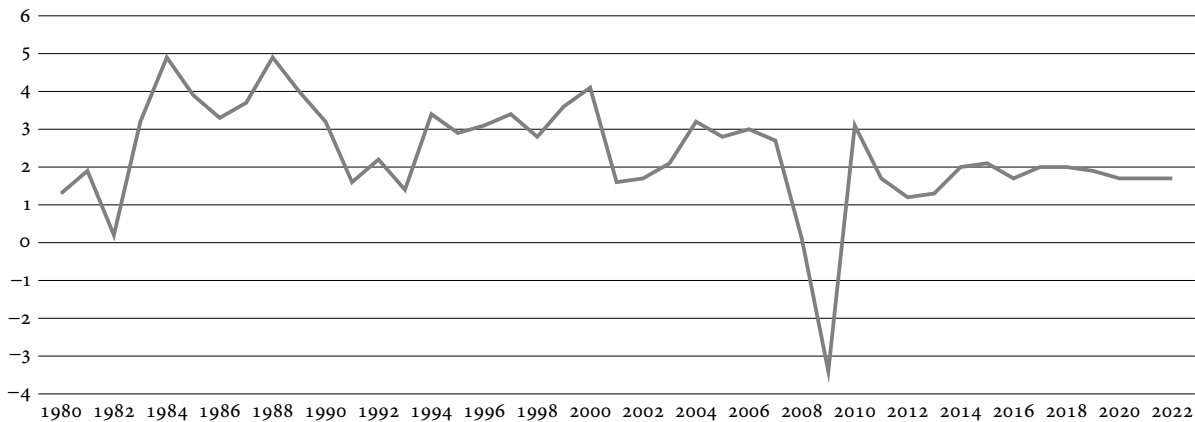


Figure 1 Real GDP Annual Growth (%) of Advanced Economies in the Period between 1980 and 2016 and Forecasts for the Period 2017–2022 (based on data from International Monetary Fund, [www.imf.org](http://www.imf.org))

it reveals that tourism growth, especially in terms of tourism spending, will probably remain low. As mentioned above, experience-oriented tourism products will probably have high tourism growth.

Tourism today faces the high growth of tourists' arrivals; however, from the economic standpoint, knowing the growth of expenditures is essential. Peng et al. (2015) found that income elasticity has lower values when measured in terms of expenditures than when measured in terms of tourist arrivals. Tourism growth during 2004 and 2013 was merely due to physical tourism demand (tourist arrivals and overnight stays) and not expenditures (Gunter and Smeral, 2016). It can be concluded that tourism expenditures will not be as high as they were in the past nor will they be in terms of physical measures of tourism demand. Following forecasts of tourists' arrivals for the 2020–2030 period (UNWTO, 2017), average annual growth rate of tourists' arrivals in advanced economies will be 1.8 %, which is lower than in the past (2.6 % forecasted for the period between 2010 and 2020 and 2.7 % in the period between 1995 and 2010). Thus, tourism growth rate is diminishing in terms of tourists' arrivals, and probably it will be even lower in terms of expenditures.

### Conclusion

The income elasticity of tourism demand has attracted much interest in the tourism literature. Understanding how consumers respond to income changes provides a useful tool for tourism planning and gives crit-

ical insights into tourism demand to decision makers for strategy and policy implementation. The paper discusses the relationship between income and consumption in the field of tourism.

In general, tourism demand is currently growing more slowly than income and GDP than in the past. Consumers are less sensitive to income than in the past because of the rising purchasing power, but income elasticity of tourism demand varies cyclically across the business cycle. Moreover, the tourism industry in different countries is confronted with consumers with different income elasticities that require marketing strategies adapted to each specific origin market. Tourism products and destinations facing with low-income elasticity can foster demand growth by targeting new segments with a high-income elasticity of tourism demand or/and design experience-based innovative products with high growth potential, such as products oriented towards customer's new experiences, local knowledge and heritage issues.

As the final word, savings and savings regimes also have a significant impact on tourism consumption as noted by Wang (2014). Further research on the relationship between savings and income elasticity of tourism demand, especially among different income groups, would be welcome.

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# Student Involvement as a Tool for Nurturing Business Model Development in Tourism Businesses in the Stockholm Archipelago

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Tourism consumption in Sweden is booming, but it seems to be at a standstill in the Stockholm archipelago, and most businesses of all kinds in it are small. Therefore, an EU-Interreg-financed educational community engagement project aiming at business model development in the archipelagos of Turku, Åland (both in Finland), and Stockholm was launched, as Finland has a similar situation. In this paper, the foundations of the project, the literature on the issues of being rural and in the archipelago, and business models are reviewed and put in perspective through preliminary empirical results of the project, in while municipality and some business representatives have been interviewed. The rationale is that there is a weak scientific understanding of business models in use in the archipelagos. Methodologically, action research is being used in addition to document studies, with unstructured interviews and observations as the primary empirical methods. The primary results for which the empirical findings put light on the intersection of the above mentioned literature bodies are the impact of infrastructural and access problems due to isolation, as well as indications of a community split between second homes and permanent residents. The lifestyle-entrepreneurship jeopardises the economic well-being but enriches the social well-being of the population. The primary conclusions are that seasonality and second homers provide entrepreneurs with large output markets in season, but small ones in the off-season. The business equation cannot omit place since it is part of the social well-being of the lifestyle-entrepreneurs, which calls for further research into configurational approaches to strategy in an archipelago context.

*Keywords:* archipelago business, second homes, lifestyle entrepreneurship, business model development, educational community engagement

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## Introduction

The previous decade of tourism development in Sweden was astonishing in economic terms, especially because it essentially bypassed the 2008 financial crisis. At the same time, it seems that that the situation in the Stockholm archipelago has been at a standstill, as will

be discussed in the next section. This is despite it being a potent tourist resource, which is being used to market Stockholm. The situation seems to be similar in the archipelagos of Turku and Åland in Finland.

To understand and alleviate this situation, a three-year EU Interreg-project was initiated on October 1st,

2016, in which two Finnish universities and one Swedish university, together with a foundation that provides innovation related services to students and researchers connected to universities, catering to both countries, set out to survey and give aid to the development of the business models of the companies in the archipelagos of Stockholm, Turku, and Åland. A first issue to settle is analyse the current situation of businesses active in the archipelago. After that comes the assessment of their business models, in which businesses are to be linked to students, in which the former obtain access to up-to-date tools for business model assessment in collaboration with the project partners. The project is not in itself a research project, but a project in interregional development. Hence, the research part becomes split: one part is concerned with how to improve conditions for the permanent residents in the archipelagos; the other focuses on how educational community engagement can benefit both the students and the community.

This paper discusses the foundations of that project, which are three: the rurality issue, the business models and strategy issue, and the pedagogic issues of educational community engagement. Geographically, the paper deals foremost with the situation of the Stockholm archipelago. Some preliminary project results from pilot activities are available, but the findings are not due until the project is finished.

Archipelagos have been studied in numerous ways. Many texts deal with sustainability issues, foremost in the ecological sphere, for example, the study by Mäkinen, Salmi, Salmi, and Kettunen (2008) on fish farms in the archipelago Sea in Finland, or from a planning perspective, such as the study of Bodén and Anckre (2005). The literature does not seem to address the issue of economically lagging archipelagos directly but does occasionally make peripheral notes on issues of business models in relation to other issues. As an example, in the literature on island studies, Baldacchino and Ferreira (2013) discuss how central planning use a business model for transportation that negatively affects the peripheral islands in the Azores, while the marketing of those areas is kept under the control of the central planning unit. Another body of literature covers ICT-related business modelling, an example of

which is Guzmán, del Carpio, Colomo-Palacios, and de Diego (2013) who view archipelagos as living laboratories for e-commerce, or Packalen's (2008) investigation of ICT-related networking on the Finnish archipelago. However, as of yet, the author of the current paper has not found any studies aiming at the actual business models in use in the archipelagos, and their development potential. It is therefore somewhat unclear whether archipelagos differ from other rural areas regarding their actual business behaviour and potential.

This paper aims to understand the intersection of the two literature bodies in order to create a basis for the further exploration of the relation between the communities and business models. The community engagement part seeks to improve education through obtaining real life-problems for students to solve, as well as providing new ideas for the entrepreneurs while simultaneously connecting potential employers with potential employees. Its role in the paper is to describe the way forward.

The paper will be organised accordingly: First, the situation in the Stockholm archipelago and its relation to tourism development at the national level is discussed, since these are the motivators of the project. Thereafter, the issues of rurality and business models will be presented in a literature review; then, methods will be discussed followed by the empirical results thus far. After that, the educational community engagement will illustrate how the issues are to be approached and finally a discussion will summarise the findings.

### **The Situation on the Stockholm archipelago**

The Stockholm archipelago is a 1,700 km<sup>2</sup> area of which 530 km<sup>2</sup> are land, lying to the east of Stockholm (Nationalencyklopedien, n.d.) In the south, Landsort is often considered to be the border, and in the north, most commonly Arholma 150 km north of Landsort, but sometimes, Öregrund 66 km further north is used as its limit. It has around 30,000 islands and around 10,000 permanent residents (Kustkulturen, n.d.) of which 6,646 were living on Stockholm county islands without bridges to the mainland (Länstyrelsen Stockholm, 2015). When the smaller demarcation is used,

the entire archipelago is within Stockholm county, spread over several of its municipalities. When the larger demarcation is used, parts of Östhammar municipality in Uppsala County are added.

In 2015, tourism consumption in Sweden was SEK 282 billion (€30 billion), which is an increase of 7% from SEK 263 billion (€28 billion) in 2014 and 47% from SEK 192 billion in 2005 (Tillväxtverket, 2016, p. 16). For all three of these years, tourism consumption amounted to approximately 2.7% of Swedish GNP. Proper statistics regarding the economic development in the Stockholm archipelago are not at hand, partly because the archipelago consists of parts of eight municipalities. Hence, there is no entity for which statistical information is gathered on a regular basis, and what information is gathered for these municipalities, the archipelago share is not separated. Even so, some special reports are made from time to time. Guest nights in the guest harbours may be taken to be a proxy for development of tourism, although it does not represent all types of tourism in the archipelago. It may, however, work as an indication of the development, even if it is not very robust. In 2015, there were 172,531 overnight guests in private yachts. Here there has been a decrease of 28%, even though the archipelago is seen as a potent resource for tourism. Even if the mean of the last ten years is taken in order to control for fluctuations due to bad weather, 2014 (the third-best year of the last decade) is up 7% from the average. During the same period, the other types of commercial lodging in the country as a whole have had a steady increase in overnight guests, totalling 41% in the past decade. The impression is supported by visitation statistics for 2007–2014 for Skärgårdsstiftelsen, a Stockholm county-owned trust that manages approximately 12% of the land in the archipelago (Skärgårdsstiftelsen, n.d.), for the recreational purposes of the county's population. If the measure were a reasonable indicator of tourism development, it would mean that while the country, as a whole, has booming development, the archipelago, together with a few other regions, is at a comparative standstill. The archipelago is nevertheless considered a good tourist amenity. For example, almost 24% of all second homes in Sweden are located within 500 metres of the seashore,

indicating a desire for water (Marjavaara & Müller, 2007). The offshore islands close to metropolitan areas are domestic and international tourism destinations of considerable significance (Aronsson, 1997). According to Hansen (2016), the Swedish government has pointed out the coastal and marine landscapes as attractive and popular settings for recreational purposes, though there is little to no knowledge on how these should be planned and managed, on the part of academics as well as managers. For that reason, field studies of actual visitor attraction businesses in these areas are necessary.

One common notion (DMO representative, personal communication, 8 May 2009) is that the archipelago is overcrowded in July and almost empty the other parts of the year; perhaps this is not entirely accurate since there are large numbers of second homeowners (Müller, 2007). The passenger statistics of the public boat transport company in the archipelago (Waxholmsbolaget) support this opinion (Stockholms Läns Landsting, 2016, p. 32). There is an evident concentration of passengers to in June–August in comparison with the rest of the year, as seen in Figure 2. The situation seems to be similar in Finnish archipelagos.

According to a 2010 report (Löfmarck & Wolgast, 2010), more than 50% of employees worked for businesses with six employees or less, while 10 companies supplied circa 25% of the jobs in the tourism sector, and the seven largest companies constituted the top quartile in terms of revenue; there were a few rather large companies and many small businesses.

Over the years, many projects have been run with the aim of helping the development of the economy of the archipelago, including Skärgård i utveckling (archipelago in development); Öppen Skärgård – året om! (Open archipelago, the whole year round); Scandinavian Islands; Nya bostäder i skärgården (New housing in the archipelago); Kika på Landsort/Vibal; Skärgårdssamarbete – Scandinavian Islands (Archipelago cooperation, within Scandinavian Islands); Förstudie 'Skärgård i samverkan för en stärkt besöksnäring hela året' (pilot study for Cooperation within the archipelago in order to strengthen the visitation industry); Visualisering av Dalarö Skeppsvraksområde (Visualisation of the Dalarö ship wrecks area);

Skärgårdsstrategin – Destinationsutveckling av Stockholms skärgård för internationella marknader (The archipelago strategy – Destination development of Stockholm archipelago for international markets); Läder Stockholmsbygd; Hållbara Turistdestinationer (Sustainable tourism destinations); Stockholm archipelago; Roslagsmat, and Ö för Ö (Island-by-island).

Anecdotal evidence indicates little achievement (Manager of a tourist office, personal communication, 11 May 2015), and entrepreneurs show signs of project fatigue (Interviewee A&B, personal communication, 27 February 2017). For this reason, approaching businesses cannot be done with a ready-made solution, but requires probing them on how they perceive their problems, and then analysing if and how their problems can be solved through, for example, changes in business models.

### Literature Review

Though close to the metropolitan areas of Stockholm, Turku, and Mariehamn, the areas covered by the project (the archipelagos of Stockholm, Turku, and Åland) are considered rural areas, using EU-Interreg's Central Baltic criteria for funding.

We are here interested in understanding why there seems to be a standstill in the level of archipelago business activity, and whether it is possible to help businesses to expand. To do so, one can look at the environment the businesses are operating in and how they are doing so. The former is discussed under the heading of rurality and the latter under business models.

#### Rurality

Labrianidis (2006) notes that rurality traditionally had been associated with resource-based economies, relying on natural resources, such as farming and forestry, and that the landscape, in addition to this, has certain distinct spaces, such as moorlands and mountains. It seems that Labrianidis understands resources to be primarily natural resources.

Mtika and Kistler quote Boto et al. when they characterise rural areas thusly: 'frequently suffer from inadequate enterprise creation, poor infrastructure, inadequate financial services, and insufficient provision of social protection' (Mtika & Kistler, 2017, p. 83).

Regarding the understanding of the concept of rurality, Labrianidis (2006, p. 3) mentions more traditional geographical approaches, including 'socio-spatial characteristics,' population densities and distance to urban areas, as well as a growing interest in rurality as a mental state rather than geographical fact; one of the earlier works is that of Hoggart, Buller, and Black (1995), noting the majority of people in the rural space switch from being producers in forestry and farming, to being consumers of leisure and recreation, thus blurring the earlier clear distinction between the rural and the urban.

Rousseau (1995) reviews various definitions of rurality from a health care perspective, including population density, remoteness, dependency on agriculture, and being a particular type of society. She concludes that no single definition covers all cases of interest and, therefore, the question at hand should guide the kind of definition to be used. Glesbygdverket (2008) concurs with Rousseau, and lists a few of the definitions used by Swedish government agencies, and some European countries. They do, however, classify all islands without bridge connection to the mainland as sparsely populated rural areas, due to long transport times.

Laurent (2013) notes that there is something suspect with the distinction between rurality and urbanity: areas are now not functionally distinct in the way they were in the 1800s, and there seems to be little support for differing behavioural characteristics. It is epistemically less difficult to separate urban modes of population density, production, and infrastructural modes, from rural ones, in comparison to character modes. Hence, he notes some scientific scepticism to the adoption of the notion of rurality instead of being rural, and that '[o]ther "constructivist" researchers contest the superimposition of a rural society on a rural space' (Laurent, 2013, §2). He also notes that the global urban society has components that idealise rural aspects of life. From this, he concludes that the rural-urban dichotomy does not hold:

There are not two separate worlds, but a spatial and ideational interpretation between the urban and the rural. Boundaries are fading, the transitions and niches are complex, as in the 'blurred' periurban spaces which are both urban in their functioning (jobs, life-

style) and rural by way of landscapes (the place occupied by agricultural land use) and by way of perceptions of the inhabitants who consider that they are living 'in the country' (Laurent, 2013, §3).

Mtika and Kistler (2017) note that the development of rural areas has begun to be viewed holistically rather than sectorally when examining how to remedy development needs. They conclude that, in line with ideas of Shaffers and Summers, Cavaye, as well as Matarrita-Casante and Brennan, community development involves development in as well as of community, and go on to conclude that these two sides need to be integrated. Using Gergen's ideas on transformative dialogue, 'community members learn from each other, learning that is made easier when social networks of ties for the transfer of ideas and communities of practice that promote mutuality are significant' (Mtika & Kistler, 2017, p. 91).

Ciolac (2012) expands on how agricultural regions can open themselves to tourism (assuming that rurality implies agriculture as the economic base). Nevertheless, a few relevant pitfalls are mentioned in her text, namely, 'the pursuit of higher earnings from the beginning, the subjective assessment of agro-tourism opportunities, guest neglect, a bad management of human resources, [and] poor quality services' (Ciolac, 2012, p. 442). She posits that in development, there are six areas that need to be covered: accessibility and space factors, the need to integrate rural tourism in the localities' frame, infrastructure and technology, workforce, design, and financing.

Marjavaara (2007b, p. 29) notes that 'islandness' posits certain characteristics. With reference to MacLeod, he observes that islands are of small-scale, isolated, have weak economies, are separated, and are dependent due to political and geographical/climatic/ecologic circumstances and sensibility to 'the vagaries of the market.' He goes on, with reference to Cross and Nutley, to note limitations with respect to industrialisation and endogenous growth. He notes that many of these are shared with other rural and peripheral areas, but Andriotis' idea of the sea as impediment creates a double isolation. Finally, he notes that tourism is increasing as a mode of sustenance, even if it often is seasonal (Marjavaara, 2007b).

Larsson and Robertsson (2012) conducted an interview-based study around part-timers in second homes in the Swedish west-coast archipelago and coast-land. In this study, a part-timer is someone who stays in their second home for more than the holiday seasons. They interviewed business representatives on their attitudes towards part-timers. Grocery stores and other retailers are affected most by the seasonality, and the part-timers smoothen out the variation: there can be up to a 50% increase in turnover in the high season when there is a heavy non-resident (Easterling, 2005) tourism pressure. Restaurants experience increased activity when the part-timers arrive since these consume more than the permanent residents do. Conference-venue operations are less vulnerable to seasonal variation. Construction and artisanal operations are not dependent on the part-timers, but appreciate them as customers, since they are rather aware of what services they want and can afford them. These businesses are dependent on being within the informal local construction network structures and are sensitive to word of mouth. Service and experience companies are as mixed as can be expected, and experience the seasonality of demand, but does not let it affect their offerings. Though the part-timers are an appreciated customer group to the businesses, permanent residents are preferred, because they have a steadier demand for services of varying kinds.

Bardolet and Sheldon (2008, p. 910) suggest that since land 'is in short supply in archipelagos and islands, regulation of its use becomes critical.' However, as noted by Müller (2007), putting restrictions on land ownership and thus land-use is not without problems in the EU. Also, their research is on the Balearic and Hawaiian archipelagos, and hence their tourism of sea-sand-sun characteristic, rather alien to the Nordic archipelagos, which are influenced by second home tourism to a much larger extent. Since these may be a factor affecting development, we have examined some of the relevant literature on second homes.

#### On Second Home Tourism

Müller (2007) notes that in the Nordic countries around 12 million people, approximately half the population, had access to 1.5 million second homes. Of these,

almost 16% were located on islands (Marjavaara & Müller, 2007). In some regions in Sweden, over 50% of small houses are second homes, and the owners have a strong connection to the place (Lundberg, 2017).

With reference to Kaltenborn, Müller (2007) notes that these are often inherited over generations, and are hence more permanent than the registered dwellings of everyday life, thus making the urban home a second home. Löfgren (1999) also notices this unwillingness of second homers to let go of their childhood paradises, and the idealisation of life at the second home being akin to that of rurality: a simpler life where societal demands are distant and change is or should be non-existent. According to Larsson and Robertsson (2012), it is common in Sweden to use parents' or grandparents' permanent dwellings as second homes. The houses are kept in order to remain in contact with the community in which they or their parents were raised. The connection makes second-homers have a strong local affiliation and thus extends community participation.

From 1991 to 2005, around 164,000 persons moved from permanent houses to their second homes (Müller & Marjavaara, 2012). Müller and Marjavaara (2012, p. 65) found two distinct groups: below 40s, who moved primarily to houses that were commutable from the larger metropolitan areas, whereas the elderly, 40+ group, went to 'rural and amenity-rich areas outside the metropolitan regions of Sweden. Seaside locations seem to have a special appeal for this particular group.' Fewer ties to work life are given as their rationale.

Nordin and Marjavaara (2012) observe that second homeowners have a high level of participation in associations of the community of the second home. Lundberg (2017) found that local involvement may be a modifying variable on social integration in the community with respect to the stakeholder groups of second homeowners and permanent residents.

In his work on displacement theory in the Swedish second home destinations, Marjavaara (2007a, b) investigates if and how permanent residents are being displaced by wealthy potential second homers. His findings give no support for that idea, at least not at a societal level. At some destinations, there are a few decreases in the amount of permanent homes, but rather

than being a de-populating area, it is repopulating, especially in destinations nearby Stockholm. 'Consequently, any displacement of permanent residents would be caused mainly by an increased demand for permanent homes (Marjavaara, 2007a, p. 310). Sweden has experienced a marked relative increase in real estate prices, with an essentially steady increase since 1997 in some places, for example, Stockholm.

Easterling (2005) divides the residents of a destination into four groups: born-heres, comes-heres, retired-heres, and second-homes-heres. In her study of the resident stakeholders of Chincoteague Island, Virginia, USA, she found more consensus than disagreement towards tourism, understood as not being part of these stakeholder groups – which is at odds with many of the Nordic researchers' treatment of second-homers.

Larsson and Robertsson (2012) note, among other things, that part-timers (see above) are a rather homogenous group, being a bit older, with good finances, and having strong emotional ties to the second home, socialising with permanent residents and their friends and relatives, but not so much with other part-timers. They also express that the new part-timers are rich and arrogant and hence make everything expensive, and that in-season tourists are seen as a necessary evil.

Lundberg (2017) note that second homeowners' strong sense of relation to the second home is not accompanied by jurisdiction beyond those of ownership, for example, voting rights, and may not be fully accepted by the permanent dwellers, and hence not able to fully participate in the community.

With reference to Sandell, Müller (2002) divides the handling of man-environment relationship into three strategies; Fabric-strategy, home-strategy, and museum strategy. In the first, the area is viewed as a production system at a macro-level, with its division of labour over space. In the second, there is a wish for progress at a local level, without destroying the sense of place through keeping meaning carriers of the community intact. The museum strategy aims at conservation. Müller (2002) notes that the latter strategy is foremost found among second homers.

Since this project is aiming at understanding the reasons behind the non-increasing business, we will



also examine the literature on family businesses and lifestyle entrepreneurs.

#### On Family Businesses and Lifestyle Entrepreneurs

Peters, Frehse, and Buhalis (2009) note, with reference to Middleton, that the tourism sector is dominated by small business operations, and that the large majority consists of lifestylers rather than rational, as I take them to mean profit maximizing professionals. Many small businesses are family run, and Getz and Carlsen (2000, p. 548) claim, with reference to Dunn, that 'it was not uncommon for family businesses to accept lower returns or longer paybacks on their investments or to sustain a lifestyle rather than to maximise profits or personal revenue.' They go on to note that these often either are run to support the family's main line of sustenance, farming for example, or as a remunerating hobby or desired lifestyle. According to Ateljevic and Doorne (2000), this often means enduring low profitability. With reference to the work of Stallinbrass, Shaw and Williams, Williams et al., and Morrison et al., they note that this may constrain the regional economy and limit firms' survival. This is, of course, a situation that, in the long run, threatens the very existence of populated archipelagos.

Morrison (2006) discusses a classification that distinguishes between an entrepreneurial venture, an entrepreneur, a small business, and a small business owner, noting that the objects of study belong to different analytical spheres and that subsequent research has criticised the distinction, due to inadequate benchmarking abilities regarding what constitutes entrepreneurs, entrepreneurship, and entrepreneurial activity. Instead, a contingency approach to entrepreneurship measurement is suggested. She goes on to list the dimensions of family business: choosing fields that have low barriers to entry for them, focus on life change rather than career, prioritising lifestyle aspirations over profit, often catering to domestic market and driven by social rather than economic goals concerning localisation, and 'Businesses are dominated by the entrepreneurial family that can act either as a valuable competitive human asset or a detrimental drain on the efficiency and quality of the operation' (Morrison, 2006, p. 204).

These can be compared to the characterisation of Peters et al. (2009) of lifestyle entrepreneurs, who prioritise quality of life over growth, lifestyle over customer service, limited interest in the optimal allocation of resources in utilisation and decision making, limited competence in the running of business in areas such as management, marketing, product development, ICT utilisation, quality management, have little involvement in the interindustry activities and DMOS and other lobby and public bodies, are reluctant to accept external involvement or accept professional advice, have low innovation and are unwilling to cooperate, are 'motivated by survival and sufficient income to maintain their and their families' way of life [...] [and] unwillingness to let go or to sell their ventures' (Peters et al., 2009, pp. 397–398).

Presenza, Yucelen and Camillo (2015, p. 458) characterise lifestyle entrepreneurs as working with something for which they have a passion, talent, or knowledge and choose a business model that furthers 'long-term, sustainable and viable living.'

For both categories, goals other than profit seems to be a top priority, be it the possibility to remain on location and keep the businesses going, or to work with something interesting.

Now we move on to business models since the project intends to attempt to help improve the situation in the archipelago, and business model development is one way of doing so.

#### Business Models and Strategy

There seems to be little consensus on how to discuss business models. According to Zott, Amit and Massa (2011, p. 1022), it has been described as a *statement*, a *description*, a *representation*, an *architecture*, a *conceptual tool or model*, a *structural template*, a *method*, a *framework*, a *pattern*, and a *set*.

Much of the work is related to e-businesses, which is not the focus of the project, even if it may turn out to have significance in, for example, booking services. Now, it is perhaps less interesting to attempt to develop an exact definition covering every possible case, compared with, for example, the problems with doing so in the relatively well-specified field of visitor attractions.

More interesting is looking at the problems that

the business model is intended to solve. Amit and Zott (2001) suggest business models' ability for value creation lies in the direct effects, and the interrelations between novelty, lock-in, complementarities and/or efficiency, each with a number of components. Zott et al. (2011) contrast this finding with Hamel's ideas on revolutionary business models, and the idea of Casadesus-Masanell and Ricart that firms are competing through their business models. According to Hamel (2000), the business models developed should be able to create and capture value in value networks – a thought that has been taken further in the co-creation literature. According to Teece (2010), it is more or less the blueprint of the business with respect to organisational and financial issues.

According to Osterwalder (2004), Business models should be assessed along the dimensions of Value Proposition/Product/Value Leadership; Target Customer/Market Share; Distribution Channel/Channel Complexity; Relationships/Customer Integration; Value Configuration/Degree of Business Model Integration; Capabilities/Spread; Partnerships/Networkedness; Cost Structure/Low-Cost Leadership; Revenue Model/Revenue Diversity. This is the notion that will be the default choice of the project, even if efforts will be made to be sensitive to better options in specific cases.

### **Methodology and Methods**

The project may be seen as a kind of inductive research process, in which expectations on how things are play a lesser role. The rationale for this is the low level of previous studies on business models used in archipelagos, and even rural areas with transportation issues would render optional strategies questionable, since a deductive approach requires a good knowledge of the field under investigation. A key point is to enter the situation and assess it and do what is appropriate both in terms of research and in terms of project outcomes. Methodologically, it may be viewed as action research (Gummesson, 2002; Perry & Gummesson, 2004), a format in which the researcher is part of the studied process and is attempting to affect outcomes while simultaneously doing research on it; thus, it is an extreme form of ethnography (Aspers, 2007).

Here, subjectivity problems of the researcher are balanced by a superior epistemic position, leading to a far better position to understand the phenomena at hand. One negative aspect is that there is a risk of conscious and unconscious bias, since people seldom are very good at critically examining their own behaviour. As with all subjectivistic methods, replication and objectivity are not issues. Instead, the ideas of Lincoln and Guba (1985) regarding trustworthiness and authenticity are sought.

The methods used include document studies, unstructured interviews with municipality representatives, participant observation, and occasional unstructured interviews with archipelago business representatives. Interviews with municipality representatives have been recorded and transcribed. Interviews with business representatives have been ad hoc; therefore, field notes have been made retrospectively. This latter method has its pitfalls, of course, due to, among other things, memory shortcomings, but it seems more serendipitous to use them than not to.

For research events, interviews will, as much as possible, be recorded and transcribed, but in ad hoc situations, field notes will be made retrospectively. Regarding student-related events, such as match-making seminars, and business clinics these will be followed through unstructured observations, for which research notes are to be taken during the sessions. In the business model development activities, Loop, a Business Model Canvas built on the works of Osterwalder (2004) will be the main source. Coursework will be assessed through both relevance to the businesses and its usual academic merits while thesis work will be assessed on its academic merits.

The process may be viewed as a business model development of the educational side of academic work, using the Osterwalder (2004) format of the Business Model Canvas.

### **Empirical Results**

Traditionally, the archipelago inhabitants have had to combine their fields of work, since no single line of business has been sufficient to ensure sustenance; typically, these have been the three Fs: farming, forestry, and fishing. Few of the permanent residents in the ar-

chipelago are working in these traditional fields today, since modernisation made the archipelago non-competitive in these areas regarding price on the global market, due to the low productivity of soils for farming and forestry, while the topology of the archipelagos makes large-scale fishing more or less impossible.

According to one informant (Chairman of a business council, personal communication, 26 April 2017), there are a host of problems facing businesses; the fact that they are island-based forces most entrepreneurs to run multiple businesses. She runs five together with her family, ranging from maritime cargo through events to a grocery store.

One problem in having a business in the archipelago is caused by extensive second homeownership, giving high seasonality for businesses catering to customers present in the community, like visitor attractions. Furthermore, second homeowners may exhibit substantial resistance to change (Interviewee C, personal communication, 29 July 2017).

There is scarcely any possibility to obtain more real estate than that at hand. Moreover, this means that children growing up in the archipelago have difficulties setting up households, since young people seldom have the income to purchase, and banks are reluctant to give credit. Access to labour is challenging; when demand is high, there are difficulties finding housing for seasonal workforce reinforcements (Interviewee D, personal communication, 27 February 2017).

Infrastructure is another issue: poor roads are common in many rural areas. This is an acute problem for areas without road connection. One example is shipping from wholesale warehouses situated in urban areas to the trans-shipment points, where supplies are reloaded from trucks to boats for the grocery stores and restaurants.

For archipelago grocery stores, there is a regulated refrigeration supply chain, from which they are not allowed to diverge (Chairman of a business council, personal communication, 26 April 2017). This means that if there is, for example, a carrier break-down, the business may be out of supplies, with no legal way of remedying it. This is in contrast with online food delivery stores, who are not under the same regulation

and hence can switch to any cheaper or better means of distribution (Chairman of a business council, personal communication, 26 April 2017).

Furthermore, being in the Stockholm archipelago means that in winter the sea may be covered in ice, making it unnavigable (this is also true for Turku or Åland). Furthermore, in the Stockholm archipelago, Waxholmsbolaget, a tax-subsidised shipping company owned by Stockholm county, is required to cater to residents only (Interviewee D, personal communication, 27 February 2017). This means that they need not make any adjustments to the needs of the archipelago businesses. To the businesses, the handling of timetables of Waxholmsbolaget is allegedly a hazard, as it reveals its schedule to them only shortly before it is operational, giving the entrepreneurs little or no time to plan, package, and communicate their offerings to customers (Interviewee D, personal communication, 27 February 2017). For those who need to purchase services, like house building, or seasonal workers, the transport discounts are not applicable to other than permanent residents of the archipelago, and hence cost for engaging them is distinctly higher than corresponding costs on the mainland (Interviewee D, personal communication, 27 February 2017). This is because transport at sea is both more expensive per kilometre, and much more time consuming (Länsstyrelsen Stockholm, 2015).

Though many larger islands have fibre optic cables for high-speed internet communication, this is not the case everywhere (Holmberg & Rosengren, 2017) and the criterion used in decisions on which islands to connect is based on the number of permanent residents. For those without, the service of radio-based internet is not so reliable; if one, for example, happen to live on an island close to the ferry route between Stockholm and Turku or Helsinki, then the internet connection will be lost as the ferry passes, due to the many units connecting to the local hub. One of the larger islands still has internet access over mobile phone networks. When the guest harbour is full, this has the consequence that the portable credit card payment device cannot connect to the banks, forcing the operations to take cash, to the extent that the customers have cash, which is rather rare in Sweden. Then they need to go

the bank to deposit the cash, which will take the larger part of a day in transport. Regarding that and other financial services, bank offices will be at the nearest main town.

One interesting remark that was made is that the more concrete the problem of the archipelago entrepreneur, the more difficult it seemed to be to get help from, for example, municipality representatives (Chairman of a business council, personal communication, 26 April 2017).

Businesses in the MICE industry experience that there is no one to easily start networking with, due to the rurality constraints discussed earlier. This means that what they cannot produce themselves will not be done. This problem seems to be increasing with diminishing transport efficiency (Holmberg & Rosengren, 2017).

### **Educational Community Engagement**

To create the best possible conditions for developing archipelago businesses and their workforce rejuvenation, while simultaneously attempting to improve the quality of higher education, the project will create a nexus where businesses and students meet. There are to be match-making seminars at which students and businesses meet, business clinics at which businesses are helped with understanding and possibly remedying distinct issues, such as accounting, or marketing research, and for those businesses that have potential and enough gusto and endurance, there will be an accelerator programme, in which a deeper relation between academies and businesses is established.

Since launching the project, some preliminaries have been undertaken. Interviews with several of the municipalities' trade and development representatives have been conducted; student recruitment has been commenced, including preliminary coursework in intermediate level net-based information system development, and bachelor level destination and business development courses; five graded bachelor essays and two master's theses are in progress. Of these, the essay of Holmberg and Rosengren (2017) is being used in here, both for its empirical results and as an example. Business recruitment has started on the Finnish side, while student involvement has been lacking. On

the Swedish side, the opposite is the case, and company recruitment started on June 1st, 2017, and the first business clinic is to be held on November 16th, 2017. When the format is fully operational, businesses will take part in the assessment of utility merits as well as the academies assessing their academic standard, while the theses will be solely evaluated on academic merits. Preliminary results on the challenges of the archipelago businesses include the transport of tourists, where a shorter bus delay from the metropolitan area may mean the cancellation of the whole trip, due to severe difficulties in timetable coordination and communication, lack of networking partners, competence and means, and general accessibility issues.

The business model development will follow the Osterwalder (2004) model of Business Model Canvas, as will the project as a whole, meaning that there will be a need to start where the businesses are in their mental notions of their firms, seek what value they are delivering to which customers, make a minimum viable product, and pitch the minimum viable product on potential customers, make pivoting changes where necessary, and reiterating. The same holds true for the project, where the 'customers' are both the students and the businesses. Both constituencies need to be persuaded of the significance of the project.

### **Discussion**

As Labrianidis (2006) notes, the historical association between rurality and the resource-based economy seems to have faded in contemporary Western society. Some activity remains in the sector, but it is a minority of the businesses in the field (Löfmarck & Wolgast, 2010). Rather, it is construction and artisanal activities that account for the greatest number of businesses. This seems to be in line with the situation on the west coast of Sweden, as found by Larsson and Robertsson (2012), even though their study has a slightly different focus.

Whether or not it is fruitful to distinguish the rural from the urban, if the two are different in kind, is an open question. From a business development perspective, it is not necessarily interesting to explore the mindsets of rural as opposed to urban populations.

Neither is there much to do about the area being ru-

ral, apart from that possibly qualifying projects for various planning bodies' subsidies and project financing. When relevant, this would warrant taking Rousseau's (1995) attitude to the definition of the rural.

In contrast, something worth assessing, and where relevant, dealing with, are the constraints discussed by Mtika and Kistler (2017). They claim that there is inadequate enterprise creation, or Marjavaara's (2007b) idea of limitations with respect to industrialisation and endogenous growth is somewhat put in doubt by the claim that most residents are forced to run multiple businesses. It is not the amount of enterprise creation that seems to be the problem, but rather the lucrativeness of business activity, or the lack of possibilities to obtain desired services, necessitating entrepreneurs to perform them themselves. This is in line with the finding of Holmberg and Rosengren (2017): what operators cannot produce themselves will not get done. The claim of Mtika and Kistler (2017) about poor infrastructure seems to be true relative to urban areas, and even mainland Sweden: poor roads, the cumbersome trans-shipment, unclear reliability, and for some, regulated monopolies. These issues are also connecting it to the idea of the sea as an impediment found in Marjavaara (2007b).

The size of the permanent population is a determining factor when it comes to public financing of internet infrastructure. This is encouraging migration to more populated areas of the archipelago, a phenomenon akin to urbanisation.

On the idea of Mtika & Kistler (2017) regarding inadequate financial services, it can be observed that there is a need to go to the nearest main town to visit the bank. This may be cumbersome, to the extent that the entrepreneur needs to have established relationship with the bank to obtain proper financing. Swedish society is one of the more automated in the world with respect to financial services, so if one has access to a sufficient internet connection, it may be of lesser importance. As seen above, this is, however, not always the case. Social protection may be of lesser importance in the studied archipelagos, since Sweden is a rather stable welfare state, although this is perceived to be declining.

Regarding development, there have been many

projects, but few seem to have had a lasting impact. They have largely been sectorial, looking at, for example, food, marketing, and ICT. This seems to be in line with switching to a more holistic perspective as advocated by Mtika and Kistler (2017), warranting development in and of the community. For this reason, all dwellers should be considered, and second homers are a substantial factor here, owning much of the land in the archipelago.

In Larsson and Robertsson (2012), it is found that part-timers, 40+ people who stay in the second home beyond the holiday season, smoothen out the season. These have probably been around for quite some time, and do not necessarily pose an invitation to more business beyond that already in place. With the Osterwalder (2004) notion of business model, it would, however, be possible to test new offerings for the segment. Furthermore, land is scarce; Bardolet and Sheldon (2008) note this for Hawai and the Balearics, and Interviewee D (personal communication, 27 February 2017) for the Stockholm archipelago. Possibly part-timers could supply housing, provided it does not interfere with their own desires to utilise their homes. Probably, that would mean inventing new seasons with relevant activities. These are topics that may be investigated in the student-business matchmaking seminars and business clinics of the project. The second homers have high affinity to the community, and even though there is evidence of them voicing museum-strategy opinions, development of the community is not necessarily impossible. After all, they likely want the grocery store to remain open, which may not happen if there is no possibility of sustenance for the shopkeeper.

Returning to the idea of rurality, it may be argued that the closeness to the metropolitan areas, where at least some of the population who live close to the mainland can obtain sustenance in the metropolitan area, and the volatile population density off and on season, would suggest that it is not perhaps (or at least not only) proximity and population density that is an arbiter; for example, place identification is also part of the equation. Moreover, when there is high social as well as economic value in the existing housing and expectations on price increases in this sector as much as is in the urban housing sector, the problem of mak-

ing enough money to be able to stay is perhaps the defining characteristic of rurality.

### Conclusion

This project does not exclusively focus on the tourism sector, since, as noted above, most entrepreneurs in the archipelago are 'jacks-of-all-trades' by necessity, and business models transgress industry boundaries (Zott et al., 2011), but it does aim to obtain a better understanding on the business models used in the visitor attractions segment. As noted above, most archipelago inhabitants have income from other sources than the traditional 3Fs. The second homers constitute a rather big and steady demand for construction services, such as carpentry, plumbing, electricity, and the like. Moreover, in season, they are customers to retail stores, primarily food and apparel, and restaurants. This means that there is quite a large output market on-season and a tiny one off-season, which supports the claim of Labrianidis (2006) that rural output markets are small, but not in high season.

As suggested, there are weaknesses with the business models in use in relation to the rurality restrictions under which the businesses operate. Obviously, place is not a sufficient characteristic to create what Amit and Zott (2001) call 'lock-in,' or Porter's (1985) traditional notion of barriers to entry. However, as Bonow and Rytkönen (2013) note, if relevant, place can be a strong brand, such as it may be in niche agricultural products, a possibility for the still active food producers of the archipelago. Furthermore, businesses will be having discussions on what their real objectives are with pursuing their enterprises, and the student activities will focus on to what extent lifestyle-like priorities can be put in accordance with business model development to not threaten long-term viability as indicated by Peters et al. (2009), Getz and Carlsen (2000), and Ateljevic and Doorne (2000). Thus far, student involvement has proven useful in the assessment of the situation. It remains to be seen if it also helps in developing business models in the archipelago.

### Limitations and Further Studies

Case studies are idiosyncratic, and results are not necessarily transferable to other areas. Furthermore,

the ethnographic approach is dependent on the researchers involved, and interviews have bias risks in terms of social desirability and potential attention and memory-related problems. The sampling has a participation bias. Even if these problems seem insurmountable, it would be of benefit if data could also be matched to objective data, even if it may prove impossible to obtain objective behavioural data.

Speculation says that amenities for value creation are at hand in the archipelago, but the problems with value capture are rather severe, especially when entrepreneurs are thinking of creating more off-season business, such company events, when the customers are not already present in the archipelago. Hence, their business modelling needs to better understand networking and communication in the business-generating region (i.e. the customers' habitat).

The literature on rurality, including that on second homes and on lifestyle entrepreneurs, suggest that there are problems of infrastructure, possible shortcomings regarding business competence and the value structures of the business people, along with access to some services, such as banking. The business model literature does not give specifics on how to handle these but do give suggestions on where to look for progression options. The student involvement in the project has a potential to handle some of the problems, but as the project is still underway, no conclusions may be drawn on that part. Both the literature and the students' ability to deal with the problems need further study. The need to consider place in the business model merits a deeper investigation into a configurational approach to strategy in an archipelago context.

In addition to the studied literature findings, there is also the issue of political regulations and business policies working to the disadvantage of the islander businesses, such as the requirement to follow a pre-specified supply chain, and discounts only for permanent residents on public transport. These issues can hardly be solved by changing business plans, or student-involvement, but perhaps ideas can be brought up circumventing or solving the problems. Hence, the handling of institutional hindrances, such as laws on building permits, harbour utilisation, et cetera, needs further study.

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## Book Review: *Religious Tourism and Pilgrimage Management*, edited by Razaq Raj and Kevin Griffin

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The 2nd edition of *Religious Tourism and Pilgrimage Management: An International Perspective* (Wallingford, England: CAB International, 2015) with 21 chapters written by 342 internationally renowned scientific researchers and contributors, presents different areas of religious tourism and pilgrimage management. The book consists of three parts: the theoretical sections are presented as the first and second parts, encompassing concepts in religious tourism and pilgrimage management representing the motivation and experience of religious sites. The third part of the book is dedicated to international case studies; this is the largest part and has ten contributors.

The chapters of the first part lay the entire basis of religious tourism, beginning with the introduction of the contents, religion, tourism and explanation of the experience industry. Combining scientific knowledge and practical research, the authors of the first part present the benefits but also the threats and doubts about masses of tourists visiting sacred places and buildings, competition between faiths for a location, and conflicts between pilgrimage and commercial tourism. The authors discuss the motivation for religious travel, events, globalisation through religious tourism, British and Irish pilgrimage tourism, but also tolerance gained through religious tourism and its opposite: terrorism and the mechanisms to limit acts of crime against pilgrims, which one case study describes.

The chapters of the second part lead the reader to the experience economy within pilgrimage and religious tourism and the co-operation with stakeholders. One of the authors discusses the WTO's definition of spiritual tourism (p. 147), which is (in the opinion of this reviewer) *contradictio in adiecto*, since spiritual

travel is a path to oneself, not around the world as a tourist. It is a place where groups of people cannot penetrate, and it does not include 'entrance fees but meditation or contemplation. This is a good point for further discussions.

Nine chapters of the last part present case studies and lessons for the readers around the world, beginning with the pilgrimage experience and consumption of travel to the city of Makkah for the Hajj ritual. Through the religious tourism experiences in South East Asia, a Nordic Pilgrimage to Israel (A case of Christian Zionism), Religious Tourism Sites in Africa, Northern Portugal, Argentina, South Lebanon, and Malta, the authors present international perspectives on religious, cultural and pilgrimage tourism. Two of the case studies explore a broader aspect of religious tourism: one describes Ashura, a religious observance marked every year by Shia Muslims and its commemoration in Iraq, and the other presents comparison of classic Western insurance and Islamic insurance, followed by a case study of the Takaful insurance company in Bahrain.

Lessons learned from the book are useful for scholars, students, event organisers, researchers, religious and pilgrimage intermediaries, and the tourism industry in general. The book offers excellent themes for discussions of some recognised definitions, which need new descriptions to present a deeper meaning of tourism connected to religions and pilgrimages.



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**Pritegnitev pozornosti uporabnikov turističnih storitev z vizualnimi sporočili**

Filip Cvitič in Mario Plenkovič

Slike imajo pomembno vlogo pri pritegnitvi pozornosti uporabnikov. Platforme, kot so Facebook, LinkedIn, Twitter in druge, omogočajo dostop do informacij že s pritiskom na gumb. Družbena omrežja so pomemben dejavnik, kadar želi država, organizacija ali podjetje pritegniti turiste ali druge ciljne skupine. Uporabniki iščejo informacije na spletu in analizirajo izdelke, ki jih želijo, zato so dandanes družbena omrežja poglavitni usmerjevalci nakupnega vedenja (Manyika et al., 2011; Kumar, Bezawada, Rishika, Janakiraman, & Kannan, 2016). Pri oglaševanju je treba poznati ciljno skupino in imeti vizualno privlačno sporočilo. Namen tega članka je določiti vpliv dejavnikov vizualnih sporočil, ki lahko povečajo njihovo privlačnost in možnost razširjanja. Namen raziskave je bil najti dejavnike, od katerih je odvisna pritegnitev pozornosti uporabnikov, in tiste, ki vplivajo na širjenje vsebin. Da bi jih našli, sta bili s pomočjo anket opravljeni dve kvantitativni raziskavi. Nato so bile oblikovane usmeritve za ustvarjanje bodočih vsebin, ki imajo lahko večji vpliv na ciljno skupino in oblikovanje kampanje na družbenih omrežjih.

*Ključne besede:* komunikacijske vede, mediji, družbena omrežja, vizualno komuniciranje, vizualna sporočila, turizem

*Academica Turistica*, 11(1), 3–18

**Turistični ekološki certifikati in družbena trajnost: izzivi in inovacije s slovenske perspektive**

Vinod Sasidharan in Dejan Križaj

Študija ponuja nove vpoglede v praktično izvajanje družbene trajnosti, temelječe na trajnostni analizi petih slovenskih turističnih ponudnikov. Vseh pet ponudnikov je prejelo certifikat Zelene sheme slovenskega turizma ali nacionalno nagrado za inovativne dosežke v turizmu. Izvedeni polstrukturirani intervjuji s predstavniki organizacij naslavljaajo okoljske, socialne in ekonomske vidike njihovega poslovanja. Zbrane ugotovitve lahko pomagajo pri spodbujanju in doseganju višje stopnje družbene trajnosti v rastoči turistični panogi Slovenije in njenem pozicioniranju ne le kot ene od vodilnih države na področju zelenega turizma, temveč tudi kot družbeno odgovorne destinacije.

*Ključne besede:* družbena trajnost, ekološki certifikati, inovacije, Slovenija

*Academica Turistica*, 11(1), 19–29

**Razvrstitev mikro, malih in srednje velikih podjetij prehrabnega gostinstva in analiza njihove učinkovitosti**

Tanja Planinc, Marko Kukanja in Saša Planinc

Namen te raziskave je razvrstiti mikro, mala in srednje velika podjetja (MSP) prehrabnega gostinstva glede na njihove fizične in upravljalne lastnosti ter ugotoviti, ali med različnimi skupinami MSP-jev obstajajo razlike v učinkovitosti. Uporabljeni

sta bili clusterska analiza ter neparametrična metoda podatkovnih ovojnic. V raziskavo so bili vključeni zgolj managerji MSP-jev, ki prihodke od prodaje dosegajo izključno preko prehrabne dejavnosti. Na podlagi analize smo identificirali dva segmenta, in sicer manjše prehrabne obrate, ki jih vodijo mlajši in manj izkušeni managerji, ter večje prehrabne obrate, ki jih vodijo starejši in izkušenejši managerji. Fizične in upravljalne lastnosti so vplivale tudi na učinkovitost posameznih obratov: večji prehrabni obrati, s starejšimi in izkušenejšimi managerji, so dosegali višje stopnje učinkovitosti. Omenjena raziskava je prva, ki preučuje učinkovitost slovenskega prehrabnega gostinstva v kombinaciji s clustersko analizo. Primarni podatki so bili pridobljeni z anketiranjem managerjev, sekundarni finančni podatki pa so od Agencije Republike Slovenije za javnopravne evidence in storitve.

*Ključne besede:* clusterska analiza, DEA, učinkovitost, prehrabno gostinstvo, Slovenija, MSP

*Academica Turistica*, 11(1), 31–42

### **Razpršeni hoteli: študija primera v Sloveniji**

Saša Zupan Korže

Razpršeni hotel (RH) kot nova vrsta turistična nastanitve, nastale v Italiji, se je v drugem desetletju 21. stol. začel uveljavljati tudi v drugih državah Evrope, npr. na Hrvaškem, v Švici in v Sloveniji. Namen prispevka je predstaviti, kaj pomeni RH v Italiji in kako njegovo različico uvajamo v Sloveniji. V raziskavi (a) izpostavimo ključne značilnosti RH v Italiji, njegove organizacijske oblike in zakonsko podlago, (b) primerjamo RH s tradicionalnim hotelom in (c) predstavimo razvoj ideje o RH ter poti njene implementacije v Sloveniji in sočasno izpostavimo nekatere organizacijske in pravne izzive. Raziskava je potekala od junija do decembra 2017. Uporabili smo različne metode za zbiranje podatkov in za njihovo obdelavo. Zaradi omejenega števila raziskav o izbrani tematiki del rezultatov raziskave podamo v opisni obliki. Glede na zastavljene raziskovalne cilje podatke predstavimo v več vsebinsko zaokroženih delih. Rezultati raziskave kažejo, da so v Italiji RH s pravili države opredeljena (pod)vrsta hotelov, ki ima določene značilnosti: je močno povezana s področjem, v katerem se RH nahaja in z njegovo kulturo; od tradicionalnih hotelov jih ločimo glede na njihovo fizično pojavnost in po posebnostih storitve gostoljubja. Drugič, v Sloveniji so se ideje o implementaciji RH začele pojavljati po letu 2010, vendar se je do leta 2017 uresničila le ena: decembra 2017 je bil odprt prvi RH Konjice, kljub temu, da je Slovenija v strateških in formalnih dokumentih prezrla RH kot posebno obliko turistična nastanitve. Ključni prispevek te raziskave je predstavitev razvoja RH v Italiji ter razkoraka med strateško usmeritvijo slovenskih kreatorjev politike turizma do RH in razvojem RH v slovenskem turističnem zasebnem sektorju. RH so novo raziskovalno področje; obstaja nekaj raziskav o RH v Italiji in RH na Hrvaškem, ne pa tudi o RH v Sloveniji. Pričujoča raziskava predstavlja prvi korak v smeri zapolnitve te vrzeli.

*Ključne besede:* razpršeni hotel, pravni okvir, organizacijski izzivi

*Academica Turistica*, 11(1), 43–56

**Inovativno oblikovanje korporativnih oblačil v turizmu**

Sonja Šterman

Korporativna oblačila v turizmu imajo določene posebnosti, ki jih lahko izpostavimo bolj kot v nekaterih drugih uniformiranih skupinah. Članek obravnava inovativen pristop in večfunkcionalno oblikovanje korporativnih oblačil, z namenom, da bi zadovoljili končnega uporabnika. Raziskavo smo omejili na korporativna oblačila v turizmu. Osredotočili smo se na dodatke, natančneje, na moške kravate. Eno od ključnih vprašanj je bilo, kako ponuditi estetske in uporabne dodatke za korporativna oblačila v turizmu ter pri tem uporabiti geografski simbol ali tradicionalno zgodbo. Uporabili smo metodo zbiranja in analize informacij s pomočjo ankete, raziskave modnega oblikovanja in razvoja dizajna. Naš namen je bil oblikovati moške kravate, ustrezajoče zahtevam uporabnika, ki želi mladostne, sproščene, inovativne kravate, ki na eleganten način poudarjajo identiteto podjetja. Osredotočili smo se na običajno izpostavljene težave pri nošenju moških kravate, vezane na neudobje in hkrati na občutek vročine pri nošenju kravate. Razvoj od ideje do končnega izdelka je bil izziv tudi v smislu sodelovanja med naročnikom, oblikovalcem, predlaganim proizvajalcem in fakulteto, ki so vsi skupaj sodelovali pri zadovoljitvi končnega uporabnika. Razvili smo kravato v obliki traku, ki se z gumbi zapenja na srajco in lahko nadomesti klasično kravato ter uporabniku daje veliko več svobode pri nošenju v različnih vremenskih pogojih. Hkrati kravata ohranja eleganco, ki je pričakovan element klasične kravate. Površina kravate je izdelana v edinstveni tehniki zračne čipke, ki vključuje oblikovanje z zgodbo in personalizacijo izdelave. Pri oblikovanju je upoštevan trajnostni pristop, saj je poraba materiala manjša. Kombinacija naštetih značilnosti predstavlja inovativen pristop k razvoju modnih dodatkov na področju oblikovanja korporativnih oblačil.

*Ključne besede:* korporativna oblačila, inovativni modni dodatki, večfunkcionalnost, funkcionalen dizajn, kravata, turizem

*Academica Turistica*, 11(1), 57–65

**Odnos med dohodkom in turističnim povpraševanjem: stara dognanja in nove raziskave**

Kiagho Bukheti Kilonzo

Članek daje pregled glavnih ugotovitev o odnosu med dohodkom in povpraševanjem ter obravnava glavne spremembe tega odnosa v času in vpliv tega odnosa na rast turizma. Članek oriše glavne ugotovitve o dohodkovni elastičnosti turističnega povpraševanja z usmeritvijo v najnovejše raziskave s področja in pogledom v prihodnost. Študij literature s področja in poročila UNWTO in MDS so bili uporabljeni za diskusijo o raziskavah dohodkovne elastičnosti turističnega povpraševanja v preteklih desetletjih in najnovejših izsledkih s tega področja. Dohodkovna elastičnost turističnega povpraševanja je danes nižja kot v preteklosti zaradi strukturnih sprememb v potrošnji in vedenju potrošnikov: upoštevati moramo, prvič, dolgoročni proces zasičenosti turističnega povpraševanja zaradi rasti kupne moči, in, drugič, ekonomsko krizo. Članek povzema glavne ugotovitve študij o dohodkovni elastič-

nosti turističnega povpraševanja doslej in kaže na občutljivost turističnega povpraševanja, učinkujočo na dohodek kot gonilo turistične rasti.

*Gljučne besede:* dohodkovna elastičnost, turistično povpraševanje, luksuzen proizvod, nujen proizvod

*Academica Turistica*, 11(1), 67–73

### **Vključevanje študentov kot orodje za razvoj poslovnega modela v turističnih podjetjih na stockholmskem otočju**

Gustaf Onn

Turistična potrošnja na Švedskem je v razcvetu, medtem ko se zdi, da se je potrošnja na stockholmskem otočju, kjer prevladujejo majhna podjetja, ustavila. Finska se je znašla v podobnem položaju, zato je EU-Interreg poleg Stockholma financiral projekt izobraževanja skupnosti, namenjen razvoju poslovnega modela, tudi na otočju Turku in Åland (na Finskem). V tem članku je preučena osnova projekta, literatura o ruralnosti, otočju ter poslovnih modelih, ki se jih oceni glede na predhodne empirične rezultate projekta, kjer so bile anketirane občine in predstavniki nekaterih podjetij. Utemeljitev je, da obstaja šibko znanstveno razumevanje poslovnih modelov, ki se uporabljajo na otočju. Metodološko se poleg akcijskih raziskav uporabljajo tudi študije dokumentov z nestrukturiranimi intervjuji in opazovanji kot s primarnimi empiričnimi metodami. Primarni rezultat, kjer so empirične ugotovitve predstavljene na presečišču literature, je vpliv infrastrukturnih problemov in problemov dostopa zaradi izolacije pa tudi znakov ločevanja skupnosti med priseljenci in stalnimi prebivalci. Življenjski slog podjetništva ogroža gospodarsko blaginjo, vendar obogati socialno blaginjo prebivalstva. Primarni zaključki so, da sezonskost in priseljenci podjetjem zagotavljajo velike prodajne trge v sezoni, vendar majhne izven sezone. Poslovne enačbe ne moremo izpustiti, saj je del socialne blaginje življenjskega sloga podjetnikov, kar zahteva nadaljnje raziskave konfiguracijskih pristopov k strategiji otočja.

*Gljučne besede:* otoško poslavljanje, drugi domovi, podjetniški način življenja, razvoj poslovnega modela, izobraževanje v skupnosti

*Academica Turistica*, 11(1), 73–86

## Instructions for Authors

### Aim and Scope of the Journal

*Academica Turistica – Tourism and Innovation Journal* (AT-TIJ) is a peer-reviewed journal that provides a forum for the dissemination of knowledge on tourism and innovation from a social sciences perspective. It especially welcomes contributions focusing on innovation in tourism and adaptation of innovations from other fields in tourism settings.

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Manuscripts are accepted in both American and British English; however, consistency throughout the paper is expected. All manuscripts are subject to an initial editorial screening for adherence to the journal style, for anonymity, and for correct use of English. As a result of this your paper will be either accepted for further consideration or returned for revision. To avoid unnecessary errors you are strongly advised to have your manuscript proofread.

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Manuscripts should be prepared according to the style prescribed by the *Publication Manual of the American Psychological Association* (American Psychological Association, 2009; see also <http://www.apastyle.org>).

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**Text formatting.** Please, use the automatic page numbering function to number the pages. Use tab stops or other commands for indents, not the space bar. Use the table function, not spreadsheets, to make tables. Use

the equation editor or MathType for equations. Whenever possible, use the SI units (Système international d'unités).

**The title page** should include the title of the article (no more than 85 characters, including spaces), full name of the author(s), affiliation (institution name and address) of each author clearly identified; linked to each author by use of superscript numbers, corresponding author's full name, telephone, and e-mail address.

**Abstract.** The authors are obliged to prepare two abstracts – one in English and one (translated) in Slovene language. For foreign authors translation of the abstract into Slovene will be provided.

The content of the abstract should be structured into the following sections: purpose, methods, results, and conclusion. It should only contain the information that appears in the text as well. It should contain no reference to figures, tables and citations published in the main text, and should not exceed 250 words.

Beneath the abstract, the authors should supply appropriate keywords (3–6) in English and in Slovene. For foreign authors the translation of the abstract into Slovene will be provided.

**The main text** should contain a coherent and logical structure preferably following the IMRAD format (Introduction, Methods, Research [and] Discussion). However, other structures are also welcome (e.g. Introduction, Development and Conclusions) as long as the text maintains its logical structure and focus. Acknowledgments are optional.

The length of the articles should not exceed 9,000 words (including tables, figures, and references), double spaced, using Times New Roman font sized 12.

**Tables.** Each table should be submitted on a separate page in a Word document after References. Each table shall have a brief caption; explanatory matter should be in the footnotes below the table. The table shall contain means and the units of variation (SD, SE, etc.) and must be free of nonsignificant decimal places. Abbreviations used in the tables must be consistent with those used in the text and figures. Definition symbols should be listed in the order of appearance, determined by reading horizontally across the table

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## References

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*One author.* Tourism innovation specific is mentioned (Brooks, 2010). Thomas (1992) had concluded . . .

*Two authors.* This result was later contradicted (Swarbrooke & Horner, 2007). Price and Murphy (2000) pointed out . . .

*Three to five authors, first citation.* Laroche, Bergeron, and Barbaro-Forleo (2001) had found . . . It was also discovered (Salamon, Sokolowski, Haddock, & Tice, 2013) . . .

*Three to five authors, subsequent citations.* Laroche et al. (2009) or (Salamon et al., 2011).

*Six or more authors.* Wolchik et al. (1999) or (Wolchik et al., 1999).

If two references with six or more authors shorten to the same form, cite the surnames of the first author and of as many of the subsequent authors as necessary to distinguish the two references, followed by a coma and et al.

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For detailed instructions please see the *Publication Manual of the American Psychological Association* (American Psychological Association, 2009, Chapter 6).

### Examples of Reference List

#### Books

American Psychological Association. (2009). *Publication manual of the American Psychological Association* (6th ed.). Washington, DC: Author.

Swarbrooke, J., & Horner, S. (2007). *Consumer behaviour in tourism*. Oxford, England: Butterworth-Heinemann.

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Laroche, M., Bergeron, J., & Barbaro-Forleo, G. (2001). Targeting consumers who are willing to pay more for environmentally friendly products. *Journal of Consumer Marketing*, 18(6), 503–520.

Wolchik, S. A., West, S. G., Sandler, I. N., Tein, J.-Y., Coatsworth, D., Lengua, L., . . . Griffin, W. A. (2000). An experimental evaluation of theory-based mother and mother-child programs for children of divorce. *Journal of Consulting and Clinical Psychology*, 68, 843–856.

#### Newspapers

Brooks, A. (2010, 7 July). Building craze threatens to end Lanzarote's biosphere status. *Independent*. Retrieved from <http://www.independent.co.uk/environment/nature/building-craze-threatens-to-end-lanzarotes-biosphere-status-2020064.html>

#### Chapters in Books

Poirier, R. A. (2001). A dynamic tourism development model in Tunisia: Policies and prospects. In Y. Aposotolopoulos, P. Loukissas, & L. Leontidou (Eds.), *Mediterranean tourism* (pp. 197–210). London, England: Routledge.

#### Conference Proceedings

Price, G., & Murphy, P. (2000). The relationship between ecotourism and sustainable development: A critical examination. In M. Ewen (Ed.), *CAUTHE 2000: Peak performance in tourism and hospitality research; Proceedings of the Tenth Australian Tourism and Hospitality Research Conference* (pp. 189–202). Bundoora, Australia: La Trobe University.

#### Paper Presentation

Thomas, J. (1992, July). *Tourism and the environment: An exploration of the willingness to pay of the average visitor*. Paper presented at the conference Tourism in Europe, Durham, England.

#### Theses and Dissertations

Sedmak, G. (2006). *Pomen avtentičnosti turističnega proizvoda: primer destinacije Piran* (Unpublished doctoral dissertation). University of Ljubljana, Ljubljana, Slovenia.

#### Working Papers

Salamon, L. M., Sokolowski, S. W., Haddock, M. A., & Tice, H. S. (2013). *The state of global civil society volunteering: Latest findings from the implementation*

of the *UN nonprofit handbook* (Comparative Non-profit Sector Working Paper No. 49). Baltimore, MD: Johns Hopkins University.

### **Web Pages**

Croatian Bureau of Statistics. (2001). *Census of population, households and dwellings*. Retrieved from <http://www.dzs.hr/Eng/censuses/Census2001/census.htm>

For detailed instructions please see the *Publication Manual of the American Psychological Association* (American Psychological Association, 2009, Chapter 7).

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