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Table of Contents

3 Sustainable development and sustainable tourism

4 Heritage conservation and promotion

Enhancing heritage value by raising sustainability: beyond traditional Business Models in tourism accommodation service platforms.

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Abstract

The research contributes to the debate on sustainable share -value generation in the digital era by investigating how digital platforms in the tourist accommodation service which include environmental and social issues in their mission, can boost their own profitability while strengthening economic, social and environmental sustainability. Levering on a review of the most recent literature on business models (BM) and business model for sustainability (BMfS) in the sharing economy (SE), mixed methods and tools of analysis were used to investigate an exemplary illustrative Italian case study, Ecobnb. Preliminary insights reveal how business models can be designed to contribute to sustainable goals benefiting society at multiple levels.
Keywords: Tourist Accommodation Service; Sharing Economy; Digital Platforms; Business Model; Business Model for Sustainability.

1 Introduction

Landscape, history, culture, languages, traditions and practices, are all elements rooted in a community, which constitute an identity of a place and are part of its heritage. Practitioners, policy makers and scholars are intensifying efforts on the identification, preservation, management and promotion of places' heritage in order to strengthen the identity of the territories while improving socio-economic development [1]. Tourism and heritage have always been inseparable: heritage is a main tourist attraction and tourism is a main driver of heritage valorization and preservation [2].

Accommodation is among the tourist services participating in this win-win process [3]. In the recent years, it is moving from Business Model (BM) based on traditional tourist channels to non-traditional ones linked

199

to short-term rentals brokered by online platforms in the so-called Sharing Economy (SE) paradigm [4, 5]. The SE is an economic and social production and consumption mechanism of distributing tangible and intangible assets to other people fostered by ICTs [4]. It highlights the ability and/or the preference of individuals to temporary rent or borrow underutilized assets rather than buy and own new one [5]. Nowadays, it is mainly conceived as an umbrella concept which includes different production/consumption paradigms such as Collaborative Consumption, Collaborative Economy, Peer-to-peer sharing or Platform economy, Access-based consumption and Redistribution markets [6].

The failure of traditional BM [7, 8] to foster sustainability [9] and to preserve local contexts' heritage, asks for the transition towards Business Models for Sustainability (BMfs) [10, 11]. This transition questions the nature (economic, social and environmental) and sources of value generation (value proposition, creation, delivery and capture) which incorporate, but do not remain entangled to the traditional economic drivers such as profit, income, costs and benefits [9, 12].

This contribution aims to investigate how digital platforms in the tourist accommodation service can boost profitability while strengthening economic, social and environmental sustainability through the analysis of an exemplary illustrative Italian digital platform – Ecobnb [13]. The study provides preliminary insight about the BM structure more likely to generate and distribute sustainable shared value.

2 Theoretical Background

2.1 Heritage, sustainability and digital platforms in the sharing economy era

The conservation and management of cultural and environmental heritage can generate many opportunities in terms of socio, economic and environmental development and of tourism return. An example is the increasing number of World Heritage Sites (WHSs) emerged after the UN Paris Convention [1]. Tourism has always been an important engine for territorial development and its management is particularly significant for preserving and developing places and for improving the consumer experience. Therefore, its planning must preserve the territories' features and the communities' values, while increasing profitability through an integrative and participatory management [14] that faces the issues of sustainability [15]. Accommodation sector is the

main tourist service, which is growing and changing at an increasing speed, [3] challenged both by the digital transformation and the boom of digital platforms in the SE [16] as well as by the paradigm of sustainability [17] and economic growth's limit [18, 19]. Currently the SE undergone profound changes becoming one of the main exchange mechanisms through the use of digital platforms, allowing many people to get in contact quickly and simply, encouraging the exchange at a lower price. Due to these benefits, a growing number of private actors entered the market causing an over-usage of tangible and intangible resources, producing negative externalities on the territory and its community. Exemplary is Airbnb, a digital platform which has affected local area by increasing the gentrification phenomena, exacerbating the real estate market and forcing locals to move out of their homes [16].

2.2 Business Model and Shared Value

The notion of BM has been conceived in economic and managerial fields [7, 8, 20] frequently in relation to the Internet, Information and Communication Technologies (ICTs) and e-business [8, 21]. Scholars agree that BM is an emerging unit of analysis of organizations [21] and it combines four pillars, expressed in terms of values - proposition, creation, delivery and capture – [8] which system's interactions results in (shared) value (SV). Porter's and Kramer's critical analysis of BMs allows to overcome the narrow conception of capitalism, focusing on the economic value of a firm as a close system and shifts towards a broader concept, focusing on exploiting the full potential of organizations through the engagement of stakeholders and the society in the organization value chain. SV captures both the value of nature – economic – and value of sources – the variety of stakeholders participating in a complex network of interactions – involved in an organization and it bridges economic progress to the needs of society. The Business Model Canvas (BMC) [7] is the strategic planning tool which helps to illustrate, develop and monitor BMs structure and activities.

2.3 Business Model for Sustainability and Sustainable Shared Value

Traditional BM clashes with a range of issues related to the economic growth's limits and sustainability [10]. Actors, resources, tangible and intangible outputs involved in production, exchange and consumption processes, have expanded the nature, level and scale of their impact, growing exponentially worldwide. These challenges question the

broader negative impact that the system, generating a short-term value, has on the society and environment in the long-term [9]. And they ask for innovation [10] by developing integrative and competitive solutions that both reduce negative externalities of SV generation and increase its positive effects. When considering BMfs, [10] the value of an organization combines the company's self-interests and social progress in term of sustainability - the balance between economic, social and environmental costs and benefits [9; 10]. The incorporation of sustainability challenges in BM theory affects necessarily the enunciation of the four value pillars [10]. The result of their interactions arises in the generation of Sustainable Shared Value (SSV) which captures both the multidimensional nature of value – economic, social and environmental – and multiple value sources taking part in the creation of value which leads to a widespread well-being. The Strongly Sustainable Business Model Canvas (SSBMC) (Fig.2) [22] is a tool developed by integrating the BMC with the organization's contexts (natural environment, society and financial economy) used to evaluate the company and its stakeholders and their needs.

3 Case Study and Research Design

Ecobnb (Fig.1), is an Italian [13] digital platform in the tourism accommodation service that includes environmental and social issues in its mission, serving a tourist destination which has both a cultural and environmental value (Trentino Alto Adige) and hosts a natural UNESCO WHS. Ecobnb was born from ViaggiVerdi.it, a blog with the aim of telling travel stories respectful of the environment, places and communities, where green travelers and environmentally friendly accommodations meet (value proposition). Ecobnb allows individuals to rent their accommodations (or part of them) using sustainable indicators (Fig.3) as prerequisites for access to the platform and collaborating with green organizations (value creation). The platform provides green accommodations that could be self-certified or certified by national and international certification bodies which present guarantees for a downstream consumer in the value chain (value delivery). The revenue is mediated by the platform that, on the one hand, holds a fee for itself and, on the other, gives back the payment to the service providers (value capture).

Fig. 1. The Ecobnb. Source: *www.ecobnb.com*

By combining the BMfs – and the related tool of analysis [8, 22] – and SSV concepts [10] in digital platform, exploratory mixed analyses of secondary and primary data were used to collect case evidence from multiple sources.

Secondary data on bookings, listings, identikit of the users, etc., were collected in July and August on Google Analytics. These data were triangulated with other data sources as other websites (Similarweb.com, Airdna.com, Insideairbnb.com) and the responses to the questionnaire administered by one of the Author to the Content Manager and Ux designer (COO) of Ecobnb on August 2019. Questions collecting primary data were formulated according to the SSBMC's categories and investigated in six areas: market share; key resources, activities and the distribution of economic resources among the activities; partnership; supply-side general and specific question; demand side-general and specific question; sustainability. Replies were thematically analyses and systematized through an ex-cell grid divided in the Business Model Canvass category framework.
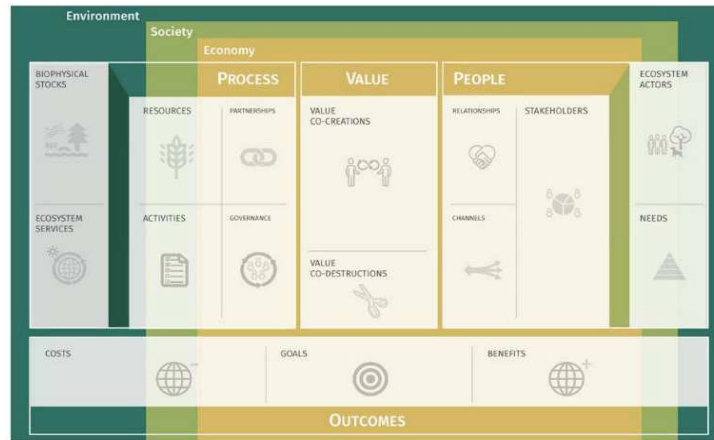
Fig. 2. The Strongly Sustainable Business Model Canvass. Source: *Lüdeke-Freund et al., 2016, p.72*

4 Results and Discussion

The case study analysis provided evidence on the four pillars of Ecobnb's BM – value proposition, creation, delivery and capture – allowing to evaluate the (share) value (SV) generated by this digital platform in the accommodation service.

4.1 Value proposition

Ecobnb is a sustainable tourist marketplace, which connects eco-friendly travelers with people offering sustainable places (core value).

The value proposition is declared on the platform's website and by the staff during exhibitions, press releases, workshops and conferences. The value embeds economic, social and environmental issues in a virtuous and sustainable user-oriented perspective. Ecobnb guarantees visibility, which is reflected in earnings for hosts and tour operator (supply-side) and the ease of access and savings of money for guests (demand-side).

It promotes the deseasonalization of the less-known tourist destinations. It reduces the environmental impacts thanks to the use of sustainable indicators (Fig.3), adopted as prerequisites to access the platform and applied thanks to the collaboration with green organizations (e.g. EcoDots; Trentino Sviluppo; IT.A.CA'- Migrants and Travelers; Ecoplore; Orme nel Parco; Ella Studio) and national and/or international certification bodies (e.g. ISIS - Innovation for Sustainability;

HowManyTrees; Kate - Ecology & Development; Green Key). These indicators included: organic or local food, bio-architecture; 100% renewable energy, low electricity consumption; hot-water solar panels; eco-friendly cleaning products; above 80% of sorted waste collection; access without car; water flow and rainwater recovery and reuse. The platform offers 5000 km of Slow Itineraries around the world to boost green vacations and share green tips to reduce the environmental impact of travels.

Fig. 3. Ecobnb indicators. Source: *https://ecobnb.com/blog/faq/*

4.2 Value creation

Ecobnb builds its value creation's process focusing on sustainable in-house capabilities, activities, resources, suppliers and partnerships. The value is created through the use of good practices and sustainable management, which is communicated on-line through the platform. The key capabilities and activities – digital infrastructures and channels – are mainly created inside the company.

All the servers of Ecobnb are powered by 100% renewable energy produced on-site (Hetzner Online). The key activities consist in marketing and R&D investments (consulting costs for the innovation;

optimization of online booking systems and user experience; research and IT development activities).

The COO's interview reveals that the strength of the project resides in the key partnerships/projects carried out with several institutions (e.g. EcoDots European Project; FESR 2014-2020 Province of Trento program; Seed Money Trentino Sviluppo project) or companies (e.g. ISIS; EcoDev Centre for Research and Development; IT.A.CA': Migrants and Travelers; Ella Studio) which have supported and guided Ecobnb in its mission.

In particular, the COO highlights the partnerships with HowManyTrees, specialized in quantifying the good practices of eco-sustainable accommodations in terms of trees (Fig.4): the platform saves 22.930 Kg of CO_2 in 2018, which correspond to 384,935 trees (HowManyTrees).
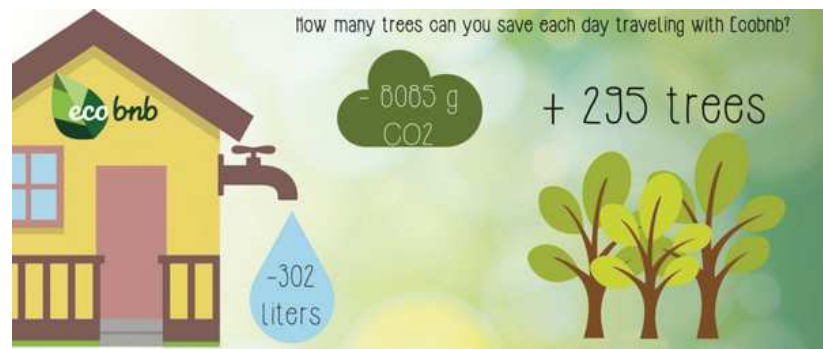
Fig. 4. Ecobnb partnership with How Many Trees. Sources: *https://www.green-sail.com/blog/an-interview-with-ecobnb*

The connection with numerous actors, involved in sustainability, encourages the formation of a collective consciousness around common issues and challenges. The Key Suppliers (3,243 around the world, 1,500 in Italy) are the professional accommodations hosts which are small-medium enterprise (hotels with less than 50 rooms, agritourism, Bed&Breakfast, camping, holiday home).

4.3 Value delivery

The platform's target customers are both green service providers – hosts who respect the ten prerequisites (supply-side) – and green travelers – environmentally friendly travelers market segment (demand-side).

The relationship with the supply-side, mainly composed of high educated women, sensitive to the theme of ecology and sustainability (Google Analytics, 2018) is realized in three ways: Membership BASIC (10% of commission including listings visibility and email support), PRO (15,50€ + VAT per month including listing visibility, priority e-mail support, no commission costs, on-top on search) and PLUS (29€ + VAT per month including PRO membership's features, moreover promotion during exhibitions, tailored marketing strategies, on-line marketing mentorship).

The relationships with the demand-side is realized in the free registration on the platform. The guests are mainly national but also international people: 64% IT, 13% USA, 4% UK, 5% ES, 4% DE, 1% FR (Google Analytics, 2018).

The channels which deliver the values are the platform (1.084.446 visits 2018; 4k nights booked in 2018; 80k requests from travelers; 25k people signed-up), social networks (Facebook 25K; Twitter 5K; Google 55k; Pinterest 17K; Instagram 1,2K) and exhibitions.

4.4 Value capture

The economic revenue is spread among the users through the platform system (on-line), which acts as an intermediary. The memberships BASIC, PRO and PLUS count respectively: 10% of the total booking to Ecobnb; 150 € + VAT, more visible reservations on the site; 350 € + VAT, maximum visibility on the site and on the homepage, dedicated articles on the blog, posts on socials, visibility at events, meetings and exhibitions dedicated to sustainable tourism (Ecobnb.it).

5   Conclusion

This exploratory contribution evaluates how sustainable is the Business Model of Sharing Economy digital platforms in the tourism accommodation service by connecting the most recent literature on Business Models, Business Models for sustainability and Business Models in the Sharing Economy and by analyzing an exemplary case study. Ecobnb is an emerging Italian phenomenon, which, for our best knowledge, is a unique case at both national and international levels.

Through the analysis of the Ecobnb's Business Model four pillars (proposition, creation, delivery and capture), the study explored the (shared) value generated on and through the digital platform. This has

shown that Ecobnb by adopting a Business Models for sustainability tends to generate a Sustainable Shared Value.

Ecobnb has virtuous value generation and sharing mechanism: the different dimensions of sustainability are embedded into Business Model's value proposition, creation, delivery and capture and creation of a multi-dimensional value – environmental, social and economic – which considers the negative externalities generated on the local level. This means that the company uses a set of sustainable indicators (Fig.3) to avoid that negative externalities impact on stakeholders and/or compensate them through distribution mechanisms of the economic profit or good practices. In doing so, it attempts to overcome the problems that other platforms (e.g. Airbnb) in the Sharing Economy's accommodation service have shown.

Since bookings are continually increasing, the economic sustainability is currently a critical issue which must be improved and monitored to guarantee the whole sustainability of the Business Model. Indeed, the platform is a pretty new player on the market and suffers from the competition of the giants of the digital accommodation sector. Subsequent studies will allow us to understand if the platform will be able to obtain a relevant and competitive market share. Moreover, the researches demonstrate how the values generated are distributed among the company and its stakeholders raising Sustainable Shared Value.

Even if the case of Ecobnb is promising in explaining how an on-line platform may act as an attractor and a driver of territorial development, further research is needed to overcome the limits of this exploratory study. Among the others: studies monitoring the evolution of Ecobnb platform in terms of market share and sustainable competitive advantage are required to be undertaken; extensive cross case comparisons investigating how platforms may be successful in a long-term and multi-stakeholder perspective should also be laid out.

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