

DIFFUSE AND INTEGRATED HOTELS AS INNOVATIVE FORM OF ACCOMMODATION: REVIEW OF THE CONCEPT AND ITS IMPLEMENTATION IN CROATIA

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Abstract

This paper examines concept and examples of diffuse and integrated hotels as a new and innovative form of accommodation introduced to Croatian tourism practice in 2014. Diffuse hotel as a term and concept was originally initiated in Italy as a form of hospitality oriented on accommodation facilities distributed in different buildings but all located in the same village/town with a common reception hall, common room for socializing and other tourist facilities.

Purpose – to provide overview of the main principles of diffuse hotels and their potential benefits and to conduct analysis and comparison between goals targeted at the Croatian policy-making level and application of proposed models through (so far) registered diffuse and integrated hotels in Croatia.

Methodology – Desk research of available literature, relevant websites and examples was performed and in order to analyse current situation regarding management practices and models of existing Croatian diffused/integrated hotels, case study method was used, based on available secondary qualitative and quantitative data.

Findings – Results show significant discrepancy between the initial idea and aims of diffuse and integrated hotels and the actual implementation in Croatian tourism practice in terms of number and management characteristics of (currently) registered diffuse and integrated hotels.

Contribution – This paper provides systematic review of the main characteristics, management practices and organizational forms related to the diffuse and integrated hotels with emphasis on their benefits in terms of sustainable tourism and local community development. Analysis provided in this paper gives new insights on the important differences between planned positive changes intended by the introduction of diffuse and integrated hotel models in Croatian practice and their recognition and interpretation in real tourism sector.

Keywords: diffuse hotels, integrated hotels, management, organizational forms

INTRODUCTION

A common challenge for the tourism industry nowadays is remaining competitive and innovative on a constantly changing market, while respecting the main principles of sustainable development (balancing ecological, economic and social objectives).

One of the prevailing interests of modern tourists include the desire to immerse in the local culture and tradition and come into contact with new cultures in an experience based on authenticity and sustainability, but without sacrificing the conveniences that they are used to (Aziz and Ariffin, 2009). In order for the tourist offer to be appealing, a careful and sustainable balancing between economic benefits, along with the

preservation of irreplaceable resources and the revitalization of the culture of local communities, should be the focus of tourism strategic planning (Franch, Martini and Della Lucia, 2011). The aforementioned balancing key aspects puts great responsibility on policy makers, private tourist service providers, tourist boards and local communities in general. A novel solution for the development of tourism based on local heritage and culture that contributes to the social development of the area, is known under the term of *distributed hospitality*. It generally represents a form of hospitality that is based on relations of collaborative nature and especially suitable for the regeneration of certain areas, the repositioning of a destination as well as for sustainable usage of available residential assets (Russo, Lombardi and Mangiagli, 2013). This paper shall focus on the most prominent forms of distributed hospitality - the concept of „*albergo diffuso*“ or diffuse hotel (in some literature also referred to as „scattered hotel“). The first part of the paper is oriented on presenting the origin and main characteristics of the „*albergo diffuso*“ model in Italy, as well as on analysing several Italian examples of diffuse hotels with an important positive impact on local communities. The second part of the paper discusses the Croatian legal framework for diffuse hotels, which includes new forms of diffuse hotels available for registering, called integrated hotels. The main intentions and aims which served as basis for this legal framework shall be presented, and examples of existing Croatian diffuse and integrated hotels shall be analysed in order to perform a comparison with Italian examples, but also to discuss the gap between desired results (perspective of policy makers) and actual implementation in practice (perspective of managers and entrepreneurs). Important elements emphasised in the Italian and Croatian examples' analysis, will be the origin of the entrepreneurial initiative (private or public sector) as well as the organizational form and management practices, as key factors in long term development and contribution of hotels to the community.

1. ORIGINS OF THE DIFFUSED AND INTEGRATED HOTELS CONCEPT: “ALBERGO DIFFUSO” IN ITALY

This chapter deals with the definition and main characteristics of the „*albergo diffuso*“ concept which is used as an inspiration for forms of diffused and integrated hotels in Croatia. Although, the definitions and main characteristics slightly differ, depending on the source, most previous research emphasises the consensus view that the „*albergo diffuso*“ model improves economic, social and environmental balance of the destination, while providing an innovative and attractive tourist offer. Therefore, some of the most important definitions of the „*albergo diffuso*“/diffuse hotel and the list of its main characteristics, shall be presented within this chapter, followed by a short analysis of several successful examples of diffused hotels in Italy.

1.1. Concept of “*albergo diffuso*”: definition and characteristics

A diffused hotel is basically a “hotel that is not built”, meaning that it uses existing buildings distributed within a specific territory (e.g. historic centers of towns, village area, etc.) as units of accommodation, reception area and also other additional services (Dall’Ara, 2010). Instead of the „vertical“ scheme of a hotel with all the amenities in one building, diffused hotels are horizontally structured within a village or a rural area,

using different available structures and spaces suitable for hospitality services (Silvestri, 2012).

The first form of diffused hotel was developed for the purpose of benefiting the social as well as the economic situation in Carnia, Italy (the region of Friuli Venezia Giulia) which suffered from serious consequences from the earthquake in 1976. The broader objective was to contribute to the recovering of rural areas and mountain districts, characterised by constant emigration and poor economic dynamism (Battaglia, 2007). Having in mind that Italy has a high density of cultural sites attractive for tourism valorisation, the identity of diffused hotels was shaped in terms of cultural tourism. They were usually established in small historic towns and villages and/or situated in the buildings of historical-cultural interest, giving guests the opportunity for a unique experience of community culture and cultural heritage. For the overall tourism experience hospitality services play a crucial role, in terms of theory of experience economy, and if the hotel itself is a cultural asset, it becomes the medium between cultural consumption and tourists (Silvestrelli, 2012).

The main characteristics (and also prerequisites) of diffuse hotels that distinct them from „ordinary“ hotels are (Dall'Ara, 2010):

- Living units (at least 7 rooms) located in several separate and existing buildings;
- a distance of no more than 200 or 300 metres between the living units and the structure with the main hospitality services;
- Management in an entrepreneurial manner regardless of the ownership form;
- Hospitality and restaurant services offer;
- The presence of a welcoming community that favours integration in the territory and is ready to spend quality time with the tourists;
- The presence of an authentic environment, easy to associate with the social reality and local culture.

All of these characteristics are quite general, and diffuse hotels as an innovative form of hospitality with emphasis on uniqueness of the setting and offer, strongly differ among each other. However, in the Italian example, high demand for unique cultural experiences on the tourism market, combined with careful management and marketing strategies of diffused hotels, ensured a significant level of economic sustainability for this type of projects. From an ecological perspective, it is generally an environmentally friendly concept, oriented on restoring and recuperating existing houses and apartments according to local, cultural and historical backgrounds without initiating new building projects (Silvestri, 2012). Finally, a significant level of social sustainability can be achieved through the development of diffused hotels through two types of relationships: local stakeholders form a specific system of cooperation for providing services for guests (local associations, service providers, guides, artisans, farmers from the surrounding area...) while local residents become an active part of the hospitality process due to their acceptance of tourists as part of their community which encourages tolerance and intercultural exchange.

From a constitutive point of view, the majority of Italian diffused hotels have been established due to private initiatives of one entrepreneur (usually family business) or a group of entrepreneurs (Russo, Lombardi and Mangiagli, 2013), but an equally important mechanism to create the *albergo diffuso* is through public-private partnership where local public authorities such as municipalities, provinces, regions, cultural and social authorities etc. are the initiator of the project (Confalonieri, 2011). In this case, the local community remains owner of the buildings and the operational management is delegated to private enterprises or to an individual expert (Dropulić, Krajnović and Ružić, 2008). In both cases, an important role can be appointed to cooperative organisational structures which are very popular in Italy: they can either be the hotel owner (as an entrepreneurial form of individuals interested in cooperation), or run the hotel on behalf of the local community (as a type of community based enterprise). Regardless of the management and organisational forms of diffuse hotels, the support of local administration is very important in terms of “incubating” the project idea, incentivizing it (e.g. facilitating legal aspect, investing in local infrastructure...) and re-arranging development plans of towns.

1.2. Analysis of selected Italian examples of diffuse hotels

Since Italy is the hometown of diffuse hotels, the number of this kind of hotel structures, as well as the number of tourists interested in being accommodated in this kind of tourist structures, is increasing. The first experience of *albergo diffuso* is attributed to the case of San Leo, in Montefeltro Italy (Deidda, 2003), where the municipality decided to promote the territory and its culture through the use and the restructuring of old but culturally relevant buildings, in the center of small historical villages, instead of building new tourism oriented constructions (Mandelli and La Rocca, 2006).

Today there are more than 60 diffuse hotels all over Italy that favour the revitalization of abandoned houses and villages. Diffuse hotels in Italy are divided into three groups: hotels in historical districts/villages, hotels in rural ancient hamlets/villas and hotels in antique houses (Russo, Lombardi and Mangiagli, 2013). For the purpose of this paper, only three diffused hotels have been selected, and the main focus of the analysis was on the management practices (three different organisational models are selected) and on the contribution to the local community.

Table 1: Comparison of the selected diffused hotels in Italy

	Sextantio	Forgaria Monte Prat	Comeglians
<i>Region</i>	Abruzzo	Friuli Venezia Giulia	Friuli Venezia Giulia
<i>Type of initiative</i>	Private entrepreneur	Cooperation of local house owners	Cooperative organisation
<i>Number and type of accommodation units</i>	29 rooms scattered around the village	19 rustic houses (all with equipped kitchen)	24 units in three villages
<i>Total capacity</i>	65 beds	81 bed	68
<i>Additional services</i>	Cooking classes Wellness Baby sitting Conference amenities	Guided tours of local archaeological sites Tour of the medieval village Free bike rental	Agreement with ski school and local wellness center
<i>Contribution to local community</i>	Souvenir shop with local handicrafts Using locally grown food in the restaurant Long term cooperation with public institutions and real estate firms Supporting new local entrepreneurship	Restoration of old houses Agreements with local restaurants	Supporting new local entrepreneurship Contributing to the decrease of depopulation in the area

Source: Research of authors

The first example of this type of accommodation is Sextantio, in Santo Stefano di Sessanio, the Abruzzo region, in the National Park of Gran Sasso-Laga Mountains, where this kind of rehabilitation process was started for tourist purposes, so that the old abandoned borough could come back to life (Avram and Zarrilli, 2012). The owner of the diffuse hotel Sextantio, Daniele Kihlgren, invested in the revitalization of houses in the fortified medieval village of Santo Stefano di Sessanio, turning a big part of the village into a hotel. In cooperation with local authorities, thorough renovation was carried out in order to preserve and emphasise the medieval architecture of the village and implement new technologies required for the comfort of guests (<http://santostefano.sextantio.it/en/>). There are 27 rooms all over the village, each having hand-woven bedspreads, an authentically furnished interior with some modern adaptations such as Wi-Fi, LED lights, TV... Apart from accommodation, the hotel also manages native arts and crafts workshops, a wine cellar selling local products and wines, a restaurant serving typical dishes of the Abruzzo mountains, a wellness centre, an excursion centre and a conference room, all situated at different locations within the village. The Sextantio hotel project brought back to life a semi-abandoned village, creating an innovative tourist experience and giving tourists a chance to live door to door with the local community, without giving up the comfort of a hotel. Therefore, Sextantio is actually a project that promotes the history and culture of an entire location of the Abruzzo region which aims at the social and economic revitalisation of the local territory and the creation of a new local entrepreneurship (Valeri, 2011).

Another example of a diffuse hotel in Italy is Forgaria Monte Prat. The diffuse hotel Forgaria Monte Prat, was one of the first to open in the Friuli Venezia Giulia region in May, 2003. Local residents came up with the idea of using farming buildings as lodgings for tourists. The houses that were placed on the plateau, used as summer accommodations, were mainly rural, with a stable on the ground floor and the house on top, entirely built in local stone (<http://www.monteprat.it/en/storiaad.php>). After the great earthquake in 1976, most of the plateau became depopulated and almost totally deserted. It was the reason for the establishment of the Forgaria Monte Prat hotel. Therefore, in order to restore the tradition and to revitalize the local economy, the hotel Forgaria Monte Prat was established. It consists of 29 separate traditional farmhouses in stone and wood all across the plateau, with a view on the Alps and giving an unforgettable experience during both summer and winter.

Similar to the previous example, the *albergo diffuso* Comeglians was also developed as a community initiative and opened in March, 2000 (<http://www.albergodiffuso.it/chisiamo.aspx?id=6>). A group of landlords established a cooperative through which they invested in their own houses as new accommodation units, but also in large restaurant and the reception area. Over the years, some public funding was successfully used for the building of additional infrastructure (technological nets, parking lots, tracks etc.). Having in mind that this hotel is situated in the remote mountain area, affected by strong depopulation, the model of diffused hotels and cooperative organisations, contributed to the renovation of houses and cowshed, artisanal workshops and ancient tracks, fields, woods and creeks, but also people's quality of life.

The review of Italian examples of diffuse hotels proves that the frameworks of sustainable development is respected, because all investments are reconstruction-oriented and they influence the growth of towns as well as the establishment of connections between their inhabitants (Dropulić, Krajnović and Ružić, 2008). In this brief overview of Italian diffused hotels it can be concluded that the *albergo diffuso* model can significantly benefit the local community and the surrounding territory, but only if key stakeholders (private sector, residents, decision makers etc.) continuously cooperate in the planning and the implementation of tourist products and services, regularly focusing the right amount of attention on the overall generated benefits.

2. IMPLEMENTATION OF DIFFUSE AND INTEGRATED HOTELS IN CROATIA

During the past few decades, a lot of people from small villages and towns in Croatia moved away leaving their properties abandoned, which caused their deterioration over time. On the other hand, in 2013 there were 57.783 households that provide tourist accommodation with 416.991 beds which makes 45% of the total accommodation offer in Croatia. The average stay is 7 days and the average annual occupancy rate is 53 days (Croatian Ministry of Tourism) which encouraged the Ministry of Tourism to implement a new strategy which would revitalize abandoned houses and villages, as well as encourage different households to merge and cooperate for the purpose of providing more quality services. This chapter aims at describing the main elements of

diffuse and integral hotels in Croatia from the perspective of the legal framework, but also by providing an analysis of examples of currently existing diffuse and integral hotels.

2.1. Legal framework and strategic aims of establishing diffuse and integral hotels in Croatia

One of the key objectives of the Croatian Tourism Development Strategy by 2020 is increasing the quality and professionalization of family accommodation, which in other words encourages mergers of family accommodation in households (The Government of the Republic of Croatia, 2014). This is why a National Program for Improvement of Family Accommodation is in place, which is one of the first activities carried out with the aim of creating new and innovative tourism products in the area, developing and improving the quality of accommodation offers, joint market and professionalization of private accommodation. All this should lead to strengthening the demand in the off season and raising the competitiveness of Croatian tourism.

In 2014, the Croatian Ministry of Tourism, motivated by the objective to improve family accommodation, added two new types of hotels to the categorization system: *diffuse* and *integrated* hotels. Both of these hotel types should provide accommodation in at least three separate buildings (concept of distributed hospitality). Diffuse hotels were implemented in Croatia following the example of Italy. The main idea is to put different buildings to use and thus give them added value, based on creating new services and connecting existing objects without constructing new buildings which would disturb the authenticity of the destination (Dragičević, Tomašević, Avejić, and Stanović, 2015). Diffuse hotels should be registered only in buildings characterised by traditional architecture and/or in buildings of cultural significance. Integrated hotels, on the other hand, are a type of hotel that connects existing room accommodation, apartments, studio apartments and holiday houses, as well as other service providers. In the case of integrated hotels, the cultural component of products/services provided is not a prerequisite, but cooperation between integrated hotels and private entities/local administration/residents is strongly encouraged. Both of these new categories are mostly aimed at improving the quality of the family accommodation offer, facilitating year-round tourism implementation, creating a joint marketing approach and destination networks, fostering the development of innovative tourist products and contributing to new sustainable employment (Ministry of Tourism, 2014). All these objectives were in the focus of the policy makers while creating and adopting the new policy for diffuse and integrated hotels. For the purposes of discussion and in order to provide further recommendations, the next part of the paper will present a short comparative analysis of several diffuse and integral hotels registered in Croatia.

2.2. Analysis of examples of diffuse and integral hotels in Croatia

It is important to point out regarding this topic in Croatia, in terms of a relatively new framework legislation on a national level (the new rulebook is effective from March 2014), that there is a serious lack of official statistical data on the actual number of registered diffused and integral hotels. Therefore the following examples are selected based on the authors' knowledge, in order to compare the main differences in concept,

organisational structure and expected contribution to the local community (same methodology used for the analysis of Italian hotels).

Table 2: Comparison of the selected diffused and integrated hotels in Croatia

	<i>Diffuse hotels</i>		<i>Integral hotels</i>	
	Raznjevica Dvori	Horizontal hotel Sibenik	Zig Zag	Heart of Nature
<i>Region</i>	Zadarska county (rural setting in the hinterland)	Sibensko kninska County (historical center; seaside area)	City of Zagreb (urban area; city center)	Karlovacka County (rural setting)
<i>Type of initiative</i>	Diffuse hotel Private enterprise	Diffuse hotel-run by the Association of the private accommodation renters	Integral hotel; Private enterprise-operating with accommodation units rented from different private owners	Integral hotel; Private enterprise
<i>Number and type of accommodation units</i>	3 stone houses	22 locations within historical city center	13 apartments 4 double bedrooms 1 single room	23 rooms
<i>Total capacity</i>	14 beds	100 beds	70 beds	50 beds
<i>Additional services</i>	Fully equipped kitchen Shuttle service Gift shop BBQ facilities Outdoor pool Bike rental	Parking (surcharge)	Fully equipped kitchen Airport shuttle (surcharge)	Restaurant Car rental Shuttle service Meeting facilities Gift shop Bike rental Jeep safari Outdoor pool Art and culinary workshops Massage Wine tasting Guided tours
<i>Contribution to local community</i>	No direct connection to the local community	Three restaurants, members of the Association provide meals for guests at discount prices Future plans include agreements with local agencies and guides.	Plans for future cooperation with other apartment and room owners	Cooperation with the old mill owner

Source: Research of authors

One of the selected examples is the first diffuse hotel opened in Croatia called “Ražnjevića dvori”. The hotel “Ražnjevića dvori” was opened on 12th June 2014 in Polača. It is located in the historical centre of Polača village, in the ancient agricultural area of Ravni kotari in North Dalmatia. It is a fully refurbished traditional rural estate which offers accommodation in three stone houses (<http://ilirijabiograd.com/en/raznjevica-dvori-ad-1307/about-the-hotel>). The entire project was developed based on the initiative of an experienced entrepreneur and the estate is actually part of his family heritage. This diffused hotel offers high-quality accommodation facilities and it is part of a larger tourist company named Ilirija inc., which offers a wide range of hospitality services within three main sectors: hotels, nautics and camping. Ilirija inc. is also responsible for marketing and booking of accommodation, as well as organizing other services (restaurants, trips, leisure activities etc.), so actual direct connection to the local community of Polača (village where the hotel is situated) does not exist.

Another, quite different, example of a diffuse hotel is the Horizontal Hotel Šibenik, which is a joint project of local accommodation renters within the historic centre of the town of Šibenik. For the purposes of establishing a diffuse hotel, 22 individual renters created an Association of Private Accommodation Renters. The main objective of their project was to network the existing tourist offer in the historic centre into an integrated, innovative tourism product (<http://www.horizontal-hotel-sibenik.com/en/about>). With funding from the regional and national level, the Association invested in equipping a central reception which not only provides tourists with a check-in, check-out and information point, but also a kind of a living room with an Internet corner and a library. Developing agreements with local service providers is one of the future plans of the Association and the present contribution to the community is visible thanks to the local food offer made available for guests in restaurants which are also members of the Association.

The first *integrated* hotel in Croatia was opened in Zagreb, connecting apartments and rooms on several locations in the city. The ZIGZAG Integrated Hotel was established as a private initiative of two entrepreneurs with a vision of a network of modern apartments and rooms of high-quality and fascinating interior design, at a central location in the Croatian capital (<http://www.zigzag.hr/en/index.php>). The reception is located at the central location, as well as four double rooms, one single room and two apartments. There are also nine luxury apartments situated at a distance of 1-5 minutes from this central location. The current full capacity of the ZIGZAG integrated hotel is 70 beds and there is a possibility of further business cooperation with other apartment owners in the city centre. Even though this type of arrangement with apartment and room owners for the purpose of increasing the quality of the accommodation and joint promotion on the market is an innovative business idea, cooperating with other existing local private and public tourism services providers (which was one of the main objectives of establishing integrated hotels in general) is not implied.

The last example, the integrated hotel Heart of Nature is a rural complex in a small village not far from the city of Karlovac. It is an extension of a family business that started with the four-star heritage hotel Korana-Srakovčić in Karlovac. This hotel is one of the top quality small family hotels in continental Croatia and the establishment of the Heart of Nature integral hotel actually represents the next step in the strategic

development of a complimentary tourist offer, more oriented towards the concept of nature tourism and active holidays in the rural and natural setting. The family Srakovčić (much like the Ražnjatovica Dvori example) also used their family estate, so the ownership and management model is very simple. The complex of the integrated hotel includes a campsite, indigenous houses decorated in the traditional style, with an overall accommodation capacity of 23 rooms (50 beds), a restaurant with 75 seating places, homemade products and a garden arbour with an open grill (<http://www.sreceprirode.hr/heart-of-nature/310>). The hotel provides a large number of leisure activities, day trips, guided tours, culture and history programmes, gastronomy tours and wine tasting around the area. However, all of these activities are organised with the internal capacities of the company and by integrating the services available at the Korana-Srakovčić hotel. So even though those tours represent a significant contribution to the overall attractiveness of the destination, an important cooperation between the integrated hotel, the local community and other service providers is still missing.

Perhaps the most sustainable idea at the moment, in terms of diffuse hotels in Croatia, is still in the planning phase and is named "Diffuse hotel Vrbanj". It involves the coordination of high quality private accommodation and local cuisine (based on products of local farms) in the small village of Vrbanj (island of Hvar). The idea of the local initiators is to invest in the renovation of the central building for reception purposes and the project includes plans for installing solar collectors and the utilization of rainwater. The management of this yet to be established diffuse hotel plans to found a cooperative of various local stakeholders (local farmers, accommodation renters, tourist services providers etc.). The hotel would be oriented towards offering a unique experience of local culture and natural attractions according the motto: "Good food, fine vine & quite stay" (<http://www.poslovnih.hr/startup-i-vase-price/difuzni-hotel-vrbanj-nudi-drukciji-dozivljaj-hvara-290611>). Although this project is in an early phase of development (financing for the primary stage has been partly ensured), its main objectives and plans in terms of the organisational structure and operational management are in line with sustainable development principles and show a resemblance to Italian examples of diffuse hotels.

Since the diffuse and integrated hotel categorization was only recently introduced in Croatia (in 2014), not a lot of hotels with that categorization have been opened so far. The concept of diffuse and integrated hotels should stimulate an even economic growth in an area, because its basis consists of a symbiosis between renters, local people and guests; protection of the environment and improvement of the social and human dimension of the community in question (Dropulić, Krajnović and Ružić, 2008). However, the results of the analysis and the comparison of selected Croatian examples imply that private initiatives with an emphasis on economic objectives are still predominant over the cooperation between various private accommodation renters and service providers, which were the initial motives of policy makers in creating a legal framework for the concepts of diffuse and integral hotels. Investing more efforts in educating and informing local private and public tourism stakeholders on the topics of management and organisation, cooperation, networks, as well as on the characteristics of various organizational structures available within the Croatian legal framework is absolutely necessary. Also, continuous monitoring of the contribution of the registered diffuse and integrated hotels to the off season results of destinations should take place

in order for policy makers to receive feedback on the effects of the implemented scheme.

CONCLUSION

Achieving a symbiosis between providing a high quality and unique tourist experience based on culture, heritage, local tradition and sustainable accommodation systems which benefit the local community is a difficult task. Therefore the development of sustainable diffused hotels is a constant challenge for local tourism services providers, decision makers and residents. Creating a system of attractive tourist products and services oriented towards long-term benefits and sustainability for a wider range of stakeholders, rather than short-term financial benefits of exploiting certain attractions for tourism purposes requires an innovative approach with regard to its organization and management practices.

A review of the Italian theory and practice in terms of diffuse hotels reveals the aforementioned desired synergic effect between actual problems and needs of specific areas, recognised comparative advantages, potential benefits of introducing new tourism models and an effective cooperation between the public and private sector with the support of the local community. Three models of establishing diffuse hotels in Italy (the entrepreneur's private initiative, the cooperative form or the public initiative combined with professional management) also display a significant level of awareness regarding the importance of good organization and cooperation based on combining individual and common benefits.

In Croatia, the Italian "*albergo diffuso*" model was taken as an inspiration for developing diffuse and integrated hotel forms as means of improving and professionalising the extensive family accommodation sector. However, despite the reasonable objectives which focus on fostering a cooperation of private accommodation renters among each other, as well as with other local private and public sector representatives, an analysis of the existing examples reveals a different situation. New diffuse and integrated hotels are predominately investments of private entrepreneurs who are also the owners of all the capacities, and are essentially oriented towards combining their internal services offered, without aiming for an extensive cooperation with other local providers in the destination. The example of an association of private accommodation renters being established in order to manage the diffuse hotel is an important milestone for further development. The idea of forming a cooperative responsible for the development of the entire tourist system consisting of accommodation, food, leisure and other services (Hvar) is even more sustainable and innovative.

However, there is a great need for detailed research and for recommendations regarding the most efficient organizational structure suitable for the needs of future diffuse and integrated hotels with a distinct focus on the wider interest of the community. The Italian example can be very useful, not just in terms of achieving an innovative and high quality tourism product based on the cultural and historical wealth of an area, but also in terms of attaining long-term sustainability.

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