

Transformative service research in the hospitality industry: The case of the “Albergo Diffuso”

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Abstract

Purpose. The aim of this paper is to empirically apply the Transformative Service Research (TSR) framework developed by Anderson *et al.* (2013) to the hospitality industry. Specifically, we investigated how the “Albergo Diffuso”, an innovative Italian model of hospitality, boosts the economy of small rural villages influencing the collective well-being of all the actors involved in the hospitality process.

Methodology. We selected three Alberghi Diffusi in three different Italian regions. Hence, we applied a multi-method approach through participant observations and ten in-depth interviews with key informants: managers, staff, tourists, service providers and residents.

Findings. From the analysis five recurring themes emerged that concur to enrich and develop the TSR framework: Sustainability issues, mutual exchange, networked approach, cultural stances, authenticity.

Practical implications. The Albergo Diffuso is an ideal case of Transformative Service Organization (TSO) because of its positive economic and social implications on the local communities, consumers and employees. It contributes to create uplifting improvements in the collective well-being of all the actors involved.

Originality/value. The originality of this study lies both in the investigation of the Albergo Diffuso model through the lens of TSR, and in providing new research avenues for service scholars interested in individual and collective well-being in the tourism industry.

Keywords

Transformative service research; Sustainable tourism; Hospitality industry; Albergo Diffuso; Consumer well-being; Collective well-being

1. Introduction

The importance of services in contributing to the individual and collective well-being is growing in recognition. With the emergence of the Transformative Service Research (TSR) area, scholars are increasingly highlighting the transformative role that services may play both at micro and macro-level.

Transformative Service Research (TSR) is defined as “the integration of consumer and service research that centers on creating uplifting changes and improvements in the well-being of consumer entities: individuals (consumers and employees), communities, and the ecosystem” (Anderson *et al.*, 2011, p. 3). It was recently introduced (Anderson *et al.*, 2013; Rosenbaum *et al.*, 2011) as a direct outgrowth of the Transformative Consumer Research (TCR) movement (Mick, 2006). While TCR focuses on the impact of consumer consumptions on well-being, TSR stresses the role of service and service ecosystems in affecting individual and collective well-being (Ostrom *et al.*, 2015). So far, this research stream focuses on the delineation of the domain (e.g. Anderson *et al.*, 2013; Rosenbaum *et al.*, 2011) as well as on the conditions that enable services to improve individual and collective well-being (Anderson and Ostrom, 2015). The basic understanding is that sustainable profit can only be achieved when it advances mutual well-being. Hence, as co-created transformative value helps customers to fulfill their potential as human beings in new and innovative ways, co-created transformative value goes beyond simple financial value or need fulfillment. To this aim, Fisk *et al.* (2016) recently introduced the concept of Transformative Service Organization (TSO), defined as a service organization that positions “mutual well-being” at the core of its business model. They provide a framework for organizations addressing transformative change based on six transformative elements: development of transformative value propositions, demonstration of transformative/servant leadership, transformation of an organizational culture/climate, development of key dynamic capabilities, establishment of a systems/networked mindset, and alignment of technology/infrastructure. These elements form an interconnected process, where at the core there is transformative value co-created in interactions between customers and employees.

The aim of this paper is to apply the Transformative Service Research (TSR) framework developed by Anderson *et al.* (2013) to the hospitality industry. This approach highlights how the interaction between service entities and consumer entities influences the well-being outcomes of both. In particular, we adopted the TSR framework to empirically investigate the case of the Albergo Diffuso, an innovative Italian model of hospitality, following a deductive approach. Hence, we used mixed methods carrying out in-depth interviews and participant observation. It is believed that the Albergo Diffuso is an ideal case of Transformative Service Organization (TSO) (Fisk *et al.*, 2016) because of its positive economic and social implications on the local communities, consumers and employees. In fact, the goal of a TSO is to create uplifting changes and improvements in the well-being of the individuals, communities and the ecosystem. Specifically, the Albergo Diffuso formula promotes sustainable tourism since this type of accommodation does not alter the surrounding landscape with new and possibly harmful buildings. Furthermore, it aims to restore existing houses in small rural centers respecting historical and cultural features. The result is the economic development of small rural destinations, thereby saving them from depopulation.

2. The networked nature of transformative services

According to the recent developments of TSR, calls for a transformative change of conducting business operations have emerged (Anderson and Ostrom, 2015), claiming that

organizations should actively and strategically engage in value co-creation with partners and customers that transforms lives and communities. Such a transformative change is not seen as a destination or a goal in itself, but rather a condition of continuously evolving and moving forward.

Anderson *et al.* (2013) provide a conceptual framework that represents a big-picture view of how the interaction between service entities (e.g., individual service employees, service processes or offerings, organizations) and consumer entities (e.g., individuals, collectives such as families or communities, the ecosystem) influences the well-being outcomes of both. Both micro and macro levels are considered in the framework, since it highlights that such interactions occur in the macro environment.

The intrinsic element of the co-creation of value and services necessitates the simultaneous commitment and development of staff, the organization and the public. Hence, all stakeholders are responsible in moving the organization along the transformative spectrum towards mutualism, i.e. creating transformative value with customers and heterogeneous stakeholders. Traditionally, TSR has focused primarily on the micro-level, i.e. the interactions among and between customers, service providers, partners, and other customers. Moving beyond this dyadic view and responding to a call for additional research in this area (Anderson *et al.*, 2013), is a novel theme that revolves around the social aspects of transformative services.

Consumers engage with and can be affected by different levels—namely, individual, collective, and the broader ecosystem—in their interactions with service entities. Beyond the individual level, it is important to consider collective consumer entities, which include groups such as families, social networks, neighborhoods, communities, cities, and nations. All of the inter-organizational relationships involved build a network (i.e. anchored in a focal company's transformative services business model).

By integrating insights from the emergent TSR literature with the network approach, we can contribute to this emerging field by focusing on the networked nature of the transformative role of services.

While the extant literature provides further details about the phenomenon of transformative services and the underlying business models, creating a transformative service offering often requires multiple actors in order to develop and grow such services and make them 'stick' in the market. While it is possible for the transformative service to be anchored in one company, i.e. it represents a specific business model for that company, this is not done in isolation, i.e. without the involvement and interactions with other actors. Such aspects of business relationships in bringing about transformative services have been singled out as one of the most important avenues of research in this area (Black and Gallan, 2015). While business relationships with customers, suppliers, and other third party organizations are of importance to firms in general, and in particular in the context of service offerings with their characteristics as being co-created, transformative services often involve traditional economic actors as well as public sector organizations or charities, and therefore are characterized by specific relational structures. Recent transformative studies have begun focusing on collective service outcomes by exploring the collaboration between service providers and underprivileged communities (i.e. Gebauer and Reynoso, 2013).

Although this social and collective level has considerable influence on the individual as well as the collective well-being, it is a much ignored area of service research (Skalen, Aal and Edvardsson, 2015). In the context of service-related networks and ecosystems it has been noted that their morphologies are manifold, and therefore in-depth understanding of the specific make-up of such entities is important for fostering an understanding of transformative services. Until now there have been few empirical studies explaining how service companies

accomplish the transformative potential of their business for improving the individual and collective welfare especially in tourism.

3. Tourism and well-being

In the last few decades, there has been an emerging academic interest in the relationship between tourism and well-being across a wide range of disciplines such as psychology, economics and health sciences (Smith and Diekmann, 2017). Several studies investigated the connections between tourism and happiness, subjective well-being (SWB), life satisfaction, quality of life (QOL), and health (Cini, Kruger and Ellis, 2013; De Bloom, Guerts, and Kompier, 2013; McCabe and Johnson, 2013; Dolnicar, Yanamandram and Cliff, 2012). Specifically, Hobson and Dietrich (1994) noticed that in our society it is frequently assumed that tourism is a mentally and physically healthy pursuit to carry out during one's leisure time. In fact, vacation was recognized as a basic human right by the United Nations since 1948 and by the World Tourism Organization in 1980 (Chen, 2013; Higgins-Desbiolles, 2006; Richards, 1999). Hence, there is an urgency to study what drives well-being because low levels of well-being have been attributed to depression, anxiety, stress and the need for therapy. On the contrary, high levels are linked to enjoyment of work, happiness and life satisfaction (Steger *et al.*, 2006). In view of this, Sirgy *et al.* (2011) studied how positive and negative holiday experiences affect overall well-being.

3.1 Tourists' subjective well-being

The promotion of individual well-being is one of the main aims in all modern societies (Chen, 2013). Specifically, subjective well-being (SWB) is a construct that has been studied over many centuries and has been defined in ethical, theological, political, economic and psychological terms (Lewinsohn, Redner and Seeley, 1991). In particular, SWB is composed by cognitive (i.e. life satisfaction) and affective elements (i.e. positive and negative feelings) (Cini, Kruger and Ellis, 2013). Gilbert and Abdullah (2004) found increases in SWB scores in the group taking a holiday in their study compared to the non-tourists sample. Moreover, overall traveller's contentment was positively affected both by the anticipation of vacation and the holiday experience itself (*ibid*, 2002). This result was confirmed by Nawijn *et al.* (2010) because their study revealed an increase in vacationers' affect before the trips and for two weeks after the holiday. Subsequently, vacations have the potential to raise the happiness level of people who are enjoying their holidays, not causing any worse off than before traveling. Positive SWB, thus, is considered essential for good personal life and for a healthy society (Diener, Oishi and Lucas, 2003). In fact, high SWB leads to life satisfaction, frequent joy, and infrequent unpleasant emotions (McCabe, Joldersma and Li, 2010; Diener *et al.*, 1999).

Well-being is also referred to as happiness, defined as a mix of "longer-term pleasant affect, lack of unpleasant affect, and life satisfaction" (Diener, 2009, p. 25) or transitory mood of gaiety and elation (Campbell, 1976). In truth, happiness has been recognised as an important social aim, leading many researchers to attempt to study what makes people happy (Lyubomirsky and Lepper, 1999). For example, Rubenstein's study (1980) demonstrated that holidays are an important source of relaxation and happiness. Milman (1997) also investigated the impact of travel and tourism experience on travellers' psychological well-being or level of happiness. Hence, there is an evidence in several studies that positive leisure experiences generate positive moods, contributing to an enhancement of the individual's sense of well-being (Hunter-Jones, 2003; Hills and Argyle, 1998; Argyle and Crossland, 1987; Mannell, 1980). As a consequence, vacations provide an opportunity for relaxation,

entertainment, personal development, and act against stress (Dumazedier, 1969). In fact, this fits with the view that people travel to satisfy certain psychological needs, and the tourist will be happy about the holiday if he/she perceives that it has met or exceeded his/her expectations (Gilbert and Abdullah, 2004; Crompton, 1979). As a matter of fact, travel experiences are not only composed of physical activities, but they also include a wide range of cognitive ones which affect the tourist's perception, awareness, imagination, and reasoning. They also have an impact on the psychological well-being of the traveller (Milman, 1998). The overall goal of vacation is to recover from work stress and to restore work capacity (Fritz and Sonnentag, 2006). As a result, tourists are removed from their everyday life and engage in restful activities while they are on vacation (De Bloom *et al.*, 2009).

In particular, vacations are considered as balanced leisure activities (Kelly, 1985), as opposed to structured leisure ones, which are home-based, regular and familiar (McCabe and Johnson, 2013). Subsequently, balanced family leisure activities are novel experiences, not home-based, requiring a greater investment of time and effort (e.g. family vacations, camping, boating, fishing, community-based events). In contrast, core or structured family activities occur every day at home with little planning, and are low-cost, spontaneous and informal (e.g. watching television together, playing board games, gardening, and family dinners) (Zabriskie and McCormick, 2003).

According to Rubenstein (1980), vacations are an integral part of people's life in developed countries and represent a pathway to life satisfaction. Neal *et al.* (2004; 2007) proved that there is a connection between satisfaction with tourism services and general life satisfaction. Specifically, life satisfaction can be defined as a cognitive and judgemental process, consisting of the evaluation of a person's quality of life according to the individual's chosen criteria together with hedonic aspects (McCabe and Johnson, 2013). Following Lee and Sirgy's satisfaction hierarchy model (1995), overall life satisfaction is related to a range of individual life domains, such as personal health, work, family, love and money. Hence, life satisfaction is high if contentment is high as well. In fact, it depends on the degree to which an individual perceives his/her aspirations to have been met. In other words, the person judges to what extent he/she has achieved his/her goals in life (Veenhoven, 1991).

Quality of life (QOL) has been defined in many ways. For example, Cummins *et al.* (1994) claimed that personal values, life conditions and life satisfaction interact to determine QOL. Others gave a more generic definition, defining QOL as "an individual's subjective evaluations of the degree to which his or her most important needs, goals, and wishes have been fulfilled" (Frisch, 2000, p. 220). Research demonstrated that vacations have an impact on the individuals' QOL. Specifically, social interaction, development, individual identity formation and the satisfaction of psychological needs are some of the ways vacations contribute to QOL (Richards, 1999; Tinsley, 1979). In fact, according to Gilbert and Abdullah (2004), leisure experiences can affect a person's emotional, intellectual, spiritual and physical aspects. Nonetheless, some people consider holidays as central to what contributes to their QOL whereas others judge vacations as a less important factor (Dolnicar, Lazarevski and Yanamandram, 2013). This is due to the fact that "QOL means different things to different people at different points in their life, representing an individual and dynamic concept" (Dolnicar, Yanamandram and Cliff, 2012, p. 59). According to Sirgy (2010), the importance of tourism to QOL relies on the value that people attach to tourism experiences. Consequently, vacations may produce a direct positive affect in relation to the leisure domain and an indirect one in other life spheres, such as love, family, social life, work and spiritual life.

3.2. *Tourism and local residents' well-being*

In the above section, we discussed the positive influence of holidays on travellers' well-being. However, we did not mention the effects of tourism on the collective well-being of the host communities. In truth, previous research explored extensively the impact of tourism on both tourists' well-being and local residents (Smith and Diekmann, 2017).

For example, Crouch and Ritchie (1999) investigated how to properly manage tourism development in order to boost community development. As a matter of fact, the competitiveness of a destination can be used to provide economic prosperity and high standard of living for residents of the destination. In fact, if handled appropriately, tourism can be an essential engine for cities, states and nations to achieve broader economic and social goals. Consequently, this can affect the well-being and quality of life of all citizens (*ibid*). In another study, the researchers demonstrated that increased levels of tourism development lead to an increase in economic benefits per capita income, per student education expenditures, and the quality of available health care facilities (Perdue, Long and Gustke, 1991). Furthermore, Bachleitner and Zins (1999) analysed how cultural tourism fosters tourism in rural areas with the aim of improving local residents' quality of life. At the same time, the researchers highlighted the importance of considering that key attractive factors such as cultural identity and authenticity may be affected as a result of increasing tourism activities.

Over the past years, another interesting research theme has been the host communities' attitude towards the impact of tourism (Nunkoo and Gursoy, 2012; Andereck and Nyaupane, 2011; Nunkoo and Ramkissoon, 2011; Gursoy, Chi, and Dyer, 2010; Gursoy and Rutherford, 2005). In this regard, according to Andereck *et al.*'s study (2005), residents recognize several positive and negative consequences in relation to the local tourism industry. On one hand, local residents are aware of tourism's great importance for economic development. On the other hand, there are concerns with respect to traffic, crowding, congestion, litter and crime.

4. Methodology

The main aim of this paper is to research how tourism influences not only the individual, but also the collective well-being of all actors involved in the process. As a result, the interaction between service entities (e.g. service employees, service processes or offerings, organizations or service sectors) and consumer entities (e.g. individuals, collectives, the ecosystem) affects the well-being of both outcomes (Anderson *et al.*, 2013). In particular, we investigated how small local communities benefit from the presence of an innovative Italian form of hospitality called "Albergo Diffuso" (Confalonieri, 2011).

4.1. *Research setting*

The idea of the Albergo Diffuso originated in the Italian region of Friuli Venezia Giulia in 1982 within a technical working group whose aim was to recuperate small centres which were destroyed after the earthquake in 1976. Successively, the model has been engineered by Giancarlo Dall'Ara, consultant for Italian Tourism Regions and Operator Consortia, and has been recognised for the first time by the Region of Sardinia with a specific regional law (Dall'Ara, 2015). In the coming years, other regions recognised this form of hospitality along with bed and breakfasts (B&B), hotels, rural farmhouses and chalets. At present, there are more than 100 Alberghi Diffusi across Italy and a few are opening abroad (e.g. Hanare Albergo Diffuso in Japan, and Hacienda Zorita in the UK). Specifically, the Albergo Diffuso satisfies the need of restoring houses set in beautiful historical centres, but not particularly popular and attractive as tourist locations (Confalonieri, 2011). It is the right balance between a hotel and a house since the tourist truly becomes part of the local community and the whole

town is his or her hotel. In fact, it provides all the services of traditional hotels, but the rooms and facilities are scattered in different buildings in the same urban area within a radius approximately of 200 meters from the core of the hotel (i.e. the reception, the common spaces, and the restaurant). The rooms and apartments are located within the historical centre, and are properly restored according to the local culture. The Albergo Diffuso is the perfect form of hospitality for the so-called “third-generation tourist” who wants to experience a unique vacation, looking for authenticity and immersing himself/herself within the local culture (Alberghi Diffusi, 2017; Dall’Ara, 2015).

4.2 Research approach

In order to pursue the aim of the study, we decided to use a multi-method approach, carrying out in-depth interviews and participant observations.

Firstly, we selected three Alberghi Diffusi: Mamma Ciccia, located in Mandello del Lario, Lombardia, Locanda Lo Specchio di Diana, located in Nemi, Lazio, and finally Sextantio, located in Santo Stefano di Sessanio, Abruzzo. These Alberghi Diffusi all belong to the category “Residence Diffuso” since they all have a “non-hotel reception structure providing accommodation in more than one residential unit. (...) [They are] characterized by a centralized booking system and by basic reception and assistance services” (Alberghi Diffusi, 2017). We carried out ten in-depth interviews following a semi-structured interview guide. Specifically, we interviewed people who performed different roles within the delivery of the local touristic offer. In the table (see table 1) we briefly describe each profile, using fictional names for the people interviewed. In addition, we conducted participant observation by visiting the Alberghi Diffusi and investigating the different activities pursued by the diverse actors involved in the hospitality process, namely managers, staff, tourists, related service providers and local residents.

Table 1. Profile of the interviewees

Profile	Gender	Age range	Nationality	Role	Region (Village)
Barbara	Female	40-50	Italian	Local retailer	Lazio (Nemi)
Nadia	Female	25-35	Italian	Employee of DMO Castelli Romani (Public institution operating within tourism)	Lazio (Nemi)
Francesco	Male	40-50	Italian	Employee of GAALNA (Archeological association)	Lazio (Nemi)
Doriana	Female	30-40	Italian	Manager/Employee of Locanda Lo Specchio di Diana	Lazio (Nemi)
Silvana	Female	40-50	Italian	Manager of Mamma Ciccia	Lombardia (Mandello del Lario)
Marco	Male	40-50	Italian	Manager of Mamma Ciccia	Lombardia (Mandello del Lario)
Tom	Male	50-60	Australian	Tourist/Client of Mamma Ciccia	Lombardia (Mandello del Lario)
Joost	Male	40-50	Dutch	Tourist/Client of Mamma Ciccia	Lombardia (Mandello del Lario)
Davide	Male	40-50	Swedish- Italian	Manager of Sextantio	Abruzzo (Santo Stefano di Sessanio)
Antonia	Female	40-50	Italian	Employee of Sextantio	Abruzzo (Santo Stefano di Sessanio)

5. Findings and discussion

As above-mentioned, the aim of this study is to research how tourism influences the individual and collective well-being of all actors involved in the delivery of the touristic offer. In particular, we studied how the innovative form of hospitality, *Albergo Diffuso*, positively contributes to the local economies of small rural villages widespread all over Italy.

From the analysis five recurring themes emerged that concur to enrich and develop the framework proposed by Anderson *et al.* (2013): Sustainability issues, mutual exchange, networked approach, cultural stances, authenticity.

5.1. Sustainability issues

At the broader ecosystem level, the *Albergo Diffuso* formula actively promotes sustainability issues because it does not imply the construction of new buildings, but rather it encourages the restoration of existing ones. In this way, historical houses are restored, respecting the local culture and according to ancient construction techniques (Alberghi Diffusi, 2017; Dall'Ara, 2015). For example, the *Albergo Diffuso Locanda Lo Specchio di Diana* restored its accommodations to let volcanic stone walls come to light again. The volcanic stone is a typical feature of Nemi's houses since the village is located nearby Lake Nemi, a lake with volcanic origins (Locanda Lo Specchio di Diana, 2017). Hence, as Doriana, manager and employee of *Locanda Lo Specchio di Diana* affirmed: "The aim is to leave the village untouched respecting its local tradition".

Another example is given by the *Albergo Diffuso Sextantio*. The owner commissioned an iconographic study about the local domestic handicraft in order to weave new wool blankets with ancient patterns for the hotel's rooms. These blankets were woven using the loom which was widely employed in the past by local women. Furthermore, this *Albergo Diffuso* is also carrying out an ethnographic study in order to collect information on local ancient receipts handed down orally from one generation to another. This last research project is still currently underway, however, as soon as it will be completed, the managers want to introduce new dishes for their restaurant based on ancient local receipts (Sextantio, 2017).

In relation to the food, very often the owners of the *Alberghi Diffusi* prefer to use organic and local products (e.g. vegetables, fruits, meat, fish, wines) in their restaurants and cafes. This is another way to promote sustainable tourism and it is the case of the three *Alberghi Diffusi* mentioned in the paper.

5.2. Mutual exchange

All the people who were interviewed claimed that the *Albergo Diffuso* is a successful hospitality form because it enables a sort of mutual exchange and encounter between the tourists/clients of the *Albergo Diffuso*, the employees and managers of the hotel, and the local residents. In fact, this model culturally enriches all the actors involved in the touristic offer. In relation to the staff and managers of the hotel, they have a much closer and intimate relationship with their customers since their aim is to make them feel a part of the local community, a part of a family. As Doriana claimed: "The *Albergo Diffuso* is something in between a house and a hotel". In fact, in a traditional hotel the hospitality is much more detached whereas in an *Albergo Diffuso*, the customer needs constant attention and there is direct contact. With regard to the tourists, they are curious about the local culture and traditions, and they are willing to discover the true authenticity of the place. In relation to the residents, they are curious to "discover the tourists" and open themselves to the world. "It's like travelling without leaving the village", commented Doriana. This dimension is of particular interest since it highlights mutuality as a central dimension in the TSR framework.

5.3. *Networked approach*

Findings emerging from the study show that one of the distinguishing features and strengths of the Albergo Diffuso formula is to encourage the diffusion of a networked approach among all the actors involved in the touristic delivery offer. In fact, all the museums, restaurants, bars, and shops of the village can benefit from the presence of the Albergo Diffuso. One of the main characteristics of an Albergo Diffuso is the creation of a hospitality network which integrates some services but at the same time leaves the single operators independent (Alberghi Diffusi, 2017; Dall'Ara, 2015). In fact, it might happen that the Albergo Diffuso does not have its own restaurant, thus, the customers will have their meals in local restaurants within the town. This network brings economic benefits to the whole village and it creates new job opportunities for the local community. As the retailer Barbara commented: "Tourism equals economic opportunities for us". Doriana, manager and employee of Locanda Lo Specchio di Diana, and Francesco, who works for the archaeological association GAALNA, respectively added: "Our activities aim at integrating the whole village" and "This is a great opportunity to exploit the facilities and resources already present within the town. The retailers, the restaurants, the museums are all involved in this network". For example, Doriana explained that two years ago they organised a sort of a scattered happy hour or "Aperitivo Diffuso" in three different locations within Nemi. The first stop-over was at Locanda Lo Specchio di Diana's bar where the guests could taste the local strawberry pie. The second stop-over was in the cellar of a local mushrooms producer. Finally, the third stop-over was at the cellar of a local cheese maker. Interactions in this case are enhanced and facilitated among all actors both at the individual and collective level.

5.4. *Cultural stances*

A very important role played by the Alberghi Diffusi is the one of cultural promoter. In fact, all the Alberghi Diffusi that we interviewed were vehicles of culture and tradition among the local community and the tourists. For example, Mamma Ciccia has its own cooking school where they organise workshops in Italian and English for adults and children teaching them how to cook traditional Italian dishes (Mamma Ciccia, 2017). In addition, this Albergo Diffuso offers the possibility to visit Lake Como and have dinner on its own vintage boat. This is a unique opportunity to "see the lake through the eyes of local residents", claimed Silvana, manager of Mamma Ciccia. In relation to Locanda Lo Specchio di Diana, they collaborate with local high schools specialised in tourism or hospitality, the so-called "Tecnico del turismo" or "Istituto alberghiero", to present them the Albergo Diffuso formula. Furthermore, they also organise guided tours of the village collaborating with two local institutions, Castelli Romani Green Tour and GAALNA (i.e. Gruppo Archeologico Ager Lanuvinus et Nemus Aricinum). Moreover, two years ago they organised two workshops about Territorial Geography with two professors of Sapienza University. Specifically, these workshops targeted the local residents. Finally, Locanda Lo Specchio di Diana opened the first Biblioteca Diffusa (i.e. Scattered Library) in Nemi, in collaboration with Sistema Bibliotecario dei Castelli Romani. Students and local residents can now subscribe to the service by paying an annual fee of 10 euros and have the possibility to choose from a wide selection of titles. Students also have the possibility to meet at the Biblioteca Diffusa to study, and local residents can use the place to organise meetings. Hence, this Albergo Diffuso became an important reference point within the local community since this Biblioteca Diffusa is the only library within the village. No other public library is present in Nemi. They also organise readings for primary school children.

Cultural stances constitute a new dimension that intervenes in the dynamics at the micro and macro levels of the framework proposed by Anderson *et al.* (2013), which thus have an impact on the well-being outcomes.

5.5. Authenticity

As Doriana, who works at Locanda Lo Specchio di Diana claimed: “We help our guests to immerse themselves in the local community. They won’t be guests anymore, but part of the village”. In fact, one of the aims of an Albergo Diffuso is to make tourists feel like residents. This is an authentic way to experience the local life within the rural village. Tom and Joost, two tourists who stayed at Mamma Ciccìa, affirmed that they wouldn’t change anything within the Albergo Diffuso because they like it the way it is and they consider it part of the experience. In particular, Joost from the Netherlands ensured that he felt integrated with local people and that he was happy to be recognised and greeted during his stay in town. Also Tom from Australia was very enthusiastic about the place and claimed: “I love the atmosphere of this place. This is a true place. I feel like I’m back home”.

Davide, the manager of Sextantio affirmed that “Albergo Diffuso” is only a classification. According to him, the Albergo Diffuso should be considered as a project with the aim to safeguard the territory’s identity, the historical and cultural heritage, local products and livestock, and the craftsmanship. Hence, his Albergo Diffuso is committed to offer a revival of the local identity in touristic form. In fact, nowadays tourists are more and more attracted to villages with a strong historical identity and cultural heritage (Sextantio, 2017).

Authenticity here becomes a crucial dimension at the base of interactions aimed at truly transforming the way services impact on individual and collective welfare.

5.6. The Albergo Diffuso formula’s critical aspects

The Albergo Diffuso formula, according to the study, also shows some critical aspects. First of all, it is important to highlight that two out of three Alberghi Diffusi that we interviewed chose to convert their traditional hotel into an Albergo Diffuso to satisfy a functional need. In fact, both Locanda Lo Specchio di Diana and Mamma Ciccìa started their hospitality activities only as restaurants, later on became traditional hotels with just a few rooms available, finally they bought and restored several more apartments detached from the main reception. They felt this need because the touristic demand was increasing and they could only buy and restore existing buildings since it is forbidden to build new buildings within historical centres. However, some tourists felt isolated and wanted to know why they had to stay detached from the reception and the hotel’s core. Silvana, manager of Mamma Ciccìa claimed: “Some people felt isolated. However, once we explained them the Albergo Diffuso philosophy, they accepted much better to be hosted in detached buildings within the village. In this way they still feel part of a community”.

Doriana, manager and employee of Locanda Lo Specchio di Diana underlined the need to educate tourists and local residents on the Albergo Diffuso model. In fact, very often people are not aware of this hospitality characteristics. As Andereck *et al.* (2005) noticed, it is becoming clear that awareness campaigns may be a step toward increased understanding of a certain industry and, ultimately, of the benefits to a community. Findings suggest that the residents’ level of trust in tourism institutions is determined by perceived costs and benefits as well as the overall community satisfaction (Nunkoo and Ramkissoon, 2011). Hence, internal and external communication campaigns would be very helpful to make residents and tourists aware of the advantages of the Albergo Diffuso formula. In fact, very often elderly people who live in small villages or workmen who live and work in industrial areas struggle to accept the presence of tourists. As a result, they do not support tourism and the connected activities of the Albergo Diffuso (Locanda Lo Specchio di Diana, 2017; Mamma Ciccìa, 2017).

Furthermore, Silvana affirmed that managing an Albergo Diffuso is more expensive and certainly more laborious than a traditional hotel. The reason is that the cleaning staff needs more time to go from a room to another since the accommodations are dispatched within the village.

Finally, Davide, the manager of Sextantio, pointed out the great utility and importance of the Albergo Diffuso because it helps to safeguard historical centers. For example, all the buildings which were restored in order to create the hotel in Santo Stefano di Sessanio withstood the 2009 earthquake that devastated neighbouring L'Aquila (Sgarbi, 2012). In truth, Italy is a country full of small villages characterized by marginality, but rich of history, culture and art. Hence, the Albergo Diffuso is not only a mere investment, but a model which can help to develop these historical territories both economically and socially (Sextantio, 2017; Di Gregorio, 2017).

7. Conclusion and further research

This study responds to the call for papers in the emerging TSR literature stream initiated by Anderson (2010) and then conceptualised through the TSR framework in Anderson *et al.* (2013). Previous research applied the above-mentioned model to the financial, health care and social services sectors (Anderson *et al.*, 2013). In contrast, in this paper we aimed to empirically apply the TSR framework to the hospitality industry in order to further develop the knowledge on the co-creation of individual and collective well-being of all actors involved in the service delivery process. Furthermore, we enriched the literature branch related to the Albergo Diffuso model. In truth, very few papers were published about this research topic (i.e. Di Gregorio, 2017; Durkin and Kolarić, 2016; Confalonieri, 2011).

The Albergo Diffuso is an ideal case of Transformative Service Organization (TSO) (Fisk *et al.*, 2016) because of its positive economic and social implications on the local communities, consumers and employees. In fact, the goal of a TSO is to create uplifting changes and improvements in the well-being of the individuals, communities and the ecosystem. In Italy, many rural villages and small towns gained several benefits from this form of hospitality. Firstly, it contributes to stop the abandoning of historical centres and boosts the re-launch of local economies decreasing depopulation risks. Secondly, it promotes sustainable tourism since nothing new has to be built and the existing buildings must be restored and networked. Thirdly, it supports the market of local semi-finished goods, thereby increasing local enterprises' turnover in the agro-food and wine sector (Di Gregorio, 2017; Dall'Ara, 2015).

Additionally, the Albergo Diffuso is not only an investment, but it is a model to be applied to small rural villages with the goal to develop these territories both economically and socially. In fact, very often these towns are characterised by marginality, but are rich in history, art and culture. Hence, the Albergo Diffuso is an opportunity to safeguard the territory's identity, the historical and cultural heritage, local products and livestock, and the craftsmanship. Consequently, this model becomes a means by which to renovate the local identity in touristic form (Di Gregorio, 2017; Sextantio, 2017; Sgarbi, 2012).

Following our analysis, five recurring themes emerged and contribute to influence the collective well-being of all the actors involved in the touristic service delivery process: Sustainability issues, mutual exchange, networked approach, cultural stances, and authenticity. These categories enrich and develop the TSR framework developed by Anderson *et al.* (2013). According to these dimensions, the Albergo Diffuso formula promotes sustainable tourism through the usage of local products and by restoring existing buildings; a mutual exchange intercedes among all the actors involved in the hospitality process gaining a central role within the TSR framework; networked interactions are enhanced and facilitated both at the individual and collective level; cultural stances constitute a new dimension that intervenes in the dynamics at the micro and macro levels of the TSR framework, thus, impacting on the well-being outcomes; finally, authenticity becomes a crucial dimension at

the base of interactions aimed at truly changing the way services influence the individual and collective welfare.

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