



Politecnico
di Bari

Repository Istituzionale dei Prodotti della Ricerca del Politecnico di Bari

Innovation through tradition in hospitality. The Italian case of Albergo Diffuso

This is a pre-print of the following article

Original Citation:

Innovation through tradition in hospitality. The Italian case of Albergo Diffuso / Presenza, Angelo; Messeni Petruzzelli, Antonio; Sheehan, Lorn. - In: TOURISM MANAGEMENT. - ISSN 0261-5177. - STAMPA. - 72:(2019), pp. 192-201. [10.1016/j.tourman.2018.11.020]

Availability:

This version is available at <http://hdl.handle.net/11589/175329> since: 2021-04-13

Published version

DOI:10.1016/j.tourman.2018.11.020

Publisher:

Terms of use:

(Article begins on next page)

Leveraging Tradition as a Source of Institutional Innovation in the Hospitality Industry.

The Italian Case of Albergo Diffuso

ABSTRACT

The role of tradition in developing institutional innovations in the hospitality industry is examined within the context of a new and emerging form of accommodation called Albergo Diffuso. We describe and discuss the different impacts of tangible and intangible sources of tradition on the development and unique positioning of this emerging form of accommodation. The data used are based on a qualitative analysis of 100 Albergo Diffuso websites and in-depth interviews with eleven owner/operators. The findings indicate that identifying and combining tangible and intangible attributes of tradition from various time periods may improve the value of an innovation, especially when it is perceived to enhance the authenticity of the experience for guests. Tradition-based strategies are shown to have multiple possible paths leading to innovation and development - a result that is relevant both for scholars and practitioners.

Keywords: Albergo Diffuso, Innovation, Tradition, Authenticity, Competitiveness

1 Introduction

Both researchers and practitioners have recognized the importance of innovation for success in the hospitality and tourism industry (Gomezelj, 2016; Eide and Sundbo, 2017). While innovation is important to ensure a sustainable competitive advantage in any industry, it is critical in those where markets are saturated and customers choose products or services from global providers, as occurs in tourism (Pikkemaat and Peters, 2005).

The changing demographics of tourists' lifestyles along with patterns in work and leisure have driven innovation in the tourism industry and provided opportunities for companies to develop different types of products and services that meet new needs and expectations (Carlisle et al., 2013;

27 Stamboulis and Skayannis, 2003). This environment of challenges and change have underscored the
28 importance of innovation to the international competitive position of tourism companies and
29 destinations (Camisón and Monfort-Mir, 2012; Williams, 2014) and correspondingly to ensure
30 survival in the global environment (Chen et al., 2011; Omerzel, 2016).

31 Hjalager (2015) provided no less than 100 examples of how tourism development is immensely
32 dependent on innovations. The list includes a range of innovations, many of which have not had a
33 primary goal of affecting tourism but rather have been implemented to increase the productivity and
34 performance of tourism enterprises. At the same time, some innovations have laid the foundation
35 for entirely new tourism opportunities such as the sharing economy in several tourism services
36 (Bilgihan and Nejad, 2015). Moreover, because barriers to imitation are relatively low, continuous
37 innovation has become fundamentally important to achieving a competitive advantage in the long
38 run (Damanpour et al., 2009; Danneels, 2002; Rhee et al., 2010) and satisfying tourists that are
39 increasingly looking for ‘new’ and ‘unique’ experiences (Ottenbacher and Harrington, 2007).

40 Broadly speaking, innovation involves “introducing a new concept, whether it is a product, process,
41 service, marketing technique, organizational structure, or market” (Brooker and Joppe, 2014, p.
42 504). Related to tourism and hospitality, innovations may refer to products (e.g. new hotel services
43 or new attractions in a destination), sources of supply (e.g. adding new niche tour operators), new
44 markets (e.g. directing existing destination brands to attract new markets) and new ways to organize
45 a business (e.g. improvement of tours using new technologies that enhance the experience) (Carlisle
46 et al., 2013). While product, process, organizational/managerial and market innovations are the
47 most common types of innovations in tourism, institutional innovations also play a crucial role in
48 explaining superior performance (Hjalager, 2010).

49 Hargrave and Van de Ven (2006, p. 866) describe institutional innovation as “... a difference in
50 form, quality, or state over time in an institution”. This often occurs when new problems arise and
51 there is no ‘focal’ institution readily available to respond (Abernathy and Clark, 1985). In the
52 tourism literature, Hjalager (2010, p. 3) define institutional innovation as “a new, embracing

53 organizational structure or legal framework that efficiently redirects or enhances the business in
54 certain fields of tourism”. Several authors have provided examples of institutional innovations.
55 Hjalager (2010) used the case of social tourism organizations where the goal is to provide access to
56 holiday opportunities for disadvantaged groups. These innovations have been established for
57 decades, but when first introduced they broke new ground in the understanding of the importance of
58 a vacation for all. For example, Poon (1998) proposed Club Méditerranée that built the all-inclusive
59 concept, now ubiquitous in sun destinations. Brendon (1991) suggested that Thomas Cook broke
60 with conventional thinking when he created a comprehensive business concept that integrated travel
61 and entertainment components for a new customer segment, and an efficient organizational
62 framework that facilitated the provision of affordable services.

63 Research on innovation in tourism has mainly focused on the use of new technologies as the driver
64 of innovation (Aldebert et al., 2011; López-Fernández et al., 2011; Grisseman et al., 2013).
65 However, there is a growing interest around several other issues related to innovation in tourism and
66 hospitality (Hjalager, 2015), including more recently, Bilgihan and Nejad (2015), who emphasize
67 the necessity of an integrated approach to innovation that considers both technological and non-
68 technological aspects. Indeed, this draws attention to the importance of recognizing and
69 understanding the different domains of innovation.

70 A review of the broader management literature reveals a growing recognition of the importance of
71 looking to the past as a source of innovation (e.g., Sørensen and Stuart, 2000; Katila, 2002;
72 Majchrzak et al., 2004; Boxenbaum and Battilana, 2005; Messeni Petruzzelli and Savino, 2014;
73 Capaldo et al., 2017), as this may allow for the discovery of values, practices, and competencies
74 connected to specific traditions and that may contribute to developing and sustaining unique or
75 distinct products or services.

76 In this sense, mixing tradition and new technologies may be a winning formula for successful
77 innovation. Accordingly, some new products/service can be the result of the process of recombining
78 local and cultural tradition as well as the tradition of some long-standing small family firms and the

79 adoption of cutting-edge technologies (Messeni Petruzzelli and Savino, 2014). One such example is
80 wineries that offer oeno-gastronomic tours throughout a region (the so-called “wine tourism”) while
81 employing more and more use of information communication technology (Gómez et al., 2015). This
82 view of the innovation process reflects the so-called “recombinant perspective” (Savino et al.,
83 2017), which states “the creation of any sort of novelty in art, science, or practical life consists—to
84 a substantial extent—of a recombination of conceptual and physical materials that were previously
85 in existence” (Nelson and Winter, 1982, p. 130). This perspective has been widely applied to
86 investigate the development of innovations across several industries, however, based on a review of
87 the literature, has not yet been employed in tourism. Therefore, the potential value of the
88 perspective as applied to tourism merits investigation. The analysis of strategies followed by
89 organizations to reinterpret traditional resources in the tourism industry can be particularly
90 important given the growing importance that tourists are attaching to authenticity (Kim and Jamal,
91 2007).

92 From the above premise, this paper proposes the use of tradition as a possible foundation for
93 institutional innovations, recognizing the value that tradition can have in inspiring novel ideas that
94 create valuable differentiation. Accordingly, the present research aims to answer the following
95 question: can tradition be a valuable basis for institutional innovation in tourism and, more
96 specifically, in the hospitality sector? Further, what are the main types of traditions that firms may
97 leverage to innovate and how may these be recombined?

98 De Massis et al. (2016, p. 3) call for “a reconsideration of the conventional view of the past in
99 innovation”. They have conceptualized a new innovation strategy called innovation through
100 tradition (ITT). The model maps the process through which firms can gain access to and use past
101 knowledge. It highlights the capabilities firms need to acquire, internalize, and reinterpret past
102 knowledge for innovation. The authors contribute to the current knowledge conceptualizing
103 innovation as a search process, “unveiling the merits of searching over time to identify valuable
104 sources of innovation, thus providing further arguments against the conventional management

105 prescription to dismiss the old to make way for the new” (p. 19).

106 The research of De Massis et al. (2016) offer fundamentals for a deeper understanding of innovation
107 through tradition and the building blocks of this new concept in the innovation literature. With this
108 as inspiration, our intention is to contribute by focusing specifically on the hospitality sector. In
109 particular, the present study describes the Albergo Diffuso (AD) concept and uses it as a case study
110 of tradition-based institutional innovation to explore the link between tradition and innovation
111 within the accommodation industry.

112 AD is a new form of accommodation developed in Italy and growing in popularity. It is based on
113 protecting or recovering the cultural heritage of small centers, without affecting the culture, the
114 environment and the identity of the community (Dall’Ara, 2015). At the same time, it helps to make
115 the most of local resources by reviving artisanal activities, traditional products and by encouraging
116 direct contact between tourists and residents (Dichter and Dall’Ara, 2011). Recently, the concept
117 has garnered interest from tourists, professionals, and institutions as a new form of “Small Tourism
118 Enterprise” (STE) with several research initiatives undertaken in Italy to analyze and gain an
119 understanding about this type of accommodation (i.e: Confalonieri, 2011; Paniccia, 2012; Camillo
120 and Presenza, 2015; Abbate et al., 2017; Presenza et al., 2017; Romolini et al., 2017).

121 This paper links institutional innovation with tradition-based differentiation in order to
122 competitively position a business in the tourism industry. Therefore, we explore if and how
123 recombining tangible and intangible traditional resources sustains the generation of institutional
124 innovations. Based on these theoretical assumptions, our empirical research focuses on AD,
125 analyzed using categories found in the literature. An inductive-deductive methodology was
126 employed, starting with the definition of the research question on the basis of the chosen theoretical
127 background. The qualitative empirical analysis was performed on field data gathered through
128 observation of a set of Italian ADs.

129 The remainder of our paper is structured as follows. First, we review the literature on institutional
130 innovation and the use of tradition as strategy to innovate. Here our aim is to intersect two different

131 perspectives on innovation. We then explain the methodology and describe the main features of a
132 new form of accommodation called AD – the source of our empirical data. Subsequently, we
133 analyze our data and present our key findings. The final section presents the conclusions,
134 implications and limitations of our work, as well as possible directions for future research.

135

136 **2 Theoretical Background**

137 **2.1 Institutional innovation**

138 In the tourism industry most innovations are incremental improvements or adjustments to an
139 existing situation (Dewar and Dutton, 1986), designed to increase performance and efficiency and
140 boost short-term profits (Brooker, 2012). In those cases, the actions of firms serve to achieve
141 personal and business goals that maintain rather than sustain business growth (Ateljevic, 2009; Hall,
142 2005; Morrison and Teixeira, 2004).

143 While incremental improvements are the norm within tourism, a small minority can be expected to
144 build on or adapt to “new” ideas, with an even smaller percentage introducing unique or “next”
145 concepts that disrupt current thinking and norms (Rogers, 1995). In the latter situation, an
146 innovation (including a radical innovation) might also become a broader institutional innovation. As
147 described by Hjalager (2002, p. 466), institutional innovations “go beyond the individual enterprise,
148 representing collaborative and regulatory structures in small or larger communities”. Based on
149 several existing sources, such as Mei et al. (2014), it is possible to define institutional innovation in
150 tourism as a new or embracing collaborative/organizational structure and legal framework that
151 redirects or enhances the business in the tourism landscape.

152 An institutional innovation represents a shift from scalable efficiency to scalable learning, such that
153 organizations “can become more adept at generating richer innovations at other levels, including
154 products, services, business models, and management systems” (Hagel and Brown, 2013, p. 4). As
155 stated by Hjalager (1997), institutional innovations can occur along a continuum that ranges from
156 less disruptive or incremental innovation (i.e., the modification of existing institutions) to a more

157 disruptive or radical innovation (i.e., the creation of new institutions). This last possibility is a more
158 extreme form of institutional innovation. It is consistent with the notion of institutional
159 entrepreneurship proposed by DiMaggio (1988, p. 14), who states that “new institutions arise when
160 organized actors with sufficient resources (institutional entrepreneurs) see in them an opportunity to
161 realize interests that they value highly... [Institutional entrepreneurs] create a whole new system of
162 meaning that ties the functioning of disparate sets of institutions together”.

163 The creation of a new institution spawns a whole new system of meaning which presents high risks
164 and serious consequences (Brown and Eisenhardt, 1997). At the same time, introducing change into
165 otherwise stable social systems is exactly what entrepreneurs with potentially significant
166 innovations must attempt to do.

167 In looking for institutional innovations, entrepreneurs might utilize technical changes and scientific
168 inventions. At the same time, firms can enhance the value of their existing resources and discover
169 novel uses and combinations thereof (Dougherty, 1992). The process of recombination of
170 conceptual and physical materials that were previously in existence (Nelson and Winter, 1982) is
171 therefore a primary driver of innovation (Hargadon and Sutton, 1997). Scholars have suggested
172 various dimensions in which organizations and individuals may search for and recombine various
173 resources, including industrial, organizational, and geographical (e.g., Rosenkopf and Almeida,
174 2003; Phene et al., 2006), with recent emphasis on the relevance of spanning temporal windows
175 (e.g., Messeni Petruzzelli and Savino, 2014). Indeed, combining resources belonging to the “past”
176 that are anchored in a specific tradition may provide firms with the opportunity to innovate and
177 capture the related value from innovation, thus generating and sustaining competitive advantage
178 (De Massis et al., 2016).

179

180 **2.2 Using tradition to develop innovation strategies**

181 In broad terms, traditions are combinations of elements through which it is possible to evoke
182 collective memories, identities and social cohesion (Negro et al., 2011). Sociologists and

183 psychologists have discussed the usefulness of tradition in relation to the so-called “nostalgia
184 boom” of better times, which makes consumers more inclined to reminisce about the past, look
185 back for solace from less chaotic and more culturally stable times (e.g. Jurowski and Brown, 2001;
186 Chen et al., 2014; Naughton et al., 1998), and seek simplicity (Flatters and Willmott, 2009; Lee et
187 al., 2015).

188 Tradition may be viewed as subjective, and described as a process involving selection, claim and
189 counterclaim, in which numerous groups and agencies jockey for power and influence in
190 celebrating the past and bolstering the present (Harrison, 2005). This means that tradition has a
191 fundamental role in constructing the future and in conditioning individual behavior (Hibbert and
192 Huxham, 2010; Negro et al., 2011). It follows that traditional goods and resources are less viewed
193 as relics of the past, but rather as heterogeneous collections of historical memories and products,
194 reflecting the ‘cultural richness’ of a destination (i.e., city, region or country), and consequently
195 strengthening its identity (Paniccia et al. 2010).

196 A more objective view of the concept of tradition refers to the stock of knowledge, competencies,
197 materials, manufacturing processes, signs, values, and beliefs pertaining to the past (Messeni
198 Petruzzelli and Albino, 2014). Tradition involves accumulation of know-how, symbolic and cultural
199 content, and micro-institutions of practice handed down over generations and contributing to
200 shaping the identity of individuals, organizations, and territories (Hibbert and Huxham, 2010).
201 According to Messeni Petruzzelli and Albino (2014, p. 34), tradition can be seen as relevant at three
202 different units of analysis and defined as “the whole set of competencies, knowledge, values and
203 culture that characterizes a specific firm, as well as a territory and an age”.

204 Traditional resources may be tangible (physical) resources or intangible (cultural) resources.
205 Tangible resources range from the iconic historic attractions that drive tourism to the ‘physical
206 space’ of a community, region, or even a firm. Examples from this wide range include historic
207 buildings and attractions, objects of art, artifacts, relics, monuments, and historic villages
208 (Ashworth and Larkham, 1994). Intangible factors are expressions of the identity of a geographical

209 area or a firm and may be related to history, culture and folklore. UNESCO (2003) defines
210 intangible cultural tradition as “the practices, representations, expressions, as well as the knowledge
211 and skills, that communities, groups, and in some cases individuals, recognize as part of their
212 cultural heritage”. Intangible cultural tradition could be explained as a custom, a living art form or
213 quality, which is passed down over many years within a nation, social group or family and is
214 thought of as something valuable and important, which belongs to all its members and which has
215 the potential to draw on local skills, expertise and traditions from many areas. Richards (2014)
216 offers examples including arts and crafts, design, cookery, health and healing, language, spirituality,
217 nature, sports, traditional games and pastimes, music and dance.

218 Recently, De Massis et al. (2016) has introduced an interesting connection between tradition and the
219 innovation and strategy of firms, suggesting that firms may innovate by exploiting tradition, in the
220 form of past competencies and resources, as a form of emergent strategy. Due the fact that tradition
221 is a highly idiosyncratic resource that cannot be easily replicated by others (Kanter, 1995), it
222 follows that firms using tradition-based strategies can develop innovations characterized by
223 uniqueness, which is a tremendous source of competitive advantage and key to appropriating
224 innovation rents (Di Minin and Faems, 2013; Teece, 2006).

225 Despite the potential significance for establishing competitive advantage, limited consideration has
226 been devoted to investigate how firms generate innovation using tradition-based strategies
227 (Gorgoglione et al., 2017), and no research has thus far been conducted to understand the
228 relationship between institutional innovations and tradition-based strategies in the hospitality
229 industry. This study explores how a specific new form of accommodation – the Albergo Diffuso –
230 can be useful to start bridging this gap. The goal is thus to highlight how searching for meaningful
231 elements of tradition over time may allow the hospitality industry to innovate and benefit
232 strategically from valuable knowledge, competencies, processes, values, and beliefs pertaining to
233 the past. This effort appears particularly relevant for the tourism industry, characterized by a
234 growing demand for authenticity where consumers seek “to obtain experiences and products that

235 are original and the real thing, not contaminated by being fake or impure” (Yeoman et al., 2007, p.
236 1128).

237

238 **3 Research methodology**

239 **3.1 Methodology**

240 A qualitative approach was chosen for this study due to the exploratory nature of the work and the
241 paucity of previous studies in the area (Myers, 2009). Where possible, we employed multiple data
242 collection methods to exploit opportunities for triangulation (Jick, 1979). The approach was
243 particularly useful because it allowed us to conduct a comparative study among the different kinds
244 of Albergo Diffuso (AD) - each of which may be viewed as a case. The use of multiple cases allows
245 for more robust results as compared to using a single case (Eisenhardt, 2002).

246 A more open-ended exploratory research approach was chosen due to the relative newness of the
247 topic and the potential for more theory building (Eisenhardt, 1989). Additionally, the phenomenon
248 under investigation is characterized by complex issues and inexplicit processes (Messeni Petruzzelli
249 and Savino, 2015) that are too difficult to specify and structure a priori. Finally, this more grounded
250 method allows for a close correspondence between theory and data (Glaser and Strauss, 1967). The
251 approach was largely informed by Eisenhardt’s (1989) guidance on theory building, as well as that
252 offered by Yin (1984) and Klein and Myers (1999).

253

254 **3.2 Data Collection**

255 The data collection was conducted during the period September 2016 and October 2017. During the
256 first stage, information was gathered from multiple public sources. This phase of the research was
257 highly exploratory of the information directly or indirectly connected to the objective of the
258 research – innovation through tradition-based strategies in accommodation. This stage mainly
259 consisted of the study of documented information and archival records. The first phase allowed for
260 a clearer definition of the AD form of accommodation and helped to clarify the degree to which

261 these firms make use of tangible and intangible aspects of tradition. The second phase consisted of a
262 survey directed to the owners/managers of AD firms. Finally, we conducted a number of direct
263 observations in eleven Italian AD properties. This provided a firm grounding for understanding the
264 main dynamics underlying the functioning of the AD and the role of tradition in this form of
265 accommodation.

266 This combination of different and multiple sources allowed us to overcome the limitations of each
267 separate source, since “the most important advantage presented by using multiple sources of
268 evidence is the development of converging lines of inquiry” (Yin, 1994, p. 92). In fact, our primary
269 sources confirmed and elaborated what emerged from the secondary data and information, thus
270 increasing our confidence in the findings.

271 Due the large amount of data and the several AD analyzed, we used two ways to identify individual
272 AD firms. We used the acronym AD plus a number (ex: AD_x) to identify individual firms when the
273 knowledge of the name of the specific AD was not relevant. However, we used the name of the AD
274 when the goal was to highlight the specific features of the exact hotel when appropriate.

275

276 **3.2.1 Documentary information**

277 We accessed several information sources, including specialized travel blogs, various articles and
278 interviews from the local, national and international press, as well as scientific journals. We further
279 viewed video material specific to each AD on Youtube (around 40 minutes in total). In aggregate,
280 we compiled data from sixteen scientific papers with AD as subject, four blogs, and twenty articles
281 from national and international newspapers and magazines.

282

283 **3.2.2 Archival records**

284

285 We collected information from the website of the Italian Association of Alberghi Diffusi
286 (www.alberghidiffusi.it) as well as the websites of the AD members of the association. Information
287 retrieved from the AD homepages included the description of the property, the history of the

288 company, and the description of their value proposition.

289

290 **3.2.3 Information from the survey**

291 The sample targeted for the survey was the complete membership of ADs that have joined the
292 Italian Association of Alberghi Diffusi (www.alberghidiffusi.it) – which consisted of 100 members
293 in June of 2017.

294 All the AD members were contacted via email wherein the scope of the research was described. The
295 initial email request was sent in January 2017. A follow up email was sent in March 2017 to those
296 who had not responded.

297 A total of 12 firms agreed to complete a digital survey questionnaire consisting of open-ended
298 questions (Table 1). Results were aggregated and compared with the findings of other authors to
299 establish congruence and determine the level of agreement regarding the AD concept (Davis and
300 Eisenhardt, 2011).

301

302 Table 1. Survey questions to Albergo Diffuso owners/operators (translated from Italian).

303	✓ <i>Does your Albergo Diffuso strategy or positioning relate to any historical characteristics?</i>
304	✓ <i>Which physical part(s) of your Albergo Diffuso (rooms, reception, common areas, buildings, etc.) are most related</i>
305	<i>to historical characteristics?</i>
306	✓ <i>Which activities of your Albergo Diffuso (catering / breakfast, entertainment on site, event organization, thematic</i>
307	<i>routes, sales of products, etc.) are most related to historical characteristics?</i>
308	✓ <i>What marketing activities of your Albergo Diffuso are most related to historical characteristics?</i>
309	✓ <i>Describe the relationship between your Albergo Diffuso and the destination and / or your family tradition?</i>
310	✓ <i>Is your Albergo Diffuso based on a clear and recognizable theme? If so, can you describe it?</i>
311	✓ <i>How important is it to your Albergo Diffuso to preserve and enhance the history and traditions of the destination by</i>
312	<i>collaborating with other stakeholders in the destination?</i>

313

314 **3.2.4 Direct observation**

315 Eleven ADs (different from the ones that participated in the survey) were visited in informal
316 situations (general visits, short stays, dinners, participation at special events) involving interaction
317 with the owners and employees. We also experienced several interactions with guests of the AD,

318 which allowed us to deepen our understanding from the tourist perspective. In all cases, we took
 319 notes of our observations during or immediately after the visit. In Table 2, we report for each type
 320 of data the sources and their main contribution to the development of the case study.

321

322 **Table 2. Data, sources, and main contribution**

Type of Data	Sources	Main Contribution
Documentary information	Specialized travel magazines Local, national and international press Scientific journals Interviews on television and youtube	General understanding about the concept and characteristics of AD
Archival Records	Websites of the Italian Association of Alberghi Diffusi and of each single AD	Construction of a conceptual map to highlight the common characteristics of the ADs as well as looking specifically for any relationships between tradition, innovation and strategy
Survey	Twelve online questionnaires	Deepen the understanding of the relationship between tradition and innovation in ADs
Direct observation	Eleven direct visits on site	Confirmation of previous findings from other data sources and overall understanding

323

324 3.3 Data Analysis

325 The analysis of data followed an inductive and iterative process (Miles and Huberman, 1984;
 326 Strauss and Corbin, 1998). Specifically, we investigated the AD as a potential example of
 327 institutional innovation through tradition in the accommodation sector. We independently assessed
 328 the various data sources to form a comprehensive understanding of the cases. Procedurally, we first
 329 organized all the data in order to facilitate comparison. This allowed us to comprehensively identify
 330 the various elements related to traditional resources, as well as the successful recombinations of
 331 these traditional resources. Next, we discussed our interpretation of these data within the context of
 332 searching for any relationships between the use of traditional resources and innovations, hence
 333 developing a preliminary understanding of the importance of traditional resources in AD's
 334 innovation strategies. Finally, as described by Eisenhardt (1989), we conducted a further series of
 335 iterations between our data, both secondary and primary, and the literature on innovation, in order
 336 to refine the emerging findings and better identify the theoretical foundations of our arguments.

337

338 3.4 Setting

339 The empirical analysis has been conducted on a specific form of accommodation called AD. The
340 concept provides accommodation (and other hotel services) in the historical center of a town or
341 village with the guest rooms scattered, distributed or dispersed among several buildings around the
342 heart of the hotel (Italian Association of Alberghi Diffusi). The heart or center houses the reception,
343 common spaces, restaurant, and original rooms. All the facilities are housed in existing buildings
344 after a careful process of restoration and conversion that complies with the local laws and
345 regulations. As described by Vallone and Veglio (2014, p. 109), AD represents “a new tourism
346 model based on the principles of sustainable development with tangible and intangible forms of
347 traditional resources at the core”.

348 The Italian Association of Alberghi Diffusi has formalized in a set of guidelines the key
349 requirements of an AD (<http://www.alberghidiffusi.it/the-scattered-hotel-national-association/?lang=en>), which include: a) the presence of a living community (usually a small
350 village, with a few hundred inhabitants); b) an owner operated management structure; c) an
351 environment that is “authentic” made of fine homes, completely renovated and furnished; d) a
352 reasonable distance between the guest rooms and common areas (usually no more than 300 meters);
353 e) non-standard professional management, consistent with the proposal of authenticity of
354 experience, and with roots in the community and region; and f) a recognizable style, an identity, a
355 common feel that is identifiable throughout the facility buildings.

357 AD is therefore a niche form of hospitality with the typical characteristics of a hotel such as
358 accommodation, assistance, catering, and common spaces and facilities for guests, but also a
359 meaningful way to enhance the interpretation of history and culture for a destination (Paniccia and
360 Leoni, 2017). AD has been shown to contribute to community resilience by linking tourists to
361 unique local resources in a sustainable fashion (Di Gregorio, 2015). In this sense, guests are
362 welcomed in a more genuine environment, and are considered an integral part of the community,
363 almost residents rather than mere visitors (Presenza et al., 2016).

364 The success of the initial entrepreneurs has encouraged the development of other AD

365 establishments in Italy. However, the total number of AD establishments is unknown as there is no
366 official Italian listing. It is likely that other AD establishments exist that are not members of the
367 Association which means that the population of Italian establishments is likely well above 100.
368 Very recently the AD model has started to appear in other countries such as Albania (Liçaj, 2014),
369 Romania (Avram and Zarrilli, 2012), Spain (Di Clemente et al., 2014) and South Africa
370 (Giampiccoli et al., 2016), providing evidence of its global relevance.

371

372 **4 Results**

373 The case analysis reveals several themes of particular interest regarding the AD as an exemplar of
374 institutional innovation based upon the leveraging and recombination of traditional resources.

375 We have grouped the findings into the following four sections: the role of tradition; the
376 source/origin of tradition; the type of tradition (tangible/intangible); and the recombinant strategies.

377

378 **4.1 The role of tradition**

379 AD is a form of hotel, utilizing traditional and local resources in culturally valuable surroundings,
380 that offers more of a resident-type lifestyle rather than a tourist-type lifestyle (Camillo and
381 Presenza, 2015). In the words of the AD₃ owner speaking about guests: "... it attracts people with a
382 strong passion for history, looking for new experiences. While not a traditional hotel, tradition is
383 deeply ingrained in AD's foundations. My guests consider authenticity to be a very real value in
384 today's world". The principle is that "rooms, decorated in a consistently authentic and local style,
385 are scattered throughout different buildings within the town but overseen by one manager"
386 (http://www.nytimes.com/2010/05/23/travel/23journeys.html?_r=0). Figure 1 shows the
387 configuration of the AD "Borgo Tufi". Around the main building (which houses the reception,
388 restaurant, and wellness center) there are eight buildings that host several regular guest rooms,
389 suites and apartments; there is another building that has been repurposed and renovated to host
390 meetings. All the buildings are in close proximity in the old part of the town.

391

392

Figure 1. The Albergo Diffuso concept: the map of the AD “Borgo Tufi



Legend:

- A Reception; Restaurant; wellness center
- B Meeting hall
- C, D, E, F, G, H, I, L Standard rooms, suites, apartments

393

394 Source: <https://www.borgotufi.it>

395

396 A National Geographic reporter describes the phenomena: “I think of an AD as a novel that tells the
397 story of a culture. Guests are brought into the story temporarily so they can better understand the
398 way of life ... penetrate into Italy is like a most fascinating act of self-discovery—back, back down
399 the old ways of time. Strange and wonderful chords awake in us, and vibrate again after many
400 hundreds of years of complete forgetfulness” (www.nationalgeographic.com/travel/italy-hotels-traveler/). It highlights how the enhancement of farms, antique buildings and historical villages is
401 the result of the combination of innovation processes regarding both the product (the historical
402 building that is conserved and renovated to become a hotel) and the services offered (like
403 accommodation, dining, sightseeing, shopping, etc.) (Silvestrelli, 2013). In this sense, the AD
404 concept is unique because it provides both traditional experiences and accommodation services
405 simultaneously, involving a gentrification process that is an important part of heritage preservation
406 and interpretation.
407

408 Therefore, the AD can be seen to represent a significant authentic cultural, historical and ethnic
409 marker of an environment (Lee and Chhabra, 2015). It offers guests the opportunity to live in direct
410 contact with the local culture and experience an authentic representation of resident life in the
411 community. At the outset, it is clear that most of the AD under examination have paid attention to
412 the role of tradition. This is evident in the homepage of the AD₁: *“The ‘ruins’ and ‘remains’ in the*
413 *territory, which have often been abandoned and left to their fate as their specific economic function*
414 *declined, have in this way their history and value restored in order to develop and revitalize the*
415 *existing historic-architectural assets in the name of containing consumption of land and reusing*
416 *built surface area in addition to preserving the history and the genius loci”*.
417 The AD₂ similarly confirmed careful connection with (and attention to) tradition, stating:
418 *“restoration and redirection to reception was inspired by the recognition of a historic heritage with*
419 *very marked identifying features. They have been revitalized by adopting a rigorous preservation*
420 *approach, respecting the places and traces of life present in the stratification of the built*
421 *environment created by the peasant tradition in the region”*.

422

423 **4.2 The origin of tradition**

424 Most of the Italian ADs are small family-run firms, where one or several families own and/or
425 manage the properties and business (Silvestrelli, 2013). From the owner’s perspective, the AD
426 concept is described by Presenza et al. (2016, p. 235) as “a form of lifestyle entrepreneurship which
427 is characterized by a desire for freedom, self-fulfillment, giving back to the local community and
428 high levels of passion and personal sacrifice for their enterprise”. This is the case of the AD₃, that
429 also explains the origin of the tradition as being derived from the firm: *“our history is made up of*
430 *the faces and people of our family, always dedicated to handicraft and hospitality: from*
431 *grandparents to butchers. Even today, above the entrance of the main building, stands the ancient*
432 *sign of Macelleria Amoretti. Grandma Evelina, Grandfather Peppino and Aunt Maria are those*
433 *with whom our AD is associated because we restored their ancient homes and now we deal with*

434 *love and passion*".

435 In other cases, an AD is developed by the repurposing of old buildings that no longer serve their
436 origin function – in fact some previously stood unused or abandoned. This is the case of the AD₄:
437 *"it is an ancient residence which dates back to the end of XVIII century. Once a water mill, it*
438 *became at the beginning of the Nineteenth century a Farmhouse and center for coloring wool until*
439 *being transformed into a Hydroelectric Power Plant. Since then, it has been abandoned"*. Today,
440 AD₄ (Figure 2) is recognized by The Ministry of Cultural Heritage and Activities as a cultural good
441 to preserve. The Italian Association of Slowtourism provide a description of AD₄, saying: "it offers
442 an atmosphere of former times thanks to its archaeological site which offers pieces of history told
443 by a striking architecture with arches, canals, locks, piers, remains of the ancient mill guides of the
444 old mill".

445

446 Figure 2. Picture of the Albergo Diffuso Piana dei Mulini



447

448 Source: <http://www.slowtourism-italia.org/alberghi-diffusi/piana-dei-mulini/>

449

450 In other situations, ADs are the result of restoration of historical residences and medieval castles.
451 Such is the case of the AD₅. It is a homage to the Sveva dynasty, *"which the Ancient Village owes to*
452 *its period of greater splendor and a historical presence that is defined by the renovation and*
453 *fortification that Federico II of Sveva brought in the 13th century to the Castle"*. This is an example
454 where the "time period" is the origin of the heritage around which the hotel is developed and

455 positioned. It can be a specific age and/or historical figure such as Frederick II. In the case of
456 Frederick II, various historical connections are evident in his description as a king of great
457 intelligence, a lover of art and mathematical sciences, able to make a contribution to the cultural
458 heritage of the Middle Ages so impressive to be remembered by his historical contemporaries as
459 ‘Stupor Mundi’ [meaning “Wonder of the World” in English], an appellation that derives from his
460 unsurpassable intellectual curiosity (wikipedia.com).

461 AD₆ is an example where the “destination” serves as the origin of tradition. In this case the
462 boundary between tangible and intangible tradition is very hard to discern. AD₆ is described as:
463 “facing the spectacular ‘Murgia’ park and its rock-hewn churches, the AD comprises 18 rooms and
464 an ancient church, now used as a common area, all renovated to retain their original features. Its
465 peculiarity is due to the fact that it has been created recovering the ‘Sassi’ quarters, a stunning and
466 well preserved example of a village where hundreds of caves were turned into dwellings and places
467 of business. A UNESCO World Heritage site since 1993, the ‘Sassi’ represents a unique hamlet
468 throughout Italy: the earliest inhabitants date back to the stone and bronze age; in the Middle Ages
469 it boasted several monastic communities; and later became a vibrant farming center. Several
470 renovations have been done using strictly local materials and striving for historical accuracy by
471 adhering accurately to historical ways of building. Artisanal skills that go back centuries had to be
472 revived. Regional furnishing were studied, mastered, and replicated by weavers in the local
473 community with handmade fabrics”.

474 Another example is the AD₇ that promotes the destination to enhance local typical resources. For
475 example, it is evident at its restaurant that AD₇ “*cooperates with local producers to offer genuine*
476 *products rich in authentic and traditional flavors all to enhance the destination’s identity*”.

477

478 **4.3 The type of tradition (tangible/intangible)**

479 Tradition may be built on and expressed in either a tangible or intangible form. Collectively, the
480 characteristics of AD₈ represent an interpretation of both tangible and intangible resources. For

481 example, beyond the physical dwelling structures, there has been extensive recovery of material for
482 the construction of furniture (wardrobes, chairs, desks, etc.), traditional handcrafts, and lingerie
483 from antique wedding kits.

484 Broadly speaking, the AD concept is built on a thoughtful renovation that is connected to the
485 history of the place - for example, keeping the original main characteristics of the buildings or the
486 process and ingredients of the ancient recipe related to the local gastronomy – so as to retain the
487 deepest of meanings communicated by these places. In this regard, the AD₉ stated: “*in the*
488 *repurposing of buildings we followed the local tradition, respecting the identity of the original*
489 *architecture and furnishings, but we did more: our hotel is part of a story that integrates with the*
490 *surrounding area, offering to the tourist an intimate experience of the little village and its cultural*
491 *heritage. We have one small library and a museum dedicated to the area’s local cultural heritage*
492 *(history, art, nature, etc.)”*. A quote from the webpage of the AD₃ confirms this: “*The philosophy at*
493 *the heart of our project is not just the restoration of the old town concentrated on maintaining and*
494 *revitalizing the historic–environmental, typological, and architectural characteristics of the*
495 *building and using traditional materials and technologies. In the same fashion, we want to offer*
496 *services and leisure facilities aligned with the local culture and tradition – from food and wine*
497 *tours to local crafts and workshops...”*.

498 This mix of tangible and intangible traditional resources is clearly evident reading an article from
499 the New York Times: “... *The AD Sextantio is part of a delicate ecosystem, in which the town, the*
500 *people, its cultural production and the countryside are inextricable from one another; as one falters*
501 *or languishes, so too do the others. The owner of this AD realized that if he wanted traditional*
502 *Abruzzo loom-woven wool blankets for his 60 beds, that meant he needed artisans to weave them,*
503 *which required yarn to be spun, which implied sheep, who need shepherds, and farmland, and*
504 *farmers. So it proceeds from the building materials used, to the construction techniques employed,*
505 *to the ingredients and recipes served in the hotel’s restaurant down to the ceramic dishes they’re*
506 *served on. This cycle, which connects land to people, is what keeps the town of Santo Stefano from*

507 *becoming a chic version of Colonial Williamsburg*” (<https://www.nytimes.com/2017/09/07/t->
508 [magazine/abandoned-italian-towns.html](https://www.nytimes.com/2017/09/07/t-magazine/abandoned-italian-towns.html)). A similar message is conveyed from a blog source: “*Here*
509 *is where some of the old ways of cooking, weaving, and storytelling are still preserved, and this*
510 *cultural wealth is the mother lode for unorthodox travelers, who yearn for authenticity and like to*
511 *move off the beaten paths* ([http://albergo-diffuso.blogspot.it/2012/07/scattered-hotels-made-in-italy-](http://albergo-diffuso.blogspot.it/2012/07/scattered-hotels-made-in-italy-offbeat.html)
512 [offbeat.html](http://albergo-diffuso.blogspot.it/2012/07/scattered-hotels-made-in-italy-offbeat.html)).

513

514 **4.4 The recombinant strategies**

515 Perhaps the most creative and competitively advantageous way of using tradition to strategically
516 innovate is through a recombination of more than one tradition. An analysis of how traditional
517 resources are recombined to innovate highlights how the success of any given AD requires
518 searching for different components that are interdependent and often share geographic proximity.
519 This means that the AD often needs to revive partial (or sometimes complete) value chains to
520 reproduce the experience for guests. This involves thinking about the environment in which the
521 historical elements originate and reviving those activities and inputs necessary to create the main
522 features that authenticate the experience. The goal, indeed, is to integrate and link together the
523 various components in order to create a coherent whole (Henderson and Clark, 1990).

524 The interdependencies and the opportunity (often the need) to combine traditional resources is very
525 clear in the case of the AD. In fact, the reality that strongly emerges is that AD is not singularly
526 focused on the revitalization of existing buildings that would not otherwise be fully utilized but also
527 a strong integration with the community and surrounding area. This leads to thinking about the
528 concept of AD as a way of getting the guest involved in more aspects of the locals’ “everyday life”
529 by offering them an integrated set of experiences (Paniccia et al., 2010). An example of this is
530 proposed by the AD₄: “*our project is not only focused on the restoration of the architectural*
531 *heritage but also contributing to increasing commercial activity and services in the territory*”. As
532 stated by Silvestrelli (2013), the AD is linked to the destination through different forms of

533 cooperation. The complex and ongoing dialectic relationship with the local environment is always
534 emphasized. In the specific case of AD₄, for example, there is meaningful involvement in several
535 events aimed at promoting the local gastronomic products to safeguard and showcase local
536 traditions: *“as there are vast forests of chestnut trees in the area, another event is the ‘chestnut fair’*
537 *attracting many tourists annually. Furthermore, together with local associations, we organize*
538 *nature walks and cultural itineraries to let tourists experience the natural and cultural*
539 *environment”*.

540 The recombinant strategies associated with innovation in the concept of the AD clearly go beyond
541 the company and its owners. In fact, the development of synergies between firms and their
542 communities becomes a defining characteristic that often involves the entire destination in a
543 dynamic combination of identity and local entrepreneurial skills (Paniccia and Leoni, 2017). An
544 example of this is the previously discussed AD “Borgo Tufi” (Figure 3).

545 The Mayor of Castel del Giudice (in the Region Molise) described the case of the AD Borgo Tufi:
546 *“at the beginning of 2000, some of the entrepreneurial ideas in Castel del Giudice were created and*
547 *helped to curb the typical depopulation of mountain villages and stimulate the economic, social and*
548 *environmental development of the area. The aim was to address points of concern: a high*
549 *percentage of elderly people, the abandonment of farmland and animal husbandry, old buildings*
550 *and abandoned houses that represented a danger to the local population. The hotel/village has been*
551 *rebuilt in sympathy with its historic landscape. The village has been restored in its historic setting,*
552 *integrating anti-earthquake structures. Contemporary design blends with period details in the*
553 *reception, meeting room and public spaces. We used recycled local stone and reintegrated period*
554 *features during the restoration. Though our mission was to restore the building’s history, the*
555 *renovation offers all the comforts of a modern hotel. Then, a virtuous development path has been*
556 *carried out that led to the creation of three entrepreneurial initiatives aimed at different specific*
557 *goals, all of which featured an interesting innovation achieved with a similar organizational*
558 *approach”*.

559 Borgo Tufi illustrates how the AD can “*represent a community development project that can*
560 *generate positive effects in terms of reputation and image, which enhances the community and*
561 *increases its attractiveness for the benefit of all stakeholders*” (Mayor of Castel del Giudice). The
562 challenge, therefore, is to go further than the mere restoration of abandoned towns and/or the use of
563 the term AD as a fashionable brand to attract tourists. The goal is to apply the entire philosophy of
564 the AD, that counters commonly observed phenomena such as “museumification” and
565 “disneyfication” (Larkham 1995), to achieve a sustainable triple helix development in which the
566 revitalization and repositioning of the physical heritage assets can coexist harmoniously with the
567 social and cultural values of the community (Presenza et al., 2016).

568

569 Figure 3. Picture of the Albergo Diffuso Borgo Tufi



570
571
572

Source: www.borgotufi.it

573 **5 Discussion**

574 The paper highlights how innovation is gaining attention internationally as a critical issue for
575 contemporary tourism. It also confirms that incremental innovation, mostly focused on
576 technological issues, is prevalent in tourism. However, it importantly reveals that non-technological
577 innovations are widespread in the tourism industry. A review of the innovation literature
578 demonstrates using traditional resources and capabilities to innovate may result in significant gains
579 for several industries (i.e., Messeni Petruzzelli and Albino, 2014; Messeni Petruzzelli and Savino,
580 2015; Gorgoglione et al., 2017). At the same time, a review of the tourism literature reveals no

581 recognition of the potential for tourism industry. Thus tradition-based strategies appear grossly
582 underestimated in terms of their ability to support innovation and value creation in the tourism
583 industry. This omission is especially apparent given the importance that travelers have increasingly
584 placed on authentic, experientially oriented opportunities that involve meaningful interactions with
585 the local community (Paulauskaite et al., 2017). This growing interest shown by tourists could be
586 emphasized to great advantage by both the tourism industry as well as by researchers. Findings here
587 start to shed light on this as a highly relevant and promising field of research.

588 The paper highlights how tourism entrepreneurs can be inspired by traditional resources to innovate
589 in ways that are of great strategic value to their businesses and their local community. It also reveals
590 how tradition can represent a valuable basis for institutional innovation in tourism. For
591 entrepreneurs, for whom the challenge is “to locate their ideas within the set of existing
592 understandings and actions that constitute the institutional environment yet set their innovations
593 apart from what already exists” (Hargadon and Douglas, 2001, p. 476), tradition based strategies
594 can represent an important basis of competitive advantage. In fact, innovations such as the AD
595 described here, have the potential for creating competitive uniqueness at a very observable (or
596 physical) level as well as a special deeper level that is connected to the community and its culture -
597 both past and present.

598 The findings reveal four main types of origin of tradition: the firm itself; a specific period of time;
599 knowledge related to an industrial activity; and the destination in which the firm exists. When the
600 origin is the firm, success comes from the ability of the firm to translate its traditional knowledge
601 and activities into new consumable products/experiences (Hibbert and Huxham, 2010). Hence, this
602 is dependent on the manager’s/owner’s ability to re-interpret the traditional products and processes
603 of the firm. Yet, another origin of tradition can be a specific period of time as proposed by Messeni
604 Petruzzelli and Albino (2014). In this case, the success of a firm depends on its ability to link to,
605 and extract value from, a specific historical event or/and personality that defines the importance of
606 that period for the destination. Firms may also search for innovations based on recent or distant

607 knowledge related to an industrial activity (Xie, 2006). Utilizing past industrial heritage entails the
608 discovery, revitalization, and repositioning of traditional industrial activities and knowledge to
609 generate valuable assets in the form of new products or experiences. Finally, the destination itself
610 may be considered a source of inspiration due its *genius loci* which includes unique and attractive
611 features that support the differentiation of all local tourism firms from those in other destinations
612 (Silvestrelli, 2013).

613 The analysis of the case of AD illustrates how the combination of tangible and intangible traditional
614 resources can be the foundation for institutional innovations. The analysis of the AD shows how
615 entrepreneurs revitalize, preserve and strategically reposition the tangible resources of a specific
616 tradition. At the same time, intangible assets of tradition can also be seen to significantly influence
617 the market appeal and ultimate success of this new form of accommodation. Therefore, policy-
618 makers and destination managers should be cognizant of the opportunities that intervention
619 strategies related to architectural, artistic and environmental heritage (especially where these are
620 unique and widespread) have to influence both the image and positioning of the destination and
621 ultimately the social and economic well-being of the community.

622 Researchers such as Fleming (2001) and Laursen (2012), investigating how firms develop strategies
623 to innovate, highlight how the development of novel products is a function of how organizations
624 search for knowledge across a wide array of dimensions and experiment with various
625 recombinations of this knowledge. This is also confirmed by our findings. We highlighted that the
626 AD owner/managers find great value in the recombination of traditional resources with other
627 elements and assets associated with their geographical origins (in the destination), hence
628 highlighting the importance of the co-evolutionary approach to the study of the relationships
629 between firms and their environment (Paniccia and Leoni, 2017). Thus co-evolution can be seen as
630 a key concept in understanding the institutional changes in a tourism destination where, according
631 to evolutionary principles, a firms' micro-level environment—such as innovation and its
632 relationship with local stakeholders— drives change over time (Brouder and Eriksson, 2013).

633

634 **6 Conclusions**

635 The present research explores the theme of institutional innovation through tradition-based
636 strategies in the hospitality sector. We show how the Italian Albergo Diffuso (AD) form of
637 accommodation can be understood as a key example of tradition-based institutional innovation. Our
638 findings reveal that the motivations and successful results achieved by the AD as an innovation
639 could well have broader applicability for institutional innovation in other areas of the tourism
640 industry and in destinations. Moreover, the results highlight how tradition, derived from different
641 sources, can represent a valuable driver of innovation, hence permitting the creation of new
642 offerings based on the recombination of tangible and intangible manifestations of the past. While
643 clearly establishing a rationale for the strategic use of traditional resources, this approach does not
644 exclude the use of new technologies. Rather, the intelligent support of “the old” by “the new” may
645 be viewed as yet another form of recombination that affords the opportunity to differentiate and
646 strategically reposition - opening more doors to the future.

647

648 **7 Implications for theory**

649 We make several contributions that deepen our knowledge on tourism innovation. First, where
650 previous studies have broadly acknowledged the role of innovation, we have specifically
651 demonstrated, through the investigation of AD organizations, the importance that tradition-based
652 strategies can play in successful innovation within firms. In our view, this thinking applied more
653 broadly will create many new opportunities for innovation within the tourism industry that have the
654 potential to provide great social and economic benefit to firms, destinations, and communities.
655 More specifically, our findings reveal that the rediscovering of traditional resources, and their
656 subsequent recombination with complementary resources, can lead to the development and
657 exploitation of institutional innovations, especially the use of tradition results in building a specific
658 set of distinctive resources that are able to generate a sustainable competitive advantage (Tani and

659 Papaluca, 2015).

660 Second, the paper provides a deeper understanding of the role that traditional-based innovation,
661 through the AD example, can play in the development and strategic positioning of destinations.
662 Local stakeholders can be influenced pro-actively by the AD, which may adopt the important role
663 of chief facilitator in defining and evolving a destination's development. This means that tradition-
664 based innovation as in the case of the AD can be also deepen our understanding of how to achieve
665 the sustainable development of tourism destinations where the AD becomes a meta-organizer (Go
666 and Trunfio, 2011) or a 'knowledge hotspot' (Hall and Andriani, 2002) in the destination, due its
667 ability to stimulate local learning that diffuses the heritage-based innovation to other organizations
668 in the destination.

669

670 **8 Implications for practice**

671 The research implies great opportunities for developing new businesses in tourism that are
672 inextricably linked with conservation, restoration and adaptation of heritage sites along with the
673 intangible heritage resources related to them. It also poses equally great potential for the sustainable
674 development of certain destinations, especially if a comprehensive understanding of development is
675 to be taken into account. From a managerial viewpoint, this means that, in a more and more hyper-
676 competitive environment, as in the tourism industry, tangible and intangible aspects of tradition can
677 positively affect the creation of institutional innovations. This opportunity is further supported by
678 the growing demand for traditional and authentic experiences where historical, cultural, and
679 spiritual factors are key motivators for travelers.

680 Another implication is the particular role that heritage-based innovation, through the AD in this
681 case, plays in the revitalization of the community and surrounding region. In this sense, from a
682 political perspective, the AD becomes an important catalyst for developing geographic areas that
683 are outside those traditionally used by tourists and, as such, may play a key role in benefiting
684 formerly marginal areas resulting in a more inclusive and socio-economically sustainable form of

685 tourism.

686

687 **9 Limitations and future research directions**

688 The study has limitations that may also be viewed as opportunities for future research. First, the
689 data gathered is limited to one type of organization – the specific case of the AD. While, it has been
690 argued that the AD is a good example of institutional innovation using tradition-based strategies,
691 generalization beyond this context has yet to be established. Future research could examine other
692 examples specific to the accommodation sector. Applications could be explored in other specific
693 segments of the tourism industry or in the tourism industry more generally. From a geographic
694 perspective, this research has been confined to Italy where the AD phenomenon was first
695 developed. While this was a logical starting point, similar studies in other countries with different
696 national cultures and environments may produce different findings. In these regards, further study
697 will ascertain the generalizability of the findings to different organizational and geographic
698 contexts.

699 Second, the current research begins to shed light on the recombinant strategies that AD owners have
700 employed in using tradition as a source of innovation. Further research is required to better
701 understand the factors that support and/or influence recombinant strategies such as the
702 characteristics of the entrepreneur as well as a host of possible external influences (including
703 policy-makers and the specific requirement of the niche markets being served).

704 Finally, this research examines tradition-based strategies as applied to institutional innovation.
705 Given the complexity of innovation and the range of roles that tradition can play, future research
706 can deepen the analysis of tradition-based strategies in connection to other forms of innovation
707 (such as product, process and marketing) in the hospitality and tourism industry.

708

709 **REFERENCES**

710 Abbate, T., Presenza, A., Viassone, M. (2017). The development of sustainable tourism through

711 market-based sources of innovation in the albergo diffuso. *Mercati e competitività*, 3(3), 41-60.

712 Abernathy, W. J., Clark, K. B. (1985). Innovation: Mapping the winds of creative destruction.

713 *Research policy*, 14(1), 3-22.

714 Adner, R., Snow, D. (2010). Old technology responses to new technology threats: demand

715 heterogeneity and technology retreats. *Industrial and Corporate Change*, 19(5), 1655-1675.

716 Aldebert, B., Dang, R. J., Longhi, C. (2011). Innovation in the tourism industry: The case of

717 Tourism@. *Tourism management*, 32(5), 1204-1213.

718 Ashworth, G. J., Larkham, P. J. (1994). *Building a New Heritage: Tourism. Culture and Identity in*

719 *the New Europe*. London: Routledge.

720 Ateljevic, J. (2009). Tourism entrepreneurship and regional development: example from New

721 Zealand. *International Journal of Entrepreneurial Behavior & Research*, 15(3), 282-308.

722 Avram, M., Zarrilli, L. (2012). The Italian model of “Albergo Diffuso”: A possible way to preserve

723 the traditional heritage and to encourage the sustainable development of the Apuseni Nature Park.

724 *Journal of Tourism and Geo Sites*, 9(1), 32-42.

725 Bilgihan, A., Nejad, M. (2015). Innovation in hospitality and tourism industries. *Journal of*

726 *Hospitality and Tourism Technology*, 6(3). <http://dx.doi.org/10.1108/JHTT-08-2015-0033>.

727 Boxenbaum, E., Battilana, J. (2005). Importation as innovation: transposing managerial practices

728 across fields. *Strategic Organization*, 3, pp. 355–383.

729 Brendon, P. (1991). *Thomas Cook: 150 Years of Popular Tourism*. London: Secker Warburg.

730 Brooker, E., Joppe, M. (2014). Developing a tourism innovation typology: Leveraging liminal

731 insights. *Journal of Travel Research*, 53(4), 500-508.

732 Brouder, P., Eriksson, R. H. (2013). Tourism evolution: On the synergies of tourism studies and

733 evolutionary economic geography. *Annals of Tourism Research*, 43, 370-389.

734 Brown S. L, Eisenhardt K. M. (1997), The art of continuous change: Linking complexity theory and

735 time-paced evolution in relentlessly shifting organizations”, *Administrative Science Quarterly*, 42,

736 p. 1-35.

737 Camillo, A. A., Presenza, A. (2015). An analysis of the characteristics and dynamic development of
738 an emergent hotel business model in Italy: 'Albergo Diffuso' (Diffused Hotel). Handbook of
739 Research on Global Hospitality and Tourism Management, IGI Global, Hershey, Pennsylvania
740 (USA).

741 Camisón, C., Monfort-Mir, V. M. (2012). Measuring innovation in tourism from the Schumpeterian
742 and the dynamic-capabilities perspectives. *Tourism management*, 33(4), 776-789.

743 Capaldo, A., and Petruzzelli, A. M. (2014). Partner geographic and organizational proximity and the
744 innovative performance of knowledge - creating alliances. *European Management Review*, 11(1),
745 63-84.

746 Carlisle, S., Kunc, M., Jones, E., Tiffin, S. (2013). Supporting innovation for tourism development
747 through multi-stakeholder approaches: Experiences from Africa. *Tourism Management*, 35, 59-69.

748 Chen, H. B., Yeh, S. S., Huan, T. C. (2014). Nostalgic emotion, experiential value, brand image,
749 and consumption intentions of customers of nostalgic-themed restaurants. *Journal of Business*
750 *Research*, 67(3), 354-360.

751 Chen, J. S., Tsou, H. T., & Ching, R. K. (2011). Co-production and its effects on service
752 innovation. *Industrial Marketing Management*, 40(8), 1331-1346.

753 Christensen, C. (2003). *The Innovator's Dilemma: When new technologies cause great firms to fail*.
754 Boston: Harvard Business School Press.

755 Confalonieri, M. (2011). A typical Italian phenomenon: The "albergo diffuso". *Tourism*
756 *Management*, 32(3), 685-687.

757 Dall'Ara, G. (2015). *Manuale dell'albergo diffuso. L'idea, la gestione, il marketing dell'ospitalità*
758 *diffusa*. Milano (Italy): FrancoAngeli.

759 Damanpour, F., Walker, R. M., Avellaneda, C. N. (2009). Combinative effects of innovation types
760 and organizational performance: A longitudinal study of service organizations. *Journal of*
761 *management studies*, 46(4), 650-675.

762 Danneels, E. (2002). The dynamics of product innovation and firm competences. *Strategic*

763 management journal, 23(12), 1095-1121.

764 De Massis, A., Frattini, F., Kotlar, J., Messeni Petruzzelli, A. M., & Wright, M. (2016). Innovation
765 through tradition: lessons from innovative family businesses and directions for future research. *The*
766 *Academy of Management Perspectives*, 30(1), 93-116.

767 Dewar, R. D., Dutton, J. E. (1986). The adoption of radical and incremental innovations: An
768 empirical analysis. *Management science*, 32(11), 1422-1433.

769 Di Clemente, E., Hernández Mogollon J.M., & Campòn Cerro, A.M. (2014). The Albergo Diffuso:
770 an Horizontal hospitality model for rural tourism destinations of Extremadura. *Tejuelo*, 9, 159-175.

771 Di Gregorio, D. (2017). Place-based business models for resilient local economies. Cases from
772 Italian slow food, agritourism and the albergo diffuso. *Journal of Enterprising Communities: People*
773 *and Places in the Global Economy*, 11(1), 113-128.

774 Di Minin, A., Faems, D. (2013). Building appropriation advantage: An introduction to the special
775 issue on intellectual property management. *California Management Review*, 55(4), 7–14.

776 Dichter, G., Dall’Ara, G. (2011). Albergo Diffuso: Developing Tourism Through Innovation and
777 Tradition. In *Ideass: Innovation for Development and South-South Cooperation*.
778 www.stratech.it/uploads/AlbergoDiffusoENG.pdf (Accessed on January 22, 2018).

779 DiMaggio, P. (1988). Interest and agency in institutional theory. In Zucker L. (Ed.), *Institutional*
780 *patterns and organizations: Culture and environment*, pp. 3-22. Cambridge, MA: Ballinger.

781 Dougherty, D. (1992). Interpretive barriers to successful product innovation in large firms.
782 *Organization science*, 3(2), 179-202.

783 Eide, D., Fuglsang, L., Sundbo, J. (2017). Management challenges with the maintenance of tourism
784 experience concept innovations: Toward a new research agenda. *Tourism Management*, 63, 452-
785 463.

786 Eisenhardt, K. M. (1989). Building theories from case study research. *Academy of management*
787 *review*, 14(4), 532-550.

788 Eisenhardt, K. M. (2002). Has strategy changed?. *MIT Sloan Management Review*, 43(2), 88.

789 Flatters, P., Willmott, M. (2009). Understanding the post-recession consumer. *Harvard Business*
790 *Review*, 87(7-8), 106-112.

791 Fleming, L (2001). Recombinant uncertainty in technological search. *Managing Science*, 47, 117-
792 132.

793 Freddi, D. (2009). The integration of old and new technological paradigms in low- and medium-
794 tech sectors: the case of mechatronics. *Research Policy*, 38, 548-558.

795 Giampiccoli, A., Saayman, M., Jugmohan, S. (2016). Are ‘Albergo Diffuso’ and community-based
796 tourism the answers to community development in South Africa?. *Development Southern Africa*,
797 33(4), 548-561.

798 Glaser, B., Strauss, A. (1967). *The Discovery of Grounded Theory*. Hawthorne, NY: Aldine
799 Publishing Company.

800 Gómez, M., Lopez, C., Molina, A. (2015). A model of tourism destination brand equity: The case of
801 wine tourism destinations in Spain. *Tourism Management*, 51, 210-222

802 Gomezelj, D. O. (2016). A systematic review of research on innovation in hospitality and tourism.
803 *International Journal of Contemporary Hospitality Management*, 28(3), 516-558.

804 Gorgoglione, M., Petruzzelli, A. M., Panniello, U. (2017) Innovation through tradition in the Italian
805 coffee industry: an analysis of customers’ perceptions. *Review of Managerial Science*,
806 <https://doi.org/10.1007/s11846-017-0226-3>.

807 Grisseman, U. S., Pikkemaat, B., Weger, C. (2013). Antecedents of innovation activities in
808 tourism: An empirical investigation of the Alpine hospitality industry. *Tourism*, 61(1), 7-27.

809 Hagel, J., Brown, J. S. (2013). *Institutional innovation: Creating smarter organizations to scale*
810 *learning*, Deloitte Center for the Edge: Deloitte University Press.

811 Hall, C. M. (2005). *Tourism: Rethinking the social science of mobility*. Pearson Education.

812 Hall, M. C., Williams, A. (2008). *Tourism and innovation*. London: Routledge.

813 Hall, R., Andriani, P. (2002). Managing knowledge for innovation. *Long range planning*, 35(1), 29-
814 48.

815 Hargadon, A. B., Douglas, Y. (2001). When innovations meet institutions: Edison and the design of
816 the electric light. *Administrative science quarterly*, 46(3), 476-501.

817 Hargadon, A., Sutton, R. I. (1997). Technology brokering and innovation in a product development
818 firm. *Administrative science quarterly*, 716-749.

819 Hargrave, T. J., Van de Ven, A. H. (2006). A collective action model of institutional innovation.
820 *Academy of management review*, 31(4), 864-888.

821 Harrison, J. D. (2005). Ideas of museums in the 1990s. *Heritage, museums and galleries: An*
822 *introductory reader* (pp. 38-53). In Corsane G. (Ed.), *Heritage, Museums and Galleries: An*
823 *Introductory Reader*, London: Routledge.

824 Henderson, R.M., Clark, K.B. (1990). Architectural innovation: the reconfiguration of existing
825 product technologies and the failure of established firms. *Administrative Science Quarterly*, 35, 9-
826 30.

827 Hibbert, P., Huxham, C. (2010). The past in play: Tradition in the structures of collaboration.
828 *Organization Studies*, 31(5), 525-554.

829 Hjalager, A. M. (1997). Innovation patterns in sustainable tourism: An analytical typology. *Tourism*
830 *management*, 18(1), 35-41.

831 Hjalager, A. M. (2002). Repairing innovation defectiveness in tourism. *Tourism management*,
832 23(5), 465-474.

833 Hjalager, A. M. (2010). A review of innovation research in tourism. *Tourism management*, 31(1),
834 1-12.

835 Hjalager, A. M. (2015). 100 innovations that transformed tourism. *Journal of Travel Research*,
836 54(1), 3-21.

837 Jick, T. D. (1979). Mixing qualitative and quantitative methods: Triangulation in action.
838 *Administrative science quarterly*, 24(4), 602-611.

839 Jurowski, C., Brown, D. O. (2001). A comparison of the views of involved versus noninvolved
840 citizens on quality of life and tourism development issues. *Journal of Hospitality & Tourism*

841 Research, 25(4), 355-370.

842 Kanter, R. M. (2005). What theories do audiences want? Exploring the demand side. *Academy of*
843 *Management Learning & Education*, 4(1), 93-95.

844 Katila, R. (2002). New product search over time: past ideas in their prime?. *Academy of*
845 *Management Journal*, 45(5), 995-1010.

846 Kim, H., Jamal, T. (2007). Touristic quest for existential authenticity. *Annals of Tourism Research*,
847 34(1), 181-201.

848 Klein, H. K., Myers, M. D. (1999). A set of principles for conducting and evaluating interpretive
849 field studies in information systems. *MIS quarterly*, 67-93.

850 Larkham, P. (1995). Heritage as planned and conserved. In Herbert, D. T. (Ed.). *Heritage, tourism*
851 *and society*, London: Mansell.

852 Laursen, K. (2012). Keep searching and you'll find: what do we know about variety creation
853 through firms' search activities for innovation? *Industrial Corporate Change*, 21, 1181-1220.

854 Lee, W., Chhabra D. (2015). Heritage hotels and historic lodging: perspectives on experiential
855 marketing and sustainable culture, *Journal of Heritage Tourism*, 10(2), pp. 103-110.

856 Liçaj, B. (2014). Albergo Diffuso: Developing tourism through innovation and tradition: The case
857 of Albania. *Online International Interdisciplinary Research Journal IV (III)*, 84-91.

858 López-Fernández, M. C., Serrano-Bedia, A. M., Gómez-López, R. (2011). Factors encouraging
859 innovation in Spanish hospitality firms. *Cornell Hospitality Quarterly*, 52(2), 144-152.

860 Majchrzak, A., Cooper, L.P. and Neece, O.N. (2004). Knowledge reuse for innovation.
861 *Management Science*, 50, pp. 174–188.

862 Mei, X. Y., Arcodia, C., Ruhanen, L. (2012). Towards tourism innovation: A critical review of
863 public policies at the national level. *Tourism Management Perspectives*, 4, 92-105.

864 Messeni Petruzzelli, A., Albino, V. (2014). *When tradition turns into innovation: how firms can*
865 *create and appropriate value through tradition*. Oxford: Chandos Publishing.

866 Messeni Petruzzelli, A., Savino, T. (2015). *Reinterpreting tradition to innovate: the case of Italian*

867 haute cuisine. *Industry and Innovation*, 22(8), 677-702.

868 Miles, M. B., Huberman, A. M. (1984). Drawing valid meaning from qualitative data: Toward a
869 shared craft. *Educational researcher*, 13(5), 20-30.

870 Morrison, A., Teixeira, R. (2004). Small business performance: a tourism sector focus. *Journal of*
871 *Small Business and Enterprise Development*, 11(2), 166-173.

872 Myers, M. D. (2009). *Qualitative research in business management*. Wiltshire: Sage Publications.

873 Naughton, K., Vlasic, B., Grover, R. (1998). The Nostalgia Boom: Why the Old is New Again.
874 *Business Week March*, 23 (3570), 58-64.

875 Negro, G., Hannan, M. T., Rao, H. (2011). Category reinterpretation and defection: Modernism and
876 tradition in Italian winemaking. *Organization Science*, 22(6), 1449-1463.

877 Nelson, R. R., Winter, S. G. (1982). The Schumpeterian tradeoff revisited. *The American Economic*
878 *Review*, 72(1), 114-132.

879 Omerzel, D. G. (2016) A systematic review of research on innovation in hospitality and tourism.
880 *International Journal of Contemporary Hospitality Management*, 28(3), 516-558.

881 Ottenbacher, M., Harrington, R. J. (2007). The innovation development process of Michelin-starred
882 chefs. *International Journal of Contemporary Hospitality Management*, 19(6), 444-460.

883 Paniccia, P. (2012). Nuovi fermenti di sviluppo sostenibile nel turismo: l'esempio dell'"albergo
884 diffuso". *Tra borghi storici, residenze d'epoca e antichi casali rurali. Impresa Progetto*, 1, 1-26.

885 Paniccia, P. M. A., Leoni, L. (2017). Co-evolution in tourism: the case of Albergo Diffuso. *Current*
886 *Issues in Tourism*, <http://dx.doi.org/10.1080/13683500.2017.1367763>.

887 Paniccia, P., Pechlaner, H., Valeri, M. (2010). The Importance of the Time of Experience in the
888 Innovation of Tourism Business. The Sextantio Albergo Diffuso. In Weiermair, K., Go, F., Keller,
889 P., Pechlaner, H. (Eds.), *Entrepreneurship and Innovation in Tourism*. Berlin: Erich Schmidt
890 Verlag.

891 Paulauskaite, D., Powell, R., Coca-Stefaniak, J. A., Morrison, A. M. (2017). Living like a local:
892 Authentic tourism experiences and the sharing economy. *International Journal of Tourism*

893 Research, 19(6), pp. 619-628.

894 Peters, M., Pikkemaat, B. (2005). *Innovation in hospitality and tourism*. Routledge.

895 Phene, A., Fladmoe-Lindquist, K., Marsh, L. (2006). Breakthrough innovations in the US
896 biotechnology industry: the effects of technological space and geographic origin. *Strategic*
897 *Management Journal*, 27(4), 369-388.

898 Poon, A. (1998). "All-Inclusive Resorts." In Economic Intelligence Unit. *Travel & Tourism*
899 *Analyst*, 6, November.

900 Presenza, A., Camillo, A. A., Camillo, I. C. (2017). Sustainable Entrepreneurship Development in
901 the Accommodation Sector: The Case of the "Albergo Diffuso" (Diffused Hotel) in Italy.
902 *International Journal of Tourism and Hospitality Management in the Digital Age (IJTHMDA)*, 1(2),
903 1-17.

904 Presenza, A., Yucelen, M., Camillo, A. (2016). Passion before profit in hospitality ventures. Some
905 thoughts on Lifestyle Entrepreneurs and Albergo Diffuso. *Heritage, management e impresa: quali*
906 *sinergie?*.

907 Rhee, J., Park, T., Lee, D. H. (2010). Drivers of innovativeness and performance for innovative
908 SMEs in South Korea: Mediation of learning orientation. *Technovation*, 30(1), 65-75.

909 Richards G. (2014), The role of gastronomy in tourism development, Presentation to the Fourth
910 International Congress on Noble Houses: A Heritage for the Future, Arcos de Valdevez to be held
911 on 27- 29 November 2014.

912 Rogers, E. M. (1995). *Diffusion of innovations* (4th ed.). New York: The Free Press.

913 Romolini, A., Fissi, S., & Gori, E. (2017). Integrating territory regeneration, culture and sustainable
914 tourism. The Italian albergo diffuso model of hospitality. *Tourism Management Perspectives*, 22,
915 67-72.

916 Rosenkopf, L., Almeida, P. (2003). Overcoming local search through alliances and mobility.
917 *Management science*, 49(6), 751-766.

918 Savino, T., Messeni Petruzzelli, A., Albino, V. (2017). Search and recombination process to

919 innovate: a review of the empirical evidence and a research agenda. *International Journal of*
920 *Management Reviews*, 19(1), 54-75.

921 Silvestrelli P. (2013), *Tourism development through heritage enhancement and hospitality*
922 *innovation*, *International Journal of Globalisation and Small Business*, 5(1/2), 20-33.

923 Sørensen, J.B., Stuart, T.E. (2000). Aging, obsolescence, and organizational innovation.
924 *Administrative Science Quarterly*, 45, pp. 81–112.

925 Stamboulis, Y., Skayannis, P. (2003). Innovation strategies and technology for experience-based
926 tourism. *Tourism management*, 24(1), 35-43.

927 Strauss, A., Corbin, J. (1998). *Basics of qualitative research techniques*. San Jose State University,
928 USA: Sage publications.

929 Sundbo, J., Orfila-Sintes, F., Sørensen, F. (2007). The innovative behavior of tourism firms—
930 *Comparative studies of Denmark and Spain*. *Research policy*, 36(1), 88-106.

931 Tani, M., Papaluca, O. (2015). Local Resources to Compete in the Global Business: The Case of
932 Sextantio Hotels. In Camillo A.A. (Ed.), *Handbook of Research on Global Hospitality and Tourism*
933 *Management* (pp. 119-141). IGI Global.

934 Teece, D. J. (2006). Reflections on “profiting from innovation”. *Research Policy*, 35(8), 1131-1146.

935 UNESCO (2003). *Promoting the Convention for the Safeguarding of the Intangible Cultural*
936 *Heritage*. Paris: UNESCO.

937 Vallone, C., Veglio, V. (2014, July). “Albergo Diffuso” and Customer Satisfaction: A Quality
938 *Services Analysis*. In *Toulon-Verona Conference Excellence in Services*.

939 Williams, A. M. (2014). *Tourism innovation: products, processes and people* (pp. 168-177). In Lew,
940 A. A. Hall, C. M., Williams, A. M. (Eds.), *The Wiley Blackwell Companion to Tourism*.
941 Chichester: John Wiley & Sons.

942 Xie, P. F. (2006). Developing industrial heritage tourism: A case study of the proposed jeep
943 *museum in Toledo, Ohio*. *Tourism Management*, 27(6), 1321-1330.

944 Yayavaram, S., & Ahuja, G. (2008). Decomposability in knowledge structures and its impact on the

945 usefulness of inventions and knowledge-base malleability. *Administrative Science Quarterly*, 53(2),
946 333-362.

947 Yeoman, I., Brass, D., & McMahon-Beattie, U. (2007). Current issue in tourism: The authentic
948 tourist. *Tourism Management*, 28(4), 1128-1138.

949 Yin, R. K. (1984). *Case Study Research: Design and Methods*. Beverly Hills, Calif: Sage
950 Publications.

951

952