Vincenzo Fasone / Sandra Hofer / Raffaele Scuderi

Hotels in a customer-centred business model: Empirical findings from Val Gardena

Abstract

The gradual shifting of the hospitality industry from product to service is due to the orientation of business models towards the customers – i.e. how an organization creates, delivers, and captures value. Guests evaluate such attitude in several and influential review websites. We investigate about the effectiveness of such models on quality perception by studying the determinants of facilities' online ratings. In particular we focus on two critical aspects for customer-oriented business, as price and proximity effect to competitors located near renowned tourist areas. The latter may stimulate quality improvement on hotels placed in peripheral locations. This study considers the accommodation facilities located near Val Gardena, one of the most famous Italian mountain destinations. As done by previous contributors we present separate estimates for sales and advice websites. We find that price is not necessarily a significant indicator for hotel quality and the related business model. In addition, there seem not to be necessarily significant differences in quality perception between hotels located in strictly neighbour destinations and those in peripheral areas. If on one side proximity to a renowned area can be a rewarding factor for quality assessment, on the other side it appears not necessarily to be a critical one.

Key words: customer; business model; spillover; online rating; Italy

Introduction

The business paradigm in the hospitality industry has faced deep challenges. The attention towards customer needs has become the key feature, to the point that the entire business can be seen as customer-centred. These changes have occurred as the supplied products and services have gradually become part of everyday lifestyle (Kandampully, 2006). Such shifting has implied increasing attention to service quality and customers' opinion and satisfaction. Indeed, high quality of services is directly related to successful business and high competitiveness (Gržinić, 2007). In relatively recent times this has assumed very peculiar traits in the tourism industry. The strict relationship between customer satisfaction and quality perception has been the key factor for the success of online portals where users report feedback about the experience they had in accommodation facilities. Advices from these websites are very influential to the business performance of facilities as they address the final decision of consumers. In fact, the advance online checking for information about hotel quality has become part of the usual behaviour for many tourists. It turns out that the assessment of the role of potential drivers influencing satisfaction and quality assessment in the hotel industry is crucial in order to assess proper actions of managers, and thus for the improvement of their business model.

Vincenzo Fasone, PhD, University of Enna "Kore", Italy; E-mail: vincenzo.fasone@unikore.it

Sandra Hofer, BSc, Free University of Bolzano-Bozen, Bozen, Italy; E-mail: sandra.hofer@economics.unibz.it

Raffaele Scuderi, PhD, University of Enna "Kore", Italy; Email: raffaele.scuderi@unikore.it

The present study aims to investigate empirically on a specific aspect of the customer-centred business model in the hotel industry (Kandampully, 2006). In particular we focus on the determinants of successful feedback from customers. We test the significance of a set of variables in influencing online quality assessment of hotels. Such primary goal includes many aspects that deserve attention. Indeed, the most general one is the relationship between perceived service quality and price. A vast economic literature has highlighted the key role of information asymmetries in misleading the consumer from inferring quality from price – among others, see Akerlof (1970) and Milgrom and Roberts (1986). Other market failures can be related to spillovers coming from neighbouring areas. If a hotel is located near a highly renowned tourist area, local tourism development can benefit from positive externalities. Competition of most peripheral facilities with neighbours of highly touristic areas might induce hotel management of the former to adopt higher quality standards, in order to be as much attractive as those that benefit from their position (Smith, 1983; Yang & Wong, 2012). With this regard, another aspect of novelty of this paper is the conditional test for the influence of proximity to very famous tourist areas on quality ratings.

Another major aspect of online rating is the way portals present users reviews. In this sense, this paper adopts the approach of Fernàndez-Barcala, González-Diáz and Prieto-Rodrìguez (2010) who tested the difference between sale websites and advice websites on a sample of Spanish establishments. Sale websites are online travel agencies that receive a fee for every reservation and provide also a rating for every structure. Fernàndez-Barcala et al. (2010) question their independence as their gain is the higher the more expensive the accommodation is, which can be an incentive to overrate some facilities. In contrast, advice websites do not allow users to purchase nights at hotels directly and guests can only evaluate the perceived hotel quality. However there can be found links to sales websites in order to facilitate the user's decision to purchase. Advice websites should not have incentive to manipulate results as their earnings derive from advertisement.

In what follows we will analyse the determinants of hotel ratings in a selected destination of South Tyrol, Italy, for the sake of investigating empirically how significant a set of hotels' characteristic is in influencing customers' satisfaction. The area under analysis is close to Val Gardena, a worldwide renowned mountain tourist destination for ski and hike lovers.

Review of literature
Customer-centred business model

According to Osterwalder and Pigneur, (2012), a business model describes the rationale of how an organization creates, delivers, and captures value. Cinquini, Di Minin and Varaldo (2011) state that: "a business model is nothing more than a framework, a paradigm, something that explains in a logical way how to get from point A (an idea) to point B (an income statement) by the application of certain technologies, the development and successful execution of specific strategies, a new solution that combines product and service".

The idea and the importance of a customer-centred business model in the hotel industry was introduced by Kandampully (2009). He underlines the inadequateness of traditional product-oriented managerial approach of hotels, and designs a service-oriented strategy to the needs of customers. He then lists the following five fundamental factors to the success of the business.

1. The role of supporting services to traditional products as accommodation, food and beverages has become crucial. As product differentiation is difficult to achieve, the focus of firms to intangible components and the related service quality becomes crucial in order to offer distinctive perceived value and enhance customers' loyalty.

2. The overall shifting of business practice from supplier-centric to customer-centric has enforced the orientation to services. In this sense, finding equilibrium between bundling and unbundling business activities is a key factor for success.

3. Unbundling and then re-bundling inefficient activities through the involvement of network of firms is the third crucial factor. This would help hotels to provide higher quality core services rather than spending efforts on collateral activities where their experience is lower.

4. Adoption of technology can improve the efficiency and effectiveness of the hotels. Kandampully (2009) stresses the concept of "creative"use of the technology, which may increase the productivity of employees. However, the online market heavily influences modern business practice of hotels. Online providers play the role of sellers, and most of them allow customers to leave a review. In this sense, they are perceived as quality disclosers, and as such may have a deep influence on influencing customers' choice.

5. The orientation of the firm towards the external environment should be the result of appropriate coordination with its internal functions. As an example, in manufacturing industry marketing and production can be distant, whereas in the service-oriented hotel industry they should operate simultaneously.

Such features design a three-phase model, which goes through the definition of the corporate intent, the design of the strategic direction, the appropriate use of the core capabilities (technology, networks, relationships, employees) that are interdependent each other.

Quality survey in websites and information asymmetries

Online portals have become influential for many customers and their decision about the place where to stay at during their journey. Hotel rating can be expressive of the effectiveness for the firm to pursue its customer-oriented business model. In addition, it has increasingly assumed the role of orienting customer's choice. This implies that a mismatch between rating and actual quality of services can severely bias the efforts of the management.

The theoretical reasons of their power for customers' decisions can be connected to two classical issues in the economic literature, that is information asymmetries and imperfect information in markets. Typically, sellers are aware of the characteristics of the good whereas customers are not. In addition, obtaining information about the actual quality of products is costly. This leads to market inefficiencies. Also price determination is heavily influenced by such situation of imperfect information (Akerlof, 1970; Crase & Jackson, 2000). Service market is much more affected by such conditions than physical products, as it is very difficult to evaluate quality before a service is rendered (Zeithaml, Parasuraman & Berry, 1985; Campos-Soria, González García & Ropero García, 2005). Therefore, potential customers in hotel market must investigate in costly researches in order to eliminate uncertainty (Akerlof, 1970; Salop & Stiglitz, 1977; Fernàndez-Barcala et al., 2010). As tourism is an experience good, consumers can only presume its actual quality from indirect elements, as for instance those from sources like booklets and word of mouth. Moreover, since tourism goods are combinations of many heterogeneous elements, the degree of satisfaction for the tourist experience depends both on how such factors interact between each other and the level of the search costs (Diamond, 1971). All this leads to different

degrees of information asymmetry also within a same set of tourists. The awareness by the suppliers about the existence of a subset of less informed customers may cause price dispersion and therefore lead to the success of price differentiation strategies (Caccomo & Solonandrasana, 2001). This is particularly evident in the tourists-and-natives model (Salop and Stiglitz, 1994), where natives own more information and lower search costs than tourists. This generates a two-price equilibrium where natives would benefit from a perfect competition price, whereas monopolistic price would characterize the shops frequented by tourists. Alegre and Cladera (2010) extend this situation to first timers and repeat visitors, with the latter being more experienced and therefore nearly in the situation of natives.

The use of review websites by consumers aims to reduce uncertainty and avoid costly information collection. However, there could still be a certain degree of uncertainty about the reliability of the information provided. Similarly to the auditing problem, auditors/websites must ensure independence in order provide the outsiders with information about companies (DeAngelo, 1981). As already mentioned, Fernàndez-Barcala et al. (2010) question the independence of sales websites, which may have the incentive to give higher visibility to more expensive accommodation in order to earn higher fees. This is consistent with the behaviour of an individual who acts rationally and maximizes utility from altering rating as the reward from cheating is higher. Such situation arises from the conflict of interest between being at the same time the auditor that rates the hotels quality, and the seller of the same accommodation services. Indeed, a powerful disincentive to manipulation is represented by the concern of a change in reputation (Williamson, 1985; Kay, 1993). This deterrent considerably strengthens the independence of the information provider (Antle, 1984).

Spillover effects and externalities

As Kandampully (2009) stresses, networks and relationships are crucial to the strategy of hotels. This happens not only in the strict sense of finding partners, but also in a wider context of interaction with other firms including competitors. The physical environment itself where hotels are located can influence the tension of firms towards customers, thus generating spatial spillover effects also to the business model. This concerns not only the use of local natural resources, but also the presence of competitors in neighbouring areas.

From a broader point of view the development of tourism in certain areas can generate either positive or negative spatial externalities to other areas (Yang & Wong, 2012; Ma, Hong & Zhang, 2014). The literature summarizes these effects into economic, environmental and social-cultural (Gunn, 1988; Gursoy, Chi & Dyer, 2009). Improvement of local economy, lower unemployment, increased income and improved infrastructures are only few examples of positive economic externalities (Liu & Var, 1986; Tosun, 2002). Improvement driven by environmental externalities can for example arise when tourism encourages the protection of natural systems (Lindsay, Craig & Low, 2008). Cultural exchanges between host and guest can benefit also those areas that are interested by tourism flows only indirectly (Liu & Var, 1986). Instead, negative effects can be related, for instance, to decrease unemployment in traditional sectors, increase in pollution, raise of crime rates (Andereck, Valentine, Knopf & Vogt, 2005).

Yang and Wong (2012) make a distinction between spillover effects coming from the supply side and those from the demand. Productivity spillover is a main category of the former. These may result if tourism employees moving between areas ensure the exchange in skills and knowledge that can considerably increase the productivity of new regions. Spillovers may regard also imitation of best practices, as hotels located in areas where productivity is lower may learn from those of better performing areas. Market access spillover is another example and occurs when the neighbours of areas with a higher share

of the market have similar tourist attractions as them. On the side of the demand, spillovers mainly deal with multi-destination trips of tourists. While on holiday at a place, tourists may include the visit to neighbour destinations in their plans.

Research hypothesis

The picture drawn by Kandampully (2009) has the merit of pointing out the centrality of customer for modern hotel industry. Online rating and its effect on business success are influential to all the five factors of a customer-centred business model. Hotel perception by customers can be seen as the final outcome of the efforts in pursuing such service-oriented strategy. Also, it has deep influence in driving the business towards the improvement of services for the sake of attracting guests. Therefore customer feedback can be viewed as in a circular relationship with the customer-oriented model of business: if on the one side it is the product of business practice, on the other side it can alter the future strategy of business improvement, customers loyalty, and the behaviour of those candidate customers who rely on past visitors experience in order to select accommodation facilities.

Online rating is the modern declination of hotel perception and customer satisfaction that is highly influential to future customers and the business evolution over time. As stated by past literature contributors, travellers mean rating websites as virtual places where hotel quality is disclosed. As the web offers a number of sites reporting this kind of information, taking data from different sources can be useful in order to increase the robustness of empirical findings. However, as stated by Fernández-Barcala et al. (2010) it is crucial to control for the incentive for sales websites to promote ratings in order to gain higher fees from booking. For this reason we perform parallel analysis for both rating and sale websites, and test the following:

H1: Ratings of the sale website are averagely higher than the advice one.

From Fernández-Barcala et al. (2010) we also adopt:

H2: Price is not a significant signal for quality.

This means that customers do not evaluate quality independently of price. Customers set expectations more than proportionally to price. Consequently, the higher the price of an accommodation structure, the less likely quality will meet expectations. Of course, this has to be meant as everything but discouraging to those facilities with higher-quality services that (necessarily) fix higher prices in order to cover higher costs. Rather, it is a way to argue that there might be a nonlinear relationship between price and quality perception.

The third hypothesis is based on the assumption that, *coeteris paribus*, accommodations located in neighbour areas of highly touristic places are stimulated to compete with facilities placed inside. However there can be imitation effects from those placed in peripheral areas, which may be eligible to attract the same type of audience as neighbouring ones. Therefore we formulate the following research hypothesis:

H3: Hotel quality is perceived and evaluated as higher in those areas bordering a highly renowned tourist area.
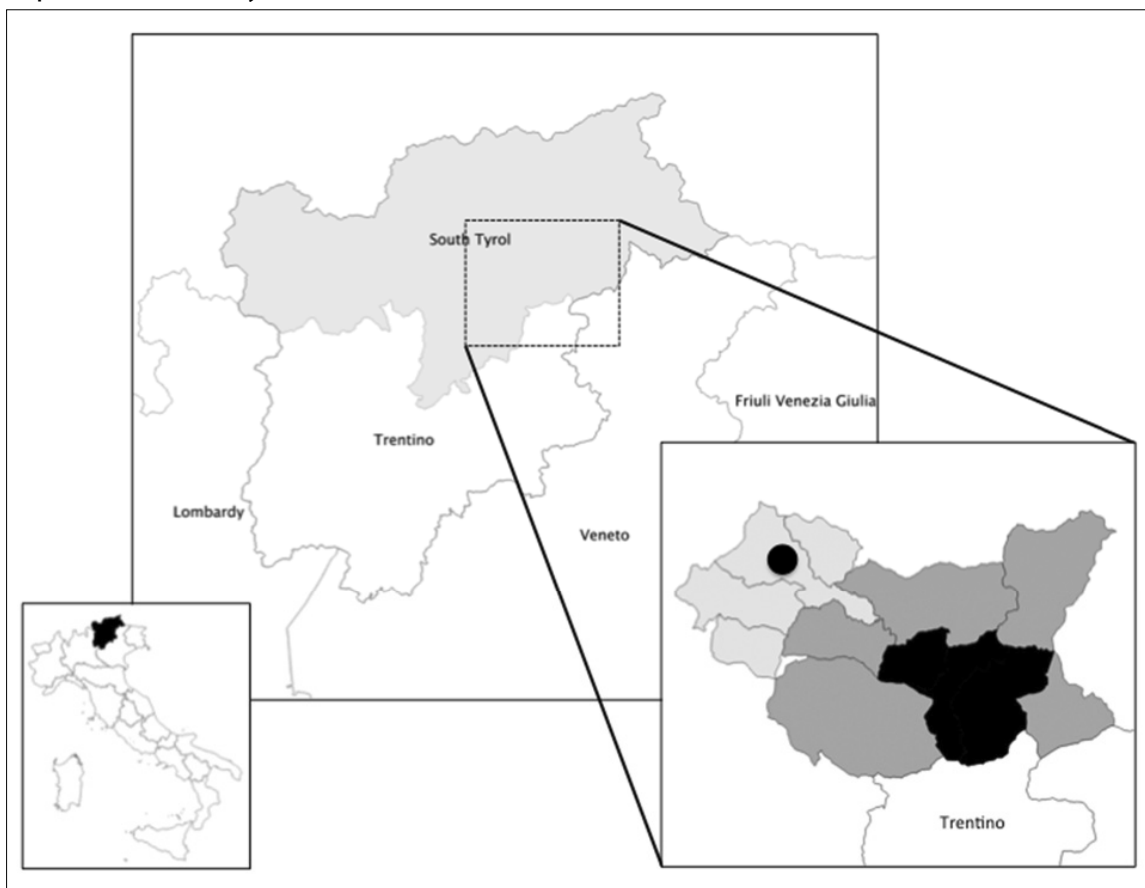
H3 is the main novelty of this study. Specifically, we test if hotels placed in neighbouring areas of Val Gardena are perceived to supply better quality than facilities of peripheral areas. The way the sample was selected, it is supposed that the latter are attempted to attract similar segments of customers who visit Val Gardena. Therefore the business model of facilities in peripheral areas can be structured in such a way that hotels try to be perceived as having a similar degree of attractiveness as neighbouring ones.

Research methodology

Area under analysis

The area under analysis surrounds Val Gardena, a highly renowned Italian tourist area located in South Tyrol (Figure 1). Val Gardena consists of three municipalities, namely Ortisei, Santa Cristina Valgardena and Selva di Val Gardena – central areas, painted in black in the right-bottom square of Figure 1. It is a worldwide well-known tourist destination for ski lovers and hikers. It is located in the district of Dolomites, the mountain area that is part of the UNESCO world heritage for its uniqueness and beauty. South Tyrol is an Italian province where mountain tourism plays a very important role for local economy. With a population of 515,714 inhabitants by the end of 2013, in this year it recorded 6,041,609 arrivals and 29,025,566 overnight stays of which 6.97% and 8.20% respectively in Val Gardena. Tourists were mainly Italian (47.62% of arrivals) followed by 24.21% of German arrivals. Still in 2013, there were 1,008 accommodation facilities (hotels, guest-houses, bed and breakfast, agrotourisms) with 17,959 beds overall. Compared to the neighbour district of Valle Isarco, which accounted for 1,264 facilities and 30,232 beds in 2013 over an area of 624 km², Val Gardena's numbers are considerably higher as they are spread over a much smaller area of 109 km².

Figure 1
Map of areas under study*

* Black areas report Val Gardena municipalities (central areas); dark grey ones indicate neighbouring areas; light grey municipalities are the peripheral ones.

The study considers the facilities placed in Val Gardena's neighbouring municipalities of Castelrotto, Corvara in Badia, Funes, Laion, San Martino in Badia – "neighbouring" areas in dark grey of Figure 1. Moreover we included accommodation facilities in the municipalities of Barbiano, Chiusa, Velturno and Villandro – "peripheral" areas in light grey – which border only neighbouring areas and not Val Gardena. However they host the highway exit to Val Gardena – black point in the map – as well as the main road to it. For these reasons, like neighbour areas they are likely to be candidate places to host tourists whose main destination is Val Gardena. All these municipalities belong to South Tyrol, one of the two autonomous provinces of Italy. As such, local government administrates and stimulates economic sectors like tourism through a set of specific laws for accommodation facilities that may differ from the ones of other Italian provinces. For this reason, municipalities neighbouring Val Gardena in the southern part and belonging to Trentino, the other Italian autonomous province, were excluded from this study.

Dataset

The main sources for hotel rating are two of the most important sales and advice websites, respectively Booking.com and Tripadvisor.com. Unlike the study of Fernández-Barcala et al. (2010), for the sake of results comparison we selected those that were rated on *both* websites. We also excluded facilities with limited number of opinions, and thus selected those that had at least five reviews. Ratings of both websites were then expressed in 10-point scale. Additional information about the characteristics of establishments was gathered from official booklets provided by local tourism offices. Jointly, all these criteria considerably limited the number of statistical units for this dataset. Such selection mechanism led to an overall sample of 114 establishments at the time the data was collected (May 2014). The majority of them (88) are strictly placed in neighbouring areas, whereas the remainder belong to peripheral ones. Indeed, sample size is a major limitation to this study.

The building of the dataset presented several problems. No unified data source reports information about hotels, as prices and other useful control variables that can influence the rating of customers. As reported above, we hand collected all these data from the booklets provided by local tourist offices. Indeed, price was the most problematic variable to deal with. Websites overall rating for a single facility has no particular reference to specific time – though it is the result of websites' weighting systems that gives greater importance to the most recent feedbacks. This contrasts with the seasonality of price, which characterises almost all accommodation facilities. In addition, according to Italian regulations accommodation facilities have to declare in advance the minimum and maximum price they will apply in the tourist season that will follow, with the possibility to declare different prices for different parts of the season. For these reasons, the majority of establishments reported a series of time intervals with detailed minimum and maximum price. Therefore, for each facility we had one rating and a set of price ranges, each referring to a specific time interval. For this reason, for each hotel we first decided to calculate the mean price of bed and breakfast within each time interval as semi-sum between min and max price. Final hotel's price was the result of the weighted average of each mean price by the number of days each interval referred to.

Other considered variables regard category (in stars) and number of beds as proxy of size. A set of dummies was also considered in order to test the influence on quality perception of the presence of specific characteristics in the structure, as restaurant, gluten-free meals, spa, pool, children playground, tennis court, internet connection, fitness services.

Estimation strategy

We estimated four models via OLS. At first we present the reduced-form models for each website – 1 and 2. They include price, dummy variable for hotels placed in areas bordering Val Gardena, dummies for the number of stars (ref. less than 3 stars), number of beds. All quantitative variables are expressed in log form, including the dependent variables. Then, in a second stage the same models are both added by a set of control dummy variables related to services supplied by hotels that may influence the positive evaluation of guests – models 3 and 4. This is the same approach as Fernàndez-Barcala et al. (2010).

Table 1
Descriptive statistics

Overall	Mean	Sign. WMW
Rating Booking.com	8.796	
Rating TripAdvisor	8.564	*

	Neighbouring areas			Peripheral areas			
	Mean	Min	Max	Mean	Min	Max	Sign. WMW
Rating Booking.com	8.86	7.3	9.8	8.60	6.2	9.8	*
Rating TripAdvisor	8.63	5.3	10	8.34	4	10	
Average price per person B&B, €	88.50	22.23	745.03	46.98	23.55	97.95	***
Number of beds	52.10	6	251	40	6	97	

	%	%	Sign. χ²
1 or 2 stars	17.05	15.38	
3 stars	59.09	61.54	
4 and 5 stars	23.86	23.08	
TV in room	97.73	92.31	
Internet connection	75.00	73.08	
Restaurant	57.95	69.23	
Gluten-free cooking	25.00	34.61	
Swimming pool	42.05	46.15	
Children playground	52.27	69.23	
Spa	73.86	50.00	**
Own tennis court	9.09	7.69	
Fitness centre	29.55	19.23	

Significance: * p<0.1; ** p<0.05; *** p<0.01

Results and discussion

Table 1 reports sample descriptive statistics. Wilcoxon-Mann-Whitney test (WMW) reveals that H1 seems to be confirmed at least from a univariate point of view: there seems to be a significant difference in the average rating between sales and advice websites, where mean Booking.com ratings are significantly higher than TripAdvisor ones. When we introduce the distinction between neighbouring and peripheral areas significance arises only for Booking.com ratings, revealing higher score for neighbouring areas. Thus, this confirms H3 only partially.

Still looking at significance tests in the univariate, hotels placed in neighbouring areas show higher prices and their size does not seem to differ from the remainder facilities of the sample. Dummy variables

reporting the characteristics of establishments reveal non-significant differences, except for the higher share of facilities with Spa in areas that are closer to Val Gardena.

Table 2
Multiple regression on log of website rating

	Model 1 Advice w.	Model 2 Sales w.	Model 3 Advice w.	Model 4 Sales w.
(Intercept)	2.135****	2.154***	1.922***	2.133***
	(0.099)	(0.051)	(0.143)	(0.073)
Neighbouring area of Val Gardena	0.050	0.036**	0.034	0.033*
	(0.030)	(0.016)	(0.033)	(0.017)
Average price per person, B&B (log)	0.032	0.013	0.0478*	0.012
	(0.024)	(0.012)	(0.026)	(0.013)
3 stars	0.038	0.043**	0.034	0.040**
	(0.035)	(0.018)	(0.038)	(0.019)
4 and 5 stars	0.082*	0.062**	0.073	0.057**
	(0.046)	(0.024)	(0.050)	(0.025)
Number of beds (log)	-0.057***	-0.028***	-0.049*	-0.036**
	(0.021)	(0.011)	(0.027)	(0.014)
Restaurant			-0.035	-0.016
			(0.031)	(0.016)
Gluten-free cooking			0.029	0.043**
			(0.035)	(0.018)
Spa			-0.011	0.004
			(0.035)	(0.018)
Pool			-0.019	-0.013
			(0.033)	(0.017)
In-room TV			0.161**	0.060*
			(0.070)	(0.035)
Children playground			0.006	-0.011
			(0.028)	(0.014)
Own tennis court			0.072*	0.029
			(0.042)	(0.022)
Internet			0.010	0.005
			(0.030)	(0.015)
Fitness			-0.012	0.014
			(0.034)	(0.018)
N	114	114	114	114
R-squared	0.110	0.141	0.203	0.257
Adjusted R-squared	0.069	0.101	0.090	0.152
F [df]	2.677*** [5,108]	3.541*** [5,108]	1.801*** [14,99]	2.451*** [14,99]

Significance: * $p<0.1$; ** $p>0.05$; ***$p>0.01$. SE reported in parenthesis.

In line with Fernández-Barcala et al. (2010), intercepts of all estimated equations reported in Table 2 are significant and confirm higher scores for sales websites. This happens both when hotels characteristics are taken into account (models 1 and 2) and not (models 3 and 4), and conditionally to size, category and price of the hotel.

Such evidence is of particular interest if combined with what emerges from the assessment of proximity effects. Hotels placed in neighbouring areas show likely higher ratings than those located elsewhere, and again only for the sale website. The partial rejection of H3 may indicate that facilities in peripheral locations provide services of non-significantly dissimilar quality to those placed in the areas

neighbouring the most touristic area. Looking at the specific results, this indication undoubtedly pertains the advice website. Instead, the attempt to promote facilities from neighbour areas, which on average have higher prices (Table 1) can justify the significance of the neighbour effect proxy for sales websites. From a logistic point of view, neighbouring areas are good locations to reach central ones. Therefore, if we hypothesize that we are in presence of opportunistic behaviour by sales websites, the higher ratings of neighbour areas is simply an attempt to take over the advantage of the better location that translates itself into price.

Logged average price appears to be a significant signal for quality only in the advice website and when characteristics of facilities are accounted for. If on the one side this may appear as an overall confirmation of H2, on the other side it seems that higher price becomes a signal for higher quality when provided services are taken into account and the website has no incentive in promoting one structure or another (model 3). It is worthy to emphasize that unlike Fernández-Barcala et al. (2010) the estimated coefficient for price is positive in all models. Though weak and likely non significant, these may be an early indications of the fact that the price of these facilities may be somehow proportional to the quality of their services.

Rating is likely to be positively related with the hotel category as measured by the number of stars. However evidence indicates that this is significant especially for the reviews of the sales website. Again, this is consistent with the findings of Fernández-Barcala et al. (2010) who ascribe this to a matter of opportunism for sales websites to promote higher starred hotels from which higher fees can be gained. We also find that the logged number of beds influences negatively and significantly on quality perception, which can be interpreted as a sort of suffering from overcrowding effect for bigger facilities.

Concerning the specifications with control variables (Models 3 and 4), overall the latter seem to influence quality perception in a non-significant way. This should not be a surprise. As information on every establishment endowment is available and taken in advance, tourists know in advance whether there can be a given feature or not, and accordingly the rating seems to be provided "conditionally" to those features. Therefore there seems to be no significantly related "surprise effect" of these services on the already set expectations that can impact on quality rating. However there seems to be partial evidence for better ratings for those facilities that provide gluten-free cooking and own tennis court. The significance about the presence of in-room TV is interesting. As also testified by descriptive statistics of Table 1, and as also common experience suggests, it is very usual to find rooms with television. However their lack seems to be related to those facilities where quality is evaluated as worse.

More in detail, and in line with the scope of testing H3, all the previous remarks and evidences seem to suggest the existence of similar strategies for service quality within the hotels group of all the investigated area in order to achieve the target market, no matter of their peripheral location. These strategies may be indicative of the presence of a specific strategic group in the destination (Porter, 1980), which is likely focused on high quality standards. It may suggest that a group of hotels with similar combination of strategies for the sake of satisfying customers, i.e. similar customer-oriented business models, are likely operate in the area under study (Osterwalder, Pigneur, Bernada & Smith, 2014). Being aware of the peripheral location from Val Gardena can be a motivation to provide enough quality service that may compensate the distance from touristic centres, and thus compete with those that take advantage of their neighbouring to the tourist area. In the case under analysis, this may indicate how hotels behave in a similar way in order to operate and create value for its stakeholders by defining strategies that make them competitive in the market.

Conclusions

Accommodation facilities operate in an increasingly competitive environment. Differentiation strategies are crucial in order to satisfy demand segments. Under this view, the attempt to identify a common business model for the hospitality industry is not in contrast with recognising that each accommodation facility may need to pursue a single strategy that differs from others'. Managerial theory seeks to find regularities that can be of help in order to analyse business practices. The idea of a customer-oriented business model falls within these attempts, as it depicts a common ground from which facilities put in practice their own strategies. As we described above, indeed a firm's strategy is influenced by a number of elements, all interacting with each other. However orientation to customers is the common trait that operators of a modern and service-oriented industry like hospitality have increasingly pursued. This paper tried to offer empirical support to such theoretical approach by looking at the final outcome of the customer-centred business model as measured by satisfaction. The online hotel rating was taken as measure of reference, with distinction between advice and sales websites as suggested by Fernández-Barcala et al. (2010), and conditionally to data availability we tested whether a part of their same set of hypothesis holds also on a sample of South Tyrolean facilities. In addition, we introduced an element of novelty in testing the extend to which facilities perceive their more or less favourable location as an incentive to increase the quality of their services.

The test was performed on hotels located in Val Gardena, a worldwide famous mountain destination. We found that there are not necessarily significant differences in perceived quality between hotels located in strictly neighbour destinations and those that are less close to them though located in the same area of the main roads to the most touristic area. This can be indicative of competition efforts to ensure high quality services, independently of the location of the structure. Also, this can suggest the idea of a business model that is somehow anchored to positional externalities, where every structure aims to ensure those high quality standards that can make it perceived as part of the whole tourist area. In addition, price was found not to be significantly related to quality perception. This may happen because of the quality standards of accommodations in South Tyrol, for which high quality perception of guests can be recorded also by facilities with a low number of stars. This introduces an element of reflection about price as signal to customers. Certainly, in some cases quality standards require high monetary costs to be maintained, which are reflected by higher prices charged by facilities. Despite this, our evidence suggests that there might be cases where the perceived quality is not necessarily related to price. In this sense, this highlights the importance of the intangible components of hospitality that do not always require high investment, as attention to customers, kindness of the personnel, cleanliness of the facilities, etc. Certainly, these results have to be taken with caution as they suffer of sample size and selection, as well as of the reference to a specific case study. However they provide interesting empirical support to the discussion about the centrality of customers in hospitality business models, and highlight aspects that will deserve further in-depth analysis by future research.

References

Akerlof, G. (1970). The market for lemons: qualitative uncertainty and the market Mechanism. *Quarterly Journal of Economics, 84,* 488–500.

Alegre, J. & Cladera, M. (2010). Tourist expenditure and quality: why repeat tourists can spend less than first-timers. *Tourism Economics*, *16*(3), 517–533

Andereck, K. L., Valentine, K. M., Knopf, R. C. & Vogt, C. A. (2005). Residents' perceptions of community tourism impacts. *Annals of tourism research, 32*(4), 1056-1076.

Antle, R. (1984). Auditor independence. *Journal of Accounting Research, 22*(1), 1–20.

Caccomo, J. L. & Solonandrasana, B. (2001). *Tourism activities and price differences: Imperfect information and asymmetric competition*. Paper presented at the 28th annual conference of the European association for research in industrial economics, Dublin, Ireland.

Campos-Soria, J. A., González García, L. & Ropero García, M. A. (2005). Service quality and competitiveness in the hospitality sector. *Tourism Economics, 11*(1), 85-102.

Cinquini, L., Di Minin, A. & Varaldo, R. (eds) (2011). *Nuovi modelli di business e creazione di valore. La scienza dei servizi*. Berlin: Springer Verlag.

Crase, L. & Jackson, J. (2000). Assessing the effects of information asymmetry in tourism destinations. *Tourism Economics, 6*(4), 321-334.

DeAngelo, L. E. (1981). Auditor size and audit quality. *Journal of Accounting and Economics, 3,* 183–189.

Diamond, P. (1971). A Model of Price Adjustment. *Journal of Economic Theory, 3,* 156-168.

Fernández-Barcala, M., González-Diáz, M. & Prieto-Rodrìguez, J. (2010). Hotel quality appraisal on the Internet: a market for lemons? *Tourism Economics, 16*(2), 345-360.

Gržinić, J. (2007). Concepts of service quality measurement in hotel industry. *Ekonomska misao i praksa,* (1), 81-98.

Gunn, C. A. (1988). *Tourism planning.* New York: Taylor & Francis.

Gursoy, D., Chi, C. G. & Dyer, P. (2009). Anexamination of locals' attitudes. *Annals of Tourism Research, 36*(4), 723-726.

Kandampully, J. (2006). The new customer-centred business model fort he hospitality industry. *International Journal of Contemporary Hospitality Management, 18*(3), 173-187.

Kay, J. (1993). *Foundations of Corporate Success. How Business Strategies Add Value.* Oxford University Press.

Lindsay, K., Craig, J. & Low, M. (2008). Tourism and conservation: the effects of track Proximity on avian reproductive success and nest selection in an open sanctuary. *Tourism Management, 29*(4), 730-739.

Liu, J. C. & Var, T. (1986). Resident attitudes toward tourism impacts in Hawaii. *Annals of Tourism Research, 13*(2), 193–214.

Ma, T., Hong, T. & Zhang, H. (2014). Tourism spatial spillover effects and urban economic growth. *Journal of Business Research*. In Press. DOI: 10.1016/j.jbusres.2014.05.005.

Milgrom, P. & Roberts, J. (1986). Price and advertising signals of new product quality. *Journal of Political Economy, 94,* 796–821.

Osterwalder A., Pigneur, Y., Bernada, G. & Smith, A. (2014). *Value Proposition Design: How to Create Products and Services Customers Want.* Hoboken, NJ: Wiley.

Osterwalder, A. & Pigneur, Y. (2012). *Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers*. Hoboken, NJ: Wiley.

Porter, M. (1980). *Competitive Strategy*. New York: Free Press.

Salop, S. & Stiglitz J. (1977). Bargains and Ripoffs: A Model of Monopolistically Competitive Price Dispersion. *Review of Economic Studies, 44,* 493-510.

Smith, S. L. (1983). *Recreation geography.* New York: Longman Group Limited.

Tosun, C. (2002). Host perceptions of impacts: A comparative tourism study. *Annals of Tourism Research. 29*(1), 231–253.

Williamson, E. O. (1985). *The Economics Institutions of Capitalism: Firms, Markets. Relational Contracting,* New York: Free Press.

Yang, Y. & Wong, K. K. (2012). A spatial econometric approach to model spillover effects in tourism flows. *Journal of Travel Research, 51*(6), 768-778.

Zeithaml, V. A., Parasuraman, A. & Berry, L. L. (1985). Problems and strategies in Services marketing. *Journal of Marketing, 49,* 33–46.