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THEMATIC ACCOMMODATION, FEASIBILITY AND SUITABILITY ANALYSIS

Sara Feliciana Sánchez Grau

Double degree in Business Administration and Tourism

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Key words:

Thematic accommodation, traditional accommodation, alternative touristic offer, creative stays, bubble hotels.

Antoni Serra Cantallops

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UNWTO: World Tourism Organization
CBI: Centre for the Promotion of Imports from developing countries
IMF: International Monetary Fund
CAGR: Compound annual growth rate
SME's: Small and medium-sized enterprises
ICO: Instituto de crédito oficial
INE: Instituto nacional de estadística
ADV: Average daily rate
RevPAR: Revenue per room
GOP: Gross operating profit
F&B: Food and beverage

ABSTRACT

After the COVID-19 crisis, many businesses from the tourism industry will have no other choice than to evolve. Offering security will be indisputable but, due to the decrease in demand, simple products won't be enough. This report aims to study whether differentiation in the lodging industry through thematic experiences can be considered more appealing for potential customers; and thus, mitigate the losses produced by the pandemic while adding value to the current scene. In addition to reviewing the profitability of real cases, the opinion of different experts and the future trends of this sector, this thesis will provide an analysis of the economic, social and sustainable objectives that thematic and alternative accommodation options can achieve. By last, a case study of the property rental situation in Mallorca will be carried out in order to understand the lack of interest in innovation and investment in such a touristic landscape.

Después de la crisis del COVID-19, muchas empresas del sector turístico no tendrán más opción que evolucionar. Ofrecer seguridad será indiscutible pero, debido a la disminución de la demanda, los productos simples no serán suficientes. Este trabajo tiene como objetivo estudiar si la diferenciación en la industria del alojamiento a través de experiencias temáticas puede considerarse más atractiva para los clientes potenciales, para así mitigar las pérdidas producidas por la pandemia y agregar valor al escenario actual. Además de revisar la rentabilidad de casos reales, la opinión de diferentes expertos y las futuras tendencias de este sector, esta tesis proporcionará un análisis de los objetivos económicos, sociales y sostenibles que pueden alcanzar los alojamientos temáticos y alternativos. Por último, se realizará un caso de estudio de la situación del alquiler de propiedades en Mallorca para comprender el desinterés por la innovación y la inversión en un paisaje tan turístico.

1. INTRODUCTION

The tourism industry has experienced a great diversification and continuous growth for decades, representing one of the largest sources of income in an increasingly number of countries. According to the World Tourism Organization's annual report (UNWTO, 2019), international tourism grew by 5% before the current coronavirus crisis started, reaching a peak of 1.400 million arrivals worldwide.

However, despite the improvement in demand, competition has also appeared as one of the main characteristics of the sector.

Tourism markets are highly fragile and risky. They are volatile, full of quality uncertainties and dependent on the lifestyles changes of consumers (Erkus-Öztürk, H. 2016). Companies in this sector must be constantly innovative and explore between their goods and services to gain competitive advantage and not become obsolete.

Moreover, due to tourism's correlation to the country's cultural and natural resources, its competitiveness not only relies on the offer, but also on the adequate use of territorial assets (Weidenfeld, A., 2018). That is, from the perspective of the business, changes in tastes might be a problem when investing in a certain product, however not adapting into the environment can lead to a complete failure. Uncontrolled pollution, waste overproduction or exploitation of the resources can threaten the long term plans of companies to a greater extent than any variation in trends.

Sustainability and competitiveness go hand in hand. Destinations and enterprises can be more efficient in the long run if they work from an ecological perspective, promoting biodiversity conservation and through measures to address climate change (UNWTO, 2019).

In brief, success towards sustainable development depends on the correct use of diversification and specialization policies (Weidenfeld, A., 2018).

But how will these policies evolve after the recession caused by COVID-19? There is no doubt that there will be a mentality change towards travelling, so how should the accommodation industry react to it?

During this report different business strategies related to the thematization in touristic accommodation will be analyzed, focusing on hotels but also private home rentals. The aim will be to find out if investments in specific, specialized and adapted spaces can be a solution to attenuate the high losses incurred in the sector by attracting the attention of not only international, but also national tourists.

2. CONTEXTUALIZATION

In order to properly analyze the evolution of the thematic accommodation market, it is necessary to present the industry's background.

The lodging sector has relied for decades on the traditional accommodation offer, dedicated mainly to hotels with conventional and commercial purposes mostly related to mass tourism practices (Triarchi, E., & Karamanis, K., 2017).

At first, this was seen as a boost for the development of countries, however, even though some social scientists expressed their concerns on the cultural and territorial development that it would induce (Smith, V. L., & Eadington, W. R., 1992), it was not until the 1970s and early 1980s when many authors started to investigate in depth the real impacts that the increase of this typology of travelling was promoting (Mathieson, A., & Wall, G., 1982, cited by Smith, V. L., & Eadington, W. R.,1992; Pearce, D. G., 1992).

In the meantime, new forms of tourism showed up in developing countries presenting less negative effects for the destination and its population and maintaining great economic results. (Pearce, D. G., 1992). Many names were given to this trend, *parahotel business, supplementary accommodation sector* or *boutique alternatives* among others. (Morrison, A. M., et. al, 1996). Nonetheless, the most used definition to date was given by Tourism South Australia (1990) under the concept of *alternative accommodation* (Tourism South Australia, 1990, cited by Morrison A.M. et. al., 1996).

Triarchi, E., & Karamanis, K. (2017) led a research about the alternative tourism development and its theoretical background, however the result was unfavorable. Today there is still no agreement to a widely adopted definition of alternative tourism, nor a scheme between its different forms or its scope.

Definitional problems are common in tourism research, in part because of the lack of coordination between public and private organizations (Morrison, A. M., et. al, 1996).

Macleod (1998) suggested some principles to establish a base for the concept of alternative accommodation, and Herms (2006) evolved these into the followings (Macleod 1998, and Herms 2006, cited in Triarchi, E., & Karamanis, K.. 2017, p.37):

> *a) It should be based on dialogue with the locals which must be informed of its effects.*
>
> *b) It should be environmental friendly and attributing respect to local culture and to religious tradition.*
>
> *c) The scale of tourism should be adjusted to the capacity of the local area to cope, measured in aesthetic and ecological terms.*

Alternative tourism then can be described as ‘’forms of tourism that are consistent with natural, social, and community values and which allow both hosts and guests to enjoy positive and worthwhile interaction and shared experiences‟ (Smith, V. L., & Eadington, W. R. 1992, p. 3).

That is why, during this research an analysis of the economic, social and sustainable objectives will be carried out in order to properly understand what makes these accommodations rentable and adequate business strategies.

Since the “new" tourism arrived, many variants have emerged gradually, having their sources in many different aspects of contemporary economic and social life (Triarchi, E., & Karamanis, K., 2017, p.38). In other words, as well as customer’s trends and lifestyles, alternative accommodation offers have evolved during the years. While country inns, stately homes, mansions and health farms were disappearing, new spaces were introduced into the market, such as bungalows, bubble hotels, tree houses or houseboats and hence, the difficulty of establishing guidelines in such a wide market.

To simplify the terms, this research will understand traditional lodging as hotels/resorts and classify the rest of the offer on the alternative side, including apartments, chalets, boutique hotels, cottages, cabins, youth hostels, special spaces or apartments shared with the owners.

Most of the data retrieved and the papers selected for this research agree with this differentiation however, since the borders are not strictly set up, it could be that some of the next studies don’t take into account all these specific categories. In any case, the details and discordances will be mentioned and reviewed during the analyses.

On the side of thematic lodging, in modern society ‘’theming’’ is a trend found in both types of accommodations. Although it is true that it is more common in the alternative accommodation offer due to its attraction to innovation, the success of large chains such as Disney is undeniable.

Themes provide diversity and uniqueness; features that help differentiate the stays by creating special concepts that go further than offering just a room. For that, they depend completely on marketing and data analytics to place themselves successfully on the right market niche through their image, lifestyle, design and aesthetics (Forsgren, S., & Franchetti, C., 2005).

Today a large variety of accommodations with unique concepts can be found all around the world. Themes range from religious aspects to health and wellbeing experiences. During the next pages, different examples will be given, as well as well as analyzed in depth, to provide more information about their current situation in society and the future trends that are arising according to experts and the next generations of travelers.

2.1. Market analysis

The accommodation industry has experienced a rise in the overall bookings during the last decade. The global travel accommodation market size was valued at $632.8 billion in 2018 and reached a peak in 2019 by $956.4 billion (B.Thorat, S. Bhandalkar, R. Deshmukh, 2019).

The hotel segment keeps dominating the market, with 1 and 2 Star hotels holding the major revenue share for the past two years. Studies confirm that this predominance of small hotels is expected to increase at the highest rate in the future due to the expansion of millennial travelers (''Global Hotels Market Size & Share'', 2019). Reason why some hoteliers feel the growth of alternative lodging options as a threat.

However, on the contrary, many figures such as the director of Wholesale Sales and Supply at Hotelbeds, Sam Turner, and its product manager, Peter Mansour, upholded that a slowdown in the evolution of alternative stays would take place during the incoming years.

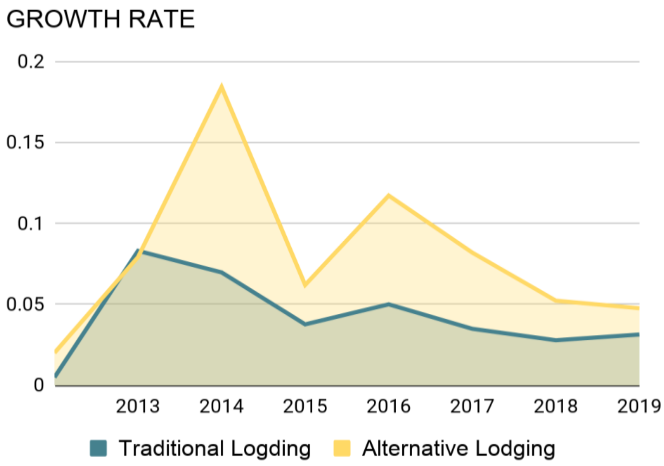
Turner (2018), stated for an article for Phocuswire that:

> *The outlook for the alternative accommodation sector last year pointed to exponential growth. However, this year there has been a massive slowdown in its growth and it is expected to continue in this direction. Of course, companies like Airbnb continue to grow, but not like before.*

A report carried out by Seth Borko (2019) for Skift Research on the European Union accommodation sector affirmed this trend. Even though for the realization of this table campings were not taken into account, it can be observed how in general terms the alternative options kept growing year after year until reaching a peak of almost 27 billion Euros of revenue. However, the following page contains a visual representation of this data, where it can be easily found how it actually grew at a lower rate during the last period.

	2013	2014	2015	2016	2017	2018	2019
Traditional Accommodation	125,512	135,948	145,442	150,930	158,492	164,037	168,616
Alternative Accommodation	15,500	16,729	19,813	21,043	23,511	25,440	26,772

Table 1: Annual revenue in the European Union Accommodation Market in billions.
Source: Skift Research (2019), historical from Eurostat (2013 - 2019).



Graph 1: Annual growth rate in the European Union Accommodation Market.
Source: Self-elaborated, data from Skift Research (2019), Eurostat (2013-2019).

Three main assumptions can be observed on the graph:

- **Alternative accommodation has grown at a higher rate than traditional reservations.** Hotels collected the largest share in 2018 due to innovation and advancements in hospitality. However, the alternative offer grew faster during the forecast period, largely due to the increase in preference for budget-friendly options by Gen Y and Z travelers (Seth Borko, 2019).

- **Deceleration on the longer-term.** The research forecasts that revenue will continue to increase in the coming years, but also anticipates a slowdown in growth rates.

  According to data from the World Bank from 2017, this trend has been appreciated in the Peer-to-peer accommodations segment. These platforms, where people rent to tourists an apartment or a room they own, became popular in mature destinations where digital access and travel frequency are habitual. However, after its great expansion, P2P accommodation seemed to be stabilizing from both demand and supply perspective (World Bank, 2018).

- **Hope after COVID-19.** After the global financial crisis of 2009, the accommodation industry shrunk significantly but bounced back in 2014 and 2015. A similar scenario could be expected after the actual one.

  The global travel accommodation market is expected to decline to $953.2 billion in 2020 at a compound annual growth rate (CAGR) of -0.4%. However, the market is then expected to recover and grow at a CAGR of 10% from 2021 and reach $1227.1 billion in 2023 (‘’Hotel and other travel accommodation global market report 2020-30’’, 2020).

Despite this possible stabilization, it is undeniable the strong influence of the alternative accommodation segment and the fact that travelers will keep demanding diversity in the lodging industry.

The company Booking Holdings, pioneer in the alternative accommodation sector, exposed on its annual stockholders meeting that its business of homes, apartments and other special places, captured $ 2.8 billion in revenue in 2018, accounting for 20% of the company's total for the year. After one year, this segment included 6.3 million rooms available for reservations, contributing a recorded revenue of $3.1 billion (Booking's Notice of annual stockholders meeting and proxy statement, 2019, 2020).

This e-commerce company published on its platform the first apartment in 2000, the first mountain chalet in 2005, a boat in 2006 and a riad in August 2007. Since then, many different studies have been taking place in order to understand the proportion of this market into the company's earnings.

As an example, the growing demand for these types of experiences was proven on the 2019 Booking.com's Guest Review Awards, as 73% of the establishments that won were unique houses, apartments and other accommodation as boats, igloos or rural residencies.

On the other hand, the ongoing interest to experience original stays was also reflected in a recent research where 43% of 21,000 travelers from 29 nationalities desired to stay in one of the modalities that they have never experienced before (Booking's news, 8 January 2019).

This interest increased when only considering Gen Y and Gen Z. A survey of 56,000 respondents across 30 markets compared the distribution of *millennials* (1980–1995), *Generation X* (1965-1980), and *Baby Boomers* (1946–1964) who had booked a home in the past year. The results exposed that those who chose home-type stays were significantly younger, upholding the adversity from youth to traditional offers (Booking.com data, cited by World Bank Group, 2018).

Airbnb also corroborated this trend. Sixty percent of all guests who booked on the vacation rental webpage during 2016 were between the ages of 18 and 35, except in China where the number of millennials using the platform increased up to an 83%. Moreover, 80% of them agreed on being integrated between locals in order to learn more about a place and 75% preferred to create their own itinerary, rather than leaving it up to a packaged tour. ("Airbnb and the Rise of Millennial Travel", 2016)

The new generation of travelers is known for their appeal to exploration, interaction and emotional experiences (Centre for the Promotion of Imports from developing countries [CBI], 2019) and, despite the uncertainties of the future, an appropriate control of the main treats from these collectives can help anticipate the direction of the tourism industry.

Of course, tourism forecasting not only relies on the demand's tastes but also it is affected by a wide range of variables that go from outside threads as political confrontations to aspects as uncontrollable as the weather. A poor prevision can lead to empty rooms in hotels, unoccupied apartments or other opportunity losses (Psillakis, Z., 2008), that is why the more data the better and a proper analysis of traveler's behavior and their travel decisions can at least advance a glimpse of the incoming trends.

The following table contains some of the main characteristics from Generations Y and Z that can influence their accommodation choices.

	Gen Y - Millenials	**Gen Z - Centennials**
Age	1980–1995 (in 2020: 25–40 years)	1995–2010 (in 2020: 9–25 years)
Global population	23%	32%
Travel priorities and characteristics	• Escape from daily tasks. • Willing to pay for engaging experiences. • Combine conventional social, local, simple backpacking with their enhanced lifestyle. • Text communication: online, via social media.	• Opportunities to mix business with leisure. • More price sensitive. • Require brands to be transparent, fair, and respectful. • Image communication: Expect real time information, short, yet powerful messages via channels to interact and co-create.
Similarities	Grown up in the digital world Experiences over possessions	

Table 2. Gen Y/Z travel influences.
Source: CBI (2019), Forbes (Marcus Noel, 2018),
Expressworks International (2017).

These generations were born and grew up in the digital world where the concern for sustainability, health and lifestyle are important factors. Examples of strategies to attract these new target groups could be achieved by offering sustainable choices, seamlessly integrated within the supply chain, suitable with their ideals and offered via online channels (CBI, 2019).

2.2. Current Interest

In such a demanding, changing and digitized market as tourist accommodation, where potential clients have large amounts of information constantly being updated and, thus, greater capacity to choose, differentiation can be considered a shortcut to take in order to be seen.

Considering the saturation of the market, specialization through thematic experiences can be presented as a way to achieve success, or at least draw the attention of the future customers. On the next table, a SWOT analysis has been carried out in order to introduce the main characteristics of the approach and have a better understanding of the biggest advantages and disadvantages that touristic accommodation has to cope with when working under an specialization business model.

Strengths	Weaknesses
• Originality. • Market positioning. • Arouse the interest of locals. • Become an alternative activity when travelling or even the main reason. • Personalization. • Greater connection with the client. • Possibility of seasonal adjustments.	• Large investments. • Promotion intensive. • Inability to recognize new demands. • Failing on locating target segments. • Fear of losing traditional markets. • Programs not clearly defined. • Unattractive entertainment offer. • Development concept unclearly defined for workers and customers.
Opportunities	**Threats**
• Growth of sustainability awareness. • New tourist needs. • Partnership with local products. • Most of the tourist accommodation are still oriented to mass tourism → Facility to innovate.	• Recessions. • Inconvenient macroeconomic. country's frames. • Lack of stimulus policies. • Changes in trends. • Insufficient activity from investors. • Deficient promotion of sustainable development. • Brevity of official acknowledgements. • Interest focused on the destination, not the accommodation.

Table 3. SWOT Analysis of thematization in accomodation.
Source: Eurostat (2019), Lin, X. (2016).

As it can be observed, one of the main reasons why these projects are still not so attractive for certain investors is the amount of external threats that can affect its revenue.

Tourism entrepreneurship is dominated by small and medium-sized family firms, which differ in their motivation to meet commercial goals (Weidenfeld, A. , 2018). These companies tend to work under a short term traditional thinking, avoiding big changes and fearing technology, bureaucracy or any kind of risk (Weiermair, K., 2006).

According to the Annual enterprise statistics from Eurostat, SMEs abounded on the Spanish hospitality landscape. On the 1th of January 2020, 91,52% of the total amount of business related to accommodation and food services were microenterprises, while 7,9% were small companies. Only a 0,49% were considered medium-sized and less than a 0,09%, large (Eurostat data, 2020).

	0-9	**10-19**	**20-49**	**50-249**	**> 250**	**TOTAL**
Spain	262.899	15.580	7.115	1.407	271	287.273
Total %	91,52%	5,42%	2,48%	0,49%	0,09%	

Table 4: Annual enterprise statistics by size class: Accommodation & food service. Source: Eurostat (2019). Last update: 30/09/2020.

So then, it is clear that this sector has not the most favorable background for innovation and development.

The main issue however came with the fact that, according to the UNWTO World Tourism Barometer and Statistical Annex, the massive fall in the travel industry during the first half of 2020 translated into a loss of 440 million international arrivals and about $460 billion in revenues from international tourism (UNWTO, 2019). This implies over five times the loss in receipts recorded on the global economic and financial crisis in 2009.

During the pandemic, many companies were forced to cease its activity while others reinvented themselves in order to stay in the market. A total of 111.080 companies in the tourism, leisure and culture sector received 14.445 million euros of financial support from the Spain’s Government Guarantee Line (ICO) and, out of them, 2.500 million were for the self-employed and SMEs of the touristic sector (Instituto de crédito oficial, 2020).

It is understandable the risk aversion of SME’s in nowadays situation, however through this report, other aspects will be studied in order to find out if thematic stays can help companies evolve and survive in such a challenging market, taking into account scenarios from before and after the pandemic started.

2.3. Objectives

After presenting the situation on the accommodation market, this section will be focused on the major targets that thematic accommodation has to achieve in order to be considered a rentable and adequate business strategy.

An analysis of the economic, social and sustainable objectives will be carried out in the next pages.

2.3.1. Economic goals

Unless the company is dedicated to non-profit aid, every business' main goal is to obtain revenue.

So then, the key question is: **Is thematic accommodation rentable?**

After studying different projects related to the thematic accommodation market a clear trend has been observed. There is a huge variance between thematic hotels and other thematic alternative accommodation business operations.

It is clear that for mainly logistical and quantitative reasons, investing in hotels represents a higher expense than any other type of accommodation, especially if the plan is to customize each of the rooms and spaces. However, there are other important features that impact the final revenue of each segment.

The next table exposes the principal aspects that have to be taken into account when analyzing the risks from each project and which will be explained below:

	Thematic hotels (traditional offer)	**Thematic extra-hotels (alternative accommodation)**
Competitive advantages	- Technological advances - Less risk - Scale economics	- Diverse public - Exclusivity - Longer stays
Drawbacks	- Higher investments - Customer loyalty - Contained inflation	- Limited booking opportunities - Use of property by owners - Less profit margin

Table 5: Thematic hotels and extra-hotels, advantages and drawbacks.
Source: Self-elaborated according to data from various reports listed below.

- ***Thematic hotels (Traditional lodging):***

Among the highest expenses, there is a property that offers hotels a greater advantage over its competitors. Big companies are more likely to invest in **technological advances,** especially focused on offering personalized services after collecting information through social media, previous visits or through technologies such as mobile software applications that track customer behavior (''Hotel and other travel accommodation global market report 2020-30'', 2020).

The bigger the chain, the more money is also invested into market research, ensuring that projects are adequate and covering new niches are not baseless ideas. Plus, having different hotels allows a certain margin of error. If one fails, the others can balance the scores and thus **risk is inferior** than in single units.

As mentioned before, investing in this segment represents **higher expenses**, but also allows opportunities such as **scale economics,** where the costs go down for every extra unit it acquires. Related to these economic aspects, seven sales and marketing managers of themed hotels were interviewed and asked to complete a survey, in which all of them defended that the investment in specialization was not a waste of money and a 57% even admitted that selling a hotel with a theme was easier (S. Doğan, 2006).

However, despite this fact and from the customer side, only a 16% would repeat the stay (Egel and enyiit, 2006, cited by S. Doğan, 2006). **Customer loyalty** has been under the spotlight as one of the most important objectives for companies, but for themed hotels it has occasioned many difficulties since it is hard to maintain the surprise factor once it has already been experienced.

Finally, the last drawback to analyze is the effect that alternative accommodation has over hotel rates. The competition is tough but thanks to that, **lodging inflation is controlled.** A Forbes research showed that in 10 US cities, the entry of Airbnb resulted in 1,3% fewer hotel nights booked and a 1,5% loss in its revenue (Dina Gerdeman, 2018). The result led into a general discontent between hotel managers but protected the customers from monopolistic tendencies in prices.

- ***Other alternative accommodation:***

According to the spanish Statistics National Institute (INE), overnight stays' average in non-hotel establishments was 6.0 nights per traveler during the first month of 2020. Providing then **longer stays** than the 2.9 nights in hotels (Instituto nacional de estadística, 2020).

Because alternative accommodations are often either a single unit or a small collection of independent units, these properties generally represent more **limited booking opportunities** than hotels, which generally have more units to rent per property. Moreover, these rooms may not be available at peak times due to **use by the property owners.**

However, this fact produces one of the main advantages of this type of accommodation. Following the law of supply and demand, its **exclusivity** is largely the reason why they can increase the prices if needed but this characteristic also creates more interest into a **larger variety of public**.

According to Booking.com, these properties experience **lower profit margins** due to certain additional costs, such as increased customer service costs (Financial report booking, 2019).

2.3.1.1. Budget estimation

To test if the above characteristics are accurate four different themed accommodations located around Spain will be compared.

In the following market study, the prices are taken from their official web pages for stays of 2 adults during the last week of April 2021. These days have been chosen to avoid seasonality prices but also weekend inflation.

Figure 1: Hotel Colorado Creek (Salou).
Source: Hotel's official web page.
Portaventuraworld.com/hoteles/colorado-creek

Figure 2: Hotel Paradiso (Ibiza).
Source: Hotel's official web page.
Paradisoibiza.com

Figure 3: Bubble hotel Miluna (Toledo).
Source: Hotel's official web page.
Miluna.es

Figure 4: Cabana a l'arbre del Vilaro (Girona).
Source: Airbnb's official web page.
Airbnb.com/rooms/35490188

From a single apartment to a traditional hotel, the four examples have been specifically chosen as they present four different business models but all labeled under the thematic view.

The next table proposes a case study in which each accommodation has a 100% occupancy. Calculations, assumptions and references that have been used can be found on the following sections.

	Colorado Creek	**Paradiso Ibiza Art Hotel**	**Miluna**	**Cabana a l'arbre del Vilaro**
Category	Themed hotel	Boutique hotel	Bubble hotel	Apartment
Typology	Traditional	Alternative	Alternative	Alternative
Rank (Google and Airbnb)	4.6/5	4.6/5	4.8/5	4.93/5
Year of construction	June 2019	1980, renewed in 2018	September 2018	2019
Num. Rooms	150	60	8	1
ADR	201,43 €	186,57 €	256,40 €	159 €
Daily revenue (ADR x nºrooms)	30.214,5 €	25.500 € [1]	2.051,24 €	159 €
365 days revenue	11.028.292,5 €	4.641.000 €	748.702,60 €	58.035 €
Estimated costs	70%	70%	70%	10.000€
Profit (Revenue - Costs)	3.308.487,75 €	1.392.300 €	224.610,78 €	48.035 €
Initial investment	25.000.000 €	5.000.000 - 7.000.000 €	372.000 €	160.000 €
Recovered after 1 year	13,2%	27% - 19,9%	60,3%	30%
Situation after 10 years	8.084.877,5 €	8.923.000 - 6.923.000 €	1.874.107 €	320.350 €

Table 6: Budget estimation for four different types of thematic accommodation. Source: Self-elaborated according to data from various reports listed below.

[1] The Paradiso's revenue is multiplied by 182 days since it is a seasonal hotel

2.3.1.2. Average daily rate (ADV) calculations

In order to make the estimations less biased, a 100% occupation has been added up in each case. The calculations are as followed:

ADV = RevPAR x Occupancy → ADV = RevPAR

Colorado Creek:

$$\frac{\text{[186€ } \textit{(weekdays)} \text{ x5 + 240€ } \textit{(weekend)} \text{ x2]}}{\textit{7 nights}} = \text{201,43 €}$$

*with park tickets included.

Paradiso Ibiza Art Hotel:

$$\frac{\text{[140€ } \textit{(weekdays)} \text{ x3 + 194€ } \textit{(Thursday \& Sunday)} \text{ x2 + 256€ } \textit{(weekend)} \text{ x2]}}{\textit{7 nights}} = \text{188,57 €}$$

*Seasonal hotel. Opened from the 30th of April until October 10th.
Period of reference: First week of June.

Miluna:

$$\frac{\text{2 rooms "Jupiter" x [249€ } \textit{(weekdays)} \text{ x 4 + 329€ } \textit{(weekend)} \text{ x 3]}}{\textit{7 nights}} = \text{566,57 €}$$

$$\frac{\text{2 rooms "Neptuno" x [329€ } \textit{(weekdays)} \text{ x 4 + 399€ } \textit{(weekend)} \text{ x 3]}}{\textit{7 nights}} = \text{718 €}$$

$$\frac{\text{2 rooms "Saturn" x [349€ } \textit{(weekdays)} \text{ x 4 + 429€ } \textit{(weekend)} \text{ x 3]}}{\textit{7 nights}} = \text{766,57 €}$$

Total: 566,67 + 718 + 766,57 = 2051,24 €
Average price: 2051,24 / 8 rooms = 256,40 €

Cabana a l'arbre del Vilaro:

$$\frac{\text{[130€ (weekdays) x 5 + 150€ (weekend) x 2] + 163 € Airbnb expenses}}{\textit{7 nights}} = \text{159 €}$$

2.3.1.3. *Investment calculations*

Colorado Creek:

Estimating the total budget of a hotel has different risks, mainly due to the building lot and the materials used. However, different pages such as Habitissimo.com (2021), specialized in budget comparison, give two indications:

a. Average 4-star-hotel (100 rooms and 8.000m²) cost is 13.500.000 €

$$\frac{13.500.000€ \text{ (100 rooms)}}{2} + 13.500.000€ \text{ (100 rooms)} = 20.250.000 €$$

b. Multiplying 150.000 x room: 150.000 x 150 = 22.500.000 €

In fact, Hosteltur (X. Canalis, 2019), a web magazine specialized in tourism, published its real amount, set at 25.000.000€. The difference between the estimations above and this price relied on the fact that it was built to create zero emissions and required expensive appliances.

Paradiso Ibiza Art Hotel:

According to this same webpage, luxury boutique hotels offer the customer all the services they need, which requires the establishment to have the necessary facilities and services and, thus, prices for its construction can be very varied. In general, its average investment cost is between 5.000.000€ and 7.000.000€.

Miluna:

The set up in this case is the most economic one. The ''bubbles'' can be found on pages such as Amazon.com or Alibaba.com under the name of ''Bubble Tent House Inflatable'' and delivered by most of the providers in less than a month.

Prices range between 500 € and 5.000 €, depending on the size, the plastic quality and the shipping costs.

[5.000 (base) + 4.000 (furniture)] x 8 (bubbles) + 200.000 (land) + 100.000 (infraestructre as reception, kitchen, warehouse) = 372.000 €

Cabana a l'arbre del Vilaro:

With the characteristics listed on Airbnb (Double glazing, 40m2, thermal isolation, water and electricity) and according to the webpage Casasenlosarboles.com (''Casas en los árboles, diseño y construcción'', 2010), the price would be calculated as 1.400€ per square meter: 56.000€ approximately + decoration + 100.000€ land= 160.000 €

2.3.1.4. Results interpretation

The objective of this case study is not to recommend a specific type of business, but to understand which expectations one should have when thinking about getting into the themed accommodation industry.

Prices were selected from their official websites for a period that could be considered on the mean. It could have been thought that the lower the number of rooms the business would offer, the higher the price it would ask for. However, and despite they are all rate similar and are considered almost new, since they don’t offer the same services and are far from each other, this assumption is disproved, they are not competing directly to each other and so their prices are not precisely related. As seen in the table, the highest Average daily rate was for Miluna, with 256,40€ per day, and not the house in the tree.

To estimate the costs, it was found that on average in Spain around 30% of the income of hotels represent the GOP. The staff cost is usually between 30 and 40%, according to the regulation of the sector's collective agreement, while between 15 and 20% of the income goes to supplies and another 15% to F&B expenses (J.L. Ortega, 2019). On the other side, the apartment operating costs are a lot lower since there is almost no money spent on food or personal, despite the regular cleaning services. A budget of 10.000€ has been estimated, taking into account taxes, insurances, supplies such as water, electricity and Internet and different repairs.

After one year of their placement and according to the results, the one that would have earned back the most would be Miluna, due to its low cost infrastructure and high ADR.

In any case, the four options would be above the spanish ADR for hotels obtained during the 2018-2019 period. According to data from Statista (A. Díaz, 2020) prices would round the 91€ in general and 190,40€ for five-star hotels.

Obviously in the real world, none of them would have this fast recovery since it is almost impossible to maintain a 100% occupancy all year round. However, more than the speed of investment retrieval, what was important here was the comparison between the percentages. Being the alternative options the highest ones and, thus, demonstrating why its interest in nowadays society.

The situation changes slightly on the long run, where clearly the options that had more rooms obtain higher profits after 10 years. However, it is remarkable how both maintain the same income generated, despite the fact that the boutique hotel would be five times cheaper to build.

To sum up, the four themed accommodations can be considered profitable options under the assumptions established. After this, analyses of the surroundings, the competence and the investors’ capability to invest would be necessary to locate them adequately in the real world.

2.3.2. Social goals

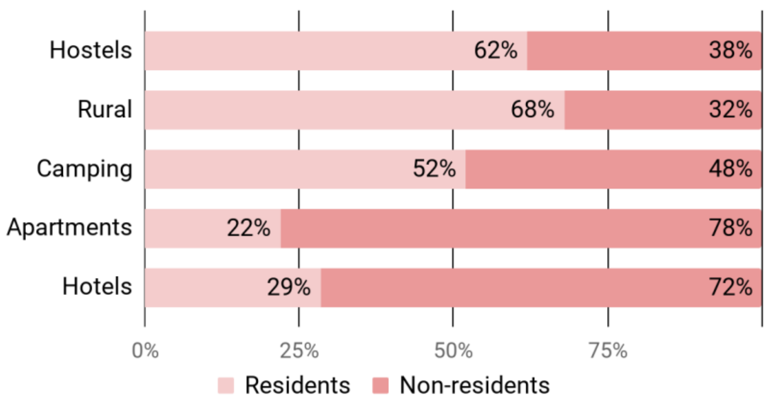
The social goals of thematic accommodation rely on the next four facts:

a. According to the annual report *Panorama of International Tourism* from the World Tourism Organization (UNWTO, 2019), **leisure is the main reason for travelling** in all regions of the world except the Middle East, where trips to visit family or for health or religious reasons predominate.

b. Google Trends shows that travel related searches including ‘‘today’’ and ‘‘tomorrow’’ have kept growing year by year around the world, proving that **people are becoming more spontaneous**.

Graph 2: Google Trend for ‘’Today’’ and ‘’Tomorrow’’ searches, in the travel category.
Source: Trends.google.com (2017-2019).

c. According to the Spanish Institute of Statistics, **alternative accommodation offers are mainly frequent between locals**. Except for apartments, where non-residents had a share of 78% approximately in Spain during 2017.



Graph 3: Overnight stays according to residence by type of accommodation.
Source: Statistical Yearbook of Spain p.478, Statistics National Institute (2019).

d. Finally, another trend can be observed from the same source. Overnight stays for residents in Spain represent a third of the European travellers' nights spent in alternative accommodations. However, there are more local travellers in total, meaning that **locals overall have shorter stays.**

January 2020	Travellers	Overnight stays
Residents in Spain	424.619	1.236.993
EU (without Spain)	390.856	3.678.492
Rest of the world	111.856	633.773
TOTAL	**927.331**	**5.549.258**

Table 7: Travelers and overnight stays
in non-hotel tourist accommodation during January 2020.
Source: Press notes INE (2020, February 24).

After connecting these news, it is easier to understand how thematic lodging can contribute to the creation of new activities for residents and, because of that, encourage movements into the local economy. Fact that will be key in the following years since the crisis after the pandemic will affect thousands of business and families.

Despite the improvements in connections between countries and the affordability of ticket planes, there are still many people who just can't travel too far during the weekends but still seek a break with their routines. That is why, regions less favored by tourism or with a mainly seasonal offer but which seek new forms of attraction should use these as tools for their economic development: Attracting national tourism by offering new experiences in the same destination.

Of course, to develop some special forms of tourism there must be an adequate quantity of ancillary attractions compatible with its culture, the existing image, the attractiveness and its touristic traffic (Pavia, N., Grzinic, J., & Floricic, T., 2014). This means that a market research must be carried out before any kind of investment to make sure that the residents of that area will have the opportunities and interest to experience the new proposals.

In any case, and as seen on the above four assertions, residents have shown an important participation into the alternative accommodation sector. Hence, offering new possible activities around can be beneficial from both sides, helping locals to enjoy their nearby products again while increasing the business profitability by not only depending on the outside demand.

2.3.3. *Sustainable development goals*

Awareness of environmental problems has undoubtedly been an increasing trend during this last decade. Travelers are becoming more and more conscious of the impact that tourism has, from the carbon footprint produced by planes to the huge amount of pollution that huge resorts generate.

On one side, governments and public institutions in Europe have been pushing for general sustainability but also specific forms of ecological tourism on their political agendas. The UN established the Sustainable Development Goals as one of the main objectives to complete for 2030, where topics such as climate change, food overconsumption, pollution and CO2 emission would be treated. Additionally, also topics such as the negative impacts of mass tourism in traditional societies were added to the study (United Nations, 2015).

From the perspective of the consumers, there has been a trend towards eco friendly options, however it has been occasionally compromised since many people do not want to give up some of the benefits of their current lifestyles yet. According to the Booking.com Sustainability travel report where 18.077 respondents were surveyed across 18 markets, over half (55%) of the total amount claimed being more determined to make sustainable travel choices than they were a year ago, but barriers include a lack of knowledge and available or the appearance of too many appealing options when trying to put this into practice (Booking's news, 17 April 2019).

Following this same report, sustainable accommodation offers showed a growth in popularity, with 73% of respondents intending to experience at least once an environmental friendly stay during the following year and a 70% affirming that they would be more likely to book their vacation somewhere where they worked adequately with the resources available in the region. After the fourth consecutive year, Booking.com demonstrated how ecological experiences have been trending up, from being interesting to 62% of the respondents in 2016 to 65% in 2017, and 68% in 2018.

Alternative accommodation is seen as an alternative to the demand of mass tourism. Smaller scale tourism is more locally controlled and ensures a consciousness of environmental and carrying capacity limits. Furthermore, it is usually easier to implement certain restrictions when there are not so many rooms and clients and the service is more specialized.

Offering and promoting sustainability options can be another differentiator nowadays, but with the growing importance of Gen Y and Gen Z for the tourism market, the demand for more ecological tourism experiences will expand and the pressure for businesses to act correctly will increase.

Companies should look to maximize this consumer behavior from their marketing and revenue point of view, but also for the Earth's future and its next inhabitants.

2.4. Practical applications

If differentiating between alternative and traditional accommodation is already complicated in theory, in real life it also leaves great inconsistencies.

According to the Booking.com website, the following table shows the number of unique accommodations found in each country, with Italy being the destination with the greatest offer. The issue comes when going into each section as it can be found that some of the options have nothing particular and thus should not belong into this category.

Even so, the numbers below, representing the amount of rooms and houses available per country under the ‘‘singularity’’ label, have been compiled in order to provide an idea of the international situation of these accommodations.

Italy	Brasil	Germany	Rusia	Indonesia	UK	Spain	France	Sudafrica
11598	11197	6750	6336	5970	5298	5114	5110	4287

Table 8: Booking’s unique accommodations listed by countries.
Source: Booking.com Official Webpage (2020). Retrieved on: 30/12/2020.

In 2019, this web page revealed its stand-out destinations for alternative accommodation stays around the world, being Naples, Ubud, Gdansk, Porto and Marrakesh on top of the ranking (Booking’s news, 7 August 2019).

As of today, Spain has an acceptable number of alternative accommodations, being one of the top 10 countries for these types of stays. During the following pages the international offer and the Spanish options will be compared in order to find out if this country has covered most of the possibilities its area could provide.

Between the advantages of this country, factors such as the diverse landscape, its great connectivity with its principal markets and an economy dedicated to the service sector, promote a favorable scene for variety and creativity. Despite being traditional hotels the majority offered, the lodging industry in Spain has detected most of its opportunities and established businesses in areas with potential touristic interest all around its territory.

In many cases, the drive to locate the new accommodation came from the necessity of renovating old facilities that were not used anymore. Many accommodations have been transformed from prisons, lighthouses, fortresses, etc. into hotels and apartments. By keeping its roots many of them have caught the attention of a broader public, occasionally willing to pay more for a experience that differs from the typical ones.

The following table collects the themes that the Spanish lodging industry has achieved to introduce in its own market and the ones that are lacking.

	International offer	Spanish options
Animals	Giraffe Manor (Kenia)	Hotel Selwo Lodge (Estepona)
Art	Hotel Au Vieux Panier (France)	Paradiso Ibiza Art Hotel (Ibiza)
Capsule hotel	Japan Capsule Inn (Japan)	Optimi Rooms (Bilbao)
Castles	Oberoi Udaivilas (India)	Hotel Cap Rocat (Mallorca)
Caves	Kayakapi Premium Caves (Turkey)	Hotel Cueva (Huesca)
Children	Playmobil hotel (Germany)	Hotel del Juguete (Alicante)
Cinematography	Casablanca Hotel (New York)	Dormirdcine (Madrid)
Cultural	Library Hotel (New York)	Hotel de las Letras (Madrid)
Floating	OFF Paris Seine (France)	Punta de mar (Denia)
Glamping	Under Canvas (USA)	Casa Bella Teepees (Granada)
Glass	-	Les Cols Pavellons (Girona)
Hanging	Sky Lodge (Peru)	-
Historical	Quinta Real Zacatecas (México)	Hotel Plaza De Toros Almadén (Ciudad Real)
Ice hotel	Hotel de Glace (Canadá)	-
Inspired in another country	Venezia Palace Deluxe Resort Hotel (Turkey)	Hotel Asia Gardens (Alicante)
Inspired in another epoch	Austin Motel (USA)	Alojamiento Vagón rural (Murcia)
Mountains	Hotel Cambrian (Switzerland)	Parador de Bielsa (Huesca)
Music	Nhow Berlin (Germany)	Hard Rock hotel (Ibiza)
Nature	Hanging Gardens of Bali (Indonesia)	Eco Village Finca De Arrieta (Lanzarote)
Private islands	Jumby Bay Island (Antigua)	Isla de El Burguillo (Ávila)
Special infrastructure	JumboStay (Sweden)	Hotel Marqués de Riscal (Álava)
Wellness	Lefay Resort & Spa (Italy)	Lopesan Baobab Resort (Gran Canaria)

Table 9: A-Z Themes in the lodging accommodation applied to Spain.
Source: Self-elaborated, data from travel blogs: theluxuryexpert.com (2018), edreams.es (2020), businessinsider.es, loveexploring.com, imanesdeviaje.com and lonelyplanet.com.

After analyzing various travel blogs and metasearchers, it can be stated that the offer in Spain includes a wide range of themes, way more than it could be thought at first.

Although it is true that most of the accommodations were opened during the last years, the Spanish lodging sector has responded adequately and introduced the options of foreign markets into their own. Just in 2019, the first capsules Optimi Rooms and the first floating hotel Punta de mar were inaugurated, fulfilling the last two important gaps.

As explained before, the great amount of landscapes allows all kinds of activities to be developed. From retreats in the mountains to villas in private islands, the 1917,8 km that this country covers provide one of the most diversified and complete accommodation industries in the world.

Related to its area, only two themes have not been able to be adapted into its scene.

First and more obvious, the ice hotels market has been unfeasible due to the fact that temperatures are not cold enough during the whole year to maintain the required criteria to operate them. Although in recent years bars and restaurants have been opening under this label, maintaining a whole hotel would suppose too much effort and would not be compensated.

On the other hand, the option of hanging accommodations is risky in every sense. There are few examples around the world and thus not a lot of information about it’s impact, public and revenue. What is sure is that it is not a stay that everyone would enjoy and so, only a specific market formed by adventurous visitors would be covered. Moreover, despite the security checks and investments, the risk of presenting such a fragile infrastructure can also be a drawback since any chance of break in the cabin can lead to the complete fail of the business. In brief, it is still a market to explore and Spain is not showing anytime soon any interest in joining it.

These two aspects would be the only themes that the spanish lodging industry has not covered yet. But on the other side, through this table there has been found one example of accommodation only located in this country’s area.

The crystal hotel of Les cols pavellons in Catalonia is a unique example of a glass hotel. With an almost perfect score on both Booking.com (9/10) and Google Reviews (4.4 / 5), its success according to the comments on both pages is based on its original architecture, its minimalistic design and its attention to detail. Furthermore, as seen during this paper, it meets the objectives studied for the adequation of thematic accommodations. Through actions such as the use of local products and its harmony with nature, the hotel has been able to position itself as one of the best deals in the area despite its high price.

With this example, it is again upholded the previous assumption. Spain has incorporated all the business opportunities that its territory could embrace and plus has kept its originality and even provided new creative options.

Nature is a key aspect for the Spanish tourism, but so is the country's heritage and culture. Accommodations related to aspects such as art and cinematography have shown that this kind of leisure is fully compatible with vacations and can be flexible enough to allow other types of non-recreational activities taking place in its interior.

The aesthetic factor is not only attractive to tourists, but also to photographers and music or film productors. As an example, the hotel Cubanito was used as a background for the music video clip of the song ''Ibiza'' by Juancho Marqués & Recycled J during 2019.

The more sources of income the hotel can get, the more stability it will reach. Offering its facilities for carrying out activities that can generate revenue and provide free promotion can be an adequate strategy post COVID, since the amount of tourists will not be the same.

Until now, many accommodations have explored the segments of weddings, corporate events, art exhibitions, fashion catwalks, etc. inside their rooms as another method to offer the infrastructure not only to foreigners but also to the national market. The new issue comes after the pandemic, since it has been considered that the accommodation industry might have a new opportunity into the long-term stays and coworking spaces. A recent study published by Eurofound (2020) found out that around 40% of people in the EU began working from home during this last year and this number is expected to grow during the next ones. Remote work has proved to be successful and efficient for many businesses and slowly new types of stays are emerging to attend the next gap.

This is the case of The Student Hotel, a company based in Amsterdam that currently operates across the Netherlands, Italy, Germany, Spain and France. The main idea was to bring together under one roof student long-term accommodation, together with hotel rooms, coworking spaces, meetings and events (Mac Ruairi, C., 1st June 2017). As it's official web page claims, the concept is ''to provide a place where the needs of the demanding 21st century student and the design-savvy traveler of today meet in dynamic harmony''.

By 2021 The Student Hotel plans to have 41 properties across Europe that will offer 17,550 rooms and over 620,000 square meters of co-living and co-working space (Fountain, D., 20th March 2017). Encouraging people to see the facilities as a place not only focused on tourists can provide positive economic and social benefits to the neighborhoods. In Madrid this hotel is nowadays under construction, which translates into an expansion of the future competition but also upholds the innovative and updated side of the Spanish lodging industry.

As a last example, the Canary Islands have presented the best project to sum up this statement. The region claimed to have lost 16 billion Euros of income since the pandemic emptied its hotels and tourist attractions (K. Dartford; J. Velazquez, 23th November 2020). Therefore, in order to diversify their income and promote longer stays, the regional government started a campaign to attract thirty thousand national and international workers to labor remotely from the islands, promoting its natural beaches and good weather conditions.

3. METHODOLOGY

To provide different perspectives to the paper, four different methods were chosen to collect and analyze all the data. From gathering expert's opinions to understand the theoretical background, the study of these highly-competitive markets has been carried out following the next techniques:

Until here, an **explanatory approach** has been made in order to properly contextualize the accommodation industry Through a literature review, data from other investigations and articles has been chosen to introduce the market situation, the actual interest of the paper and its goals. The aim of the first pages was merely to explore the research questions and not offer final and conclusive solutions but rather present them.

On the other hand, during the *2.3.1. Economic goals* section, the first case study was carried out through a **quantitative research approach**, more specifically with a **descriptive design.** These seek to picture the current status of an identified variable, in this case the thematic lodging industry's adequacy. According to the web pages of each accommodation selected, budgets were estimated and the synthesis of the data provided the test of the first hypothesis: ''Is thematic accommodation rentable?''.

The second case study will be focused on the evolution and previsions of hotel bubbles in Spain. By using the same approach as before, the following question will be studied: ''Are there any differences between their business models?'' These types of accommodations are known to be an innovative segment compared to other alternative options. The study aims to compare and interpret the originality of the strategic plans, their planification methods and the tendency of their future activities.

During the following pages, the results of the two last analyses will sum up with the study.

First, a second **quantitative technique** will be used, but this time with a **correlational design.** A survey answered by X home rental owners will attempt to determine the relationship between the thematic accommodation sector and the alternative lodging industry.

Last but not least, a final **qualitative research technique** under the design of an interview will be performed via email to three managers of different types of accommodation offers. This method will involve open-ended questions and expects more interaction with the respondents than with the questionnaire.

4. RESULTS

4.1. Bubble hotels case study

In the following pages one of the examples from the section *2.3.1.1.Budget estimations* will be analyzed. From their social media plan, to their location preferences, bubble hotels business model will be studied as well as connected to the expectations of the thematic accommodation's future.

A bubble hotel is an inflatable, transparent dome, designed to allow guests to interact with nature without leaving their material comforts behind (Sasha Brady, 2017). Made out of a tear-resistant PVC material, its 3 to 6 meter wide infrastructure is supported by the interior pressure difference. An air pump keeps the bubble inflated and also regenerates the air inside every 10 minutes to create a breathable atmosphere.

Figure 5: Thurgau Bubble Hotel (Switzerland). Source: Hotel's official web page. himmelbett.cloud/en/bubble-hotel.html

Figure 6: Bubble Lodge Bois Chéri (Mauritius). Source: Hotel's official web page. bubble-lodge.com

The origin of these alternative accommodations came as a development of a bigger trend called *glamping.* Short for "glamorous camping", it has been defined as a type of camping that is more comfortable and luxurious than traditional camping (Cambridge Dictionary, 2020). In brief, it offers the possibility to experience the positive aspects of camping while dismissing the negatives.

The pioneers were the members of the English high society, who at the end of the 19th century became more and more interested in different types of travelling adventures and accommodation options (Igoe & Lotus, 2016). This trend moved overseas when wealthy Europeans and Americans wanted that taste of luxury on their camping trips to Africa.

It was not until this decade when glamping was truly established as a complete luxury experience. From 2013 to 2016, the number of people searching the term "glamping" online experienced a 84% increase, paving the way for future innovations, such as luxury tents and bubble hotels (James G.M, 2016).

Aside from its economic price as seen before, one of the bubble hotels main advantages is the adaptability and ease of installation of its set up. Being possible to complete their installation in just a week in any type of land.

That is why these infrastructures can be found across a wide range of climates, from cold places such as the Five Million Star Hotel in Iceland to remote rainforests in Le Domaine des Bulles in the Martinique islands.

However, they still require some specific maintenance procedures and protections since in the end its main material is plastic. Dangers as wild animals and fires are not common but yet possible. For example, after the fire that ravaged the island of Gran Canaria in 2019, the hotel Bubble Tent Canarias ended up fully affected and was forced to close according to its official web page Bubbletentcanarias.com (2019).

Currently in Spain there are 8 bubble hotels distributed around its mainland, compiling a total amount of 31 rooms with an average price of 209,94€ per night. The following table contains their main characteristics:

Name	Location	Bubbles	Views	Price rate	Instagram
MiLuna	Toledo (Castilla la mancha)	8	Stars, flat terrain	256,40 €	35.500 followers
Mil Estrelles	Girona (Catalunya)	3	Stars, garden	149 €	14.600 followers
Zielo las Beatas	Ciudad Real (Castilla la mancha)	5	Stars, flat terrain	275 €	122.000 followers
Remanso de trasfontao	Pontevedra (Galicia)	1	Stars, forest	149 €	3.911 followers
Aire de Bárdenas	Tudela (Navarra)	2	Stars, flat terrain	300 €	61.700 followers
Albarari Campo Stellae	A coruña (Galicia)	5	Stars, garden, sea, vineyard	132 €	20.400 followers
Albarari Stella Polaris	Sanxenxo (Galicia)	5	Stars, garden, sea, vineyard	150 €	20.400 followers
El Toril Glamping Experience	Velada (Toledo)	2	Stars, forest	238 €	784 followers

Table 10: Bubble hotels in Spain in 2020.
Source: Booking.com (2020) and each hotel's official webpage.

After revising each of their web pages and reviews, it has been proved that the hotel's business models are identical:

- **Same activities offered:** bike rides, vineyards excursions, massages, gastronomical experiences, telescopes in the rooms, etc.
- **Located in remote places** with low tourism but relatively close to big cities. Taking advantage of the lack of light pollution to see the stars but also getting cheaper land prices.
- **Low quantity of bubbles**, and usually combined with normal hotel rooms since the bubbles were added later. This strategy reduces the risk of failure since the investment was not too high and also creates a feeling of exclusivity.
- **Positive reviews.** Linked to the characteristic above, the low amount of bubbles but high quality service makes the experience more personalized and thus fulfill their customers' expectations.
- **All year opened.** Even during COVID-19, due to already offering privacy and isolation, they have easily adapted to the sanitary measures.
- **Social media active.** Being Instagram their promotion tool by excellence, a free platform that has direct impact on people's phones but it is presented in a more subtle way than regular publicity.
- **Similar prices.** The weighted average is around 208€ per night per couple. Following the budget estimation calculated before, their investment can be recovered between 3 to 4 years.
- **Limited views**. Except from the Albarari bubbles, most of them do not provide open spaces like in Switzerland and Island. As shown in the figure below, the spaces are divided by fences with usually few plants and trees on its surroundings.

Figure 7: Aerial view, infrastructure of the bubbles at the Hotel Las Beatas.
Source: Hotel's official web page.
lasbeatas.com

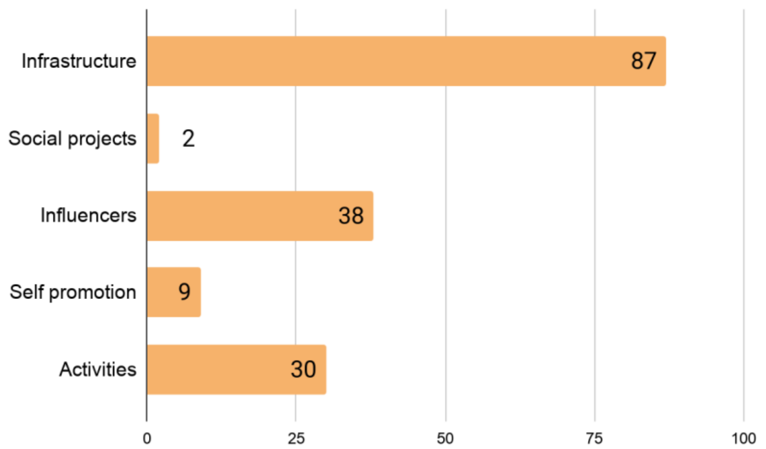
From all the characteristics above, there is one that has influenced the most the success of this type of business.

The increasing impact of Social Media tools has been one of the latest most relevant technological innovations and has strongly affected the tourism industry. The relationship between hotels and customers has been transformed and new possibilities, strategies and challenges have arisen.

Promoting such diverse and unknown experiences was considered a challenge before platforms such as Instagram, Facebook or Pinterest came up. However, nowadays this process has been simplified and potential clients can have all the information they need, actualized and at any time.

That is why, many touristic companies have redefined their business models, focusing now more on their social media campaigns in order to correctly address the expectations and the behaviour of the new travellers' generations (Sigala, M., Christou, E., & Gretzel, U, 2012, p.2). Aspects such as their green practices, environmental recognitions, complementary offers, etc. are now published and have more recognition than ever.

To confirm what aspects these hotels promote more in their platforms, the 165 images posted by the Instagram page of the hotel bubble Zielo las Beatas (with a current impact of 122.000 followers on October 2020) have been organized in the following different categories:



Graph 4: Classification by theme of the Zielo las Beatas Instagram's posts.
Source: Instagram @Zielolasbeatas. Retrieved on 30/10/2020.

A total of 87 pictures of the infrastructure (outside and inside) of the bubbles were found in its feed, representing the 51.80% of the total amount. Since the main differentiate aspect the accommodation provides is this uncommon set up, it was clear that their main objective would be its publicity.

The second category chosen has been *Influencers.* Almost 23% of the images shown were taken by people on Instagram with more than 10.000 followers. However, this has been a trend in decline. After the hotel opened on the 1st of July 2019, many of these influential people visited the place, but now this number decreased notoriously.

This technique has been key for many products during their market introduction, where free stays are exchanged for social media content. Nonetheless, in this case it has been observed how once it got its own followers, this marketing tool was less used and new methods appeared to maintain the audience.

The aesthetic and design of their images are one of these means. Information is given hidden under good looking posts. Unless all these 122.000 people were planning to spend a night in the hotel sometime soon, getting these facts about the activities and the complementary offer would be kind of useless. However, since it is presented in the right way and does not look like regular publicity, more than bothering it is usually seen as profitable.

The section that was surprisingly low was the *Self promotion*, with only 9 posts in which special prices and discounts were announced. The reason why was not clear at the beginning, but after revising the page it was understood that this decision was determined due to the fact that Instagram integrated an option where pictures can be seen for only 24 hours. This method keeps the feed clean and their account visually pleasant, with aesthetic pictures and not advertisements everywhere. Self promotion is strong, but again is undercovered and shown during specific periods.

Finally, only 2 posts in the *Social projects* category were counted. As in the case before, solidarity promotions have been more commercialized in the ‘’stories’’ format, with a duration of one day. Despite collaborating with associations such as Apadema, specialized in people with disabilities, or promoting the consumption of local products, this hotel has not taken much advantage of the opportunities of the sustainable and community-active business models. Taking into account that these two posts are recent it could be thought that the managers have lately considered this strategy and might focus some of its future activity in these social and ecological goals.

Related to the Engagement Rate (Likes plus comments divided by number of followers) it represents a 1.38%, not a bad result but always improvable. A good engagement keeps the page among the first posts in the audience's feed since the Instagram’s algorithm works depending mostly on it. That is why it is considered a necessary strategy in order to create interaction.

The success of its marketing is unquestionable, in one year it has managed to become one of the first options in its category and the bubbles are almost fully booked during every weekend until May 2021. The only aspect to enhance then would be the lack of sustainability, which should be promoted in further posts.

Summarizing, the forecasts for the next few years will be positive as long as they keep renovating their activities and experiences to not become obsolete.

4.2. Rental accommodation owner’s survey

A survey was conducted through 30 rental owners from Mallorca (Spain) in order to obtain a better perspective of the thematic perspective in the lodging sector of the island. The data was collected through an online survey in Google Forms, composed of 12 varied and simple questions that intended to obtain the data in the most effective way while being as clear as possible for the user.

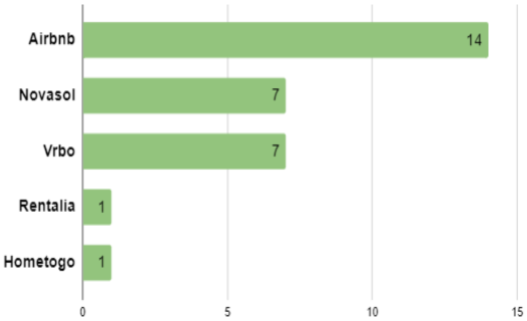
Survey’s objectives	To study the feasibility, adequacy and future trends of this thematic accommodation in the island of Mallorca according to the experience of current rental owners.
Date of creation	November 20th, 2020.
Geographical area	Mallorca, Balearic Islands (Spain).
Data collection method	Online survey.
Nº of questions	12
Type of questions	Open-ended, close-ended, Likert scale, multiple choice.
Sample size	30 respondents.
Sampling method	Convenience sampling.

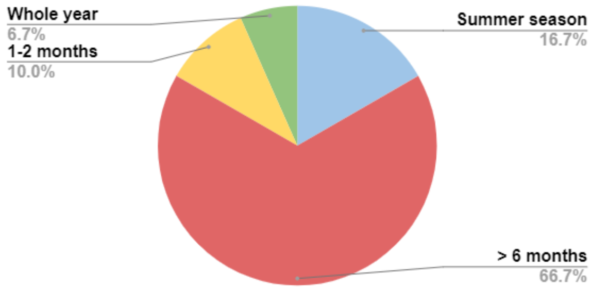
Table 11. Survey Specifications.
Source: Self-elaborated.

The outcome resulted in the following findings.

The sample size was composed by 30 respondents, ranging from the ages of 18 until 65. Three participants belonged to the Gen Y (10%), seven to Gen Z (23,3%) and the rest (66,7%) were concentrated between the 41-65 scope, corresponding to the Baby Boomers generation. Of course the main reason of this majority is the purchasing power and stability of this group, which usually is represented by owning different properties.

As expected the main platform used from rental owners to connect with their potential customers was Airbnb. The freedom and possibilities for the owners that this application provides has been the main secret of its success during the last 10 years. According to its founder, Nathan Blecharczyk, this achievement was based on “user trust”, simple publication mechanisms and economic incentives, having one of the lower tariffs charged per reservation (J. C. Alcalde, 2019). However, due to the legal situation in the island, where it is not certainly clear if the use of this website is legitimate, other options were also selected. Novasol and Vrbo participated in an interesting proportion, quite remarkable due to its high charges. Occasionally, the agents of these two intermediaries receive a 30% of the total rental revenue, but the lack of more options and the comfort makes them chose these alternatives despite of receiving less wealth at the end of every season.





Graph 5: Most used rental platforms.
Source: Self-elaborated.

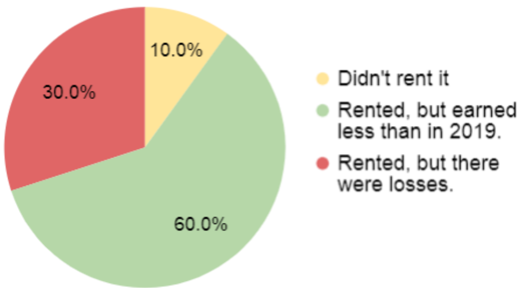
Graph 6: Period available for rental.
Source: Self-elaborated.

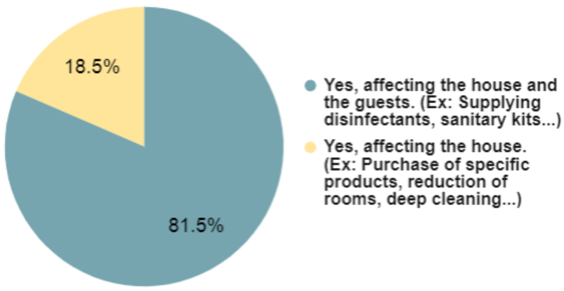
Regarding the period rented, more than half of the surveyed had their houses available for more than 6 months, but not the whole year as seen in the pie chart above. Due to the favorable weather conditions and the growing promotion of an alternative touristic offer to de-seasonalize the activity, more visitors have been traveling to Mallorca during low season months, allowing the owners to rent their properties during longer periods.

The sixth graph shows the answers to the following question: *Have you been able to rent your accommodation during this 2020?* Positively, 60% of the respondents obtained some income. That is, 18 houses provided an additional value to their owners. However, 9 of the surveyed claimed they had loses.

This inconvenient scenario could have been presented due to different factors such as the fees that intermediaries charge, the expenditure on renewal of appliances or any other fixed cost.

As expected, the last options ''Yes, same as 2020'' and ''Yes, more than 2020'' were not selected by any of the respondents. According to the Spanish Institute of Statistics (2021, February), during the whole year of the pandemic, the occupancy in touristic apartments went down by a 58,8% compared to 2019. Because of that, it was predictable that none of the rental owners would have reached similar results. With a bigger sample, a better understanding of the impact could be achieved and probably some remote cases of people obtaining good outcomes could appear.





Graph 7: Economic result 2020 season.
Source: Self-elaborated.

Graph 8: Changes in rental houses.
Source: Self-elaborated.

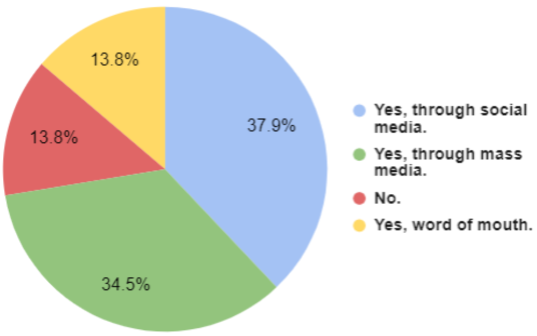
Out of the 27 houses rented, all of them integrated some kind of protection measurements related to the house organization and cleaning standards. In addition, 5 of them supplied sanitary kits or disinfectants to their visitors too.

Related to this security measures, it was found that the 100% of the particulars thought that they could provide better assistance and safety accommodations after the pandemic than other options such as hotels. This assumption is biased due to the fact that everyone tends to assume that the option they offer is the best since it is the one that they know for sure. However, it is true that private vacation rentals can be seen as more comfortable options, especially among families, since it is easier to avoid sharing common areas with other people.

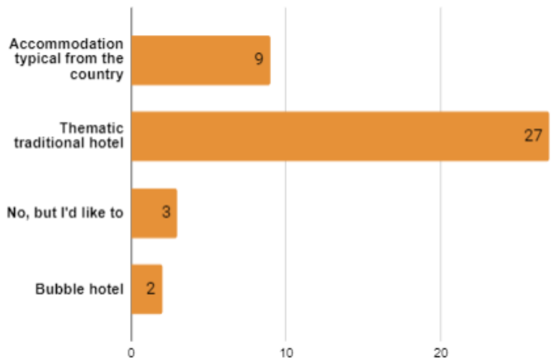
Conversely, other studies have found that demand relies more on the security offered by a consolidated hotel brand than a private individual (V. Hinojosa, 2020). That is why, platforms such as Vrbo have created tools for clients so that they can easily find accommodations with flexible cancellation conditions in case they do not meet their cleaning standards.

In any case, it is complicated to but as question 6 shows, 50% of the respondents have hope in the recovery of the situation and the tourist's confidence during this summer, while the other 50% are hesitant but do not think it will be worse.

Focusing more in the alternative accommodation offer, the next question asked was related to the mean through which the participants knew for the first time about these type of non-traditional options. The graph underneath shows the responses, in which social media and mass media in general share the greatest proportion, reaffirming the importance of a good presence in the new technologies to gain knowledge and maintain the right reputation.



Graph 9: Alternative accommodation sources.
Source: Self-elaborated.



Graph 10: Most visited thematic offers.
Source: Self-elaborated.

Mallorca is not known for having a diverse touristic offer, being seasonality and mass tourism some of the main problems that locals have tried to solve during the last years. This lack of options around could be one of the reasons why the vast majority of the respondents have never visited the types proposed on the questionnaire besides from the famous thematic hotels.

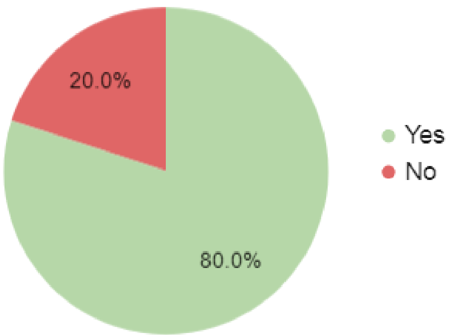
From the prior graph, it is remarkable how only 2 of the surveyed stayed in a bubble hotel while 27 of them visited a traditional one such as Disney, Port Aventura or Katmandu. These results were somehow expected, since many of the alternative options are still rather unknown and examples such as three houses cannot be compared with the reputation that traditional hotels have achieved during the years.

In any case, the totality of the participants that experienced a thematic stay affirmed that for future trips they would prefer trying new options instead of repeating the same one, regardless of whether they considered it good or not. As studied during this analysis, their response can be understood as a completely normal behavior. Once the customers have experienced what the accommodation was offering, the interest decreases unless the business works actively into creating new forms of entertainment to provide value again.

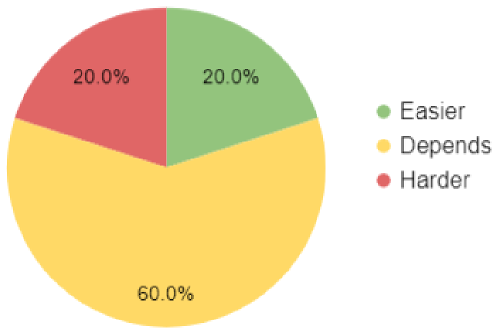
The last questions of the survey were related to their personal opinion about the topic and the adaptation in the thematization in their own houses.

The results showed that 80% believed that themes could be a nice strategy to differentiate themselves from competitors, however when asking if they would transform their own houses, the percentage went down to 50%. The current situation does not provide stability, so investing is directly not an option for half of the property owners. But is this risk aversion related mainly to the coronavirus crisis or have rental owners in Mallorca always been so skeptical?

To summarize and as seen in the last graph, the absence of examples in the island and the lack of analyses of other options besides from the traditional offer could explain the poor innovative framework and all the doubts that these owners have towards changes.



Graph 11: Themes as a differential strategy.
Source: Self-elaborated.



Graph 10: Ease of promoting thematization.
Source: Self-elaborated.

Regardless all the information recovered during this thesis and the great number of advantages found that alternative and thematic accommodation would provide to the economy, the surroundings and the habitants of a zone, property owners in Mallorca have demonstrated to not be ready to take risks and overall prefer maintaining their situation.

4.3. Managers interviews

The survey above gave an approach of the opinion and attitude of private rental owners, but in order to delve deeper into the topic, managers from different accommodation related positions were interviewed.

Three professionals, with more than 10 years of experience each, were asked six open-ended questions via email. As before, the main objective would be to compare their perspectives, future previsions and views of the current market, but this time the respondents would belong to different segments of the lodging industry, offering a broader outlook.

In order to introduce the topic, the first question asked was focused on their general opinion on the prevailing touristic model. Here, all of them agreed in the predominance of massification and the necessity of a change on the long term. For vacation houses the main problem relied on the preference by landlords to rent their properties to tourists instead of locals since this gave them the opportunity to set higher prices per day and earn more money. On the other hand, hotelier stated that as long as there was a demand in the cheap and unsustainable travel segment, there would be companies taking advantage of it unless the government acted.

It is understandable that closing their businesses is not an option, that is why finding an equilibrium is the only solution that their companies might accept. Regulating and penalizing their impacts could help decrease the drawbacks that massification originates, however this control is a government matter and establishing the correct limits can take a long time.

So then, meanwhile these public policies are being discussed, what can be done by the private enterprises is the creation and promotion of alternative offers to diversify the options and demonstrate that the destination chosen has more attractive beyond the cheap and unsustainable activities.

It is not easy to change people's travel decisions and the managers coincided on the influence of traditional accommodation offers as the most selected choices. However, it has been proved and commented during this paper that alternative options have increased in a higher rate, becoming a stronger sector and occasionally positioning themselves as direct competitors.

Undoubtedly, each option has its benefits and choosing one or another will depend on the ideals and objectives of each company. In order to find out which model could be seen as more risky between the managers, the third question was asked resulting into the next presumption: Alternative accommodation is seen more risky during the first stages of its market introduction due to the originality and innovation dangers, while traditional hotels have higher chances to succeed but need more attention because of the great amount of work and the huge problems it can lead to if it fails.

For the fourth question, their opinion on differentiating aspects was inquired. The two managers working for the hotels upholded that their main means to compete with the others was through the services and the experiences they could provide. Meanwhile, the manager of rental apartments gave more importance to the location and the infrastructure of the property. Even though three different answers were obtained, the idea in the end led to the same result. People do not travel to live the same experiences or do the same activities they would find at home. Providing innovation, originality and a personalized service can be more effective to attract customers and succeed on the long term than by offering, for example, cheap deals.

After giving them this last assumption and the definition of thematic accommodation, another point was presented. The respondents were asked to provide their reasoning against or in favor of the themed lodging as a viable option to achieve differentiation.

As it was expected, the replies ended up being related to one of the researches mentioned during this paper. S. Doğan (2006) demonstrated that even though thematization could be seen as an attractive element, its success had a high correlation with the location chosen. In the report, the example of Turkish themed hotels was given, explaining how European tourists were a lost market niche since they were not interested in travelling to Turkey to stay for example in the Venezia Palace Deluxe Resort Hotel and visit a copy of the St. Mark's Square, when they could just travel to Italy and see it in real life.

From managers' perspective, thematization could be a method used to provide new experiences and get more attention, however only in specific cases. As one of them mentions, in some destinations the complementary offer is already too diverse and these hotels could just go unnoticed.

To finish with the interviews, the four pictures of thematic accommodation options in the section *2.3.1.1. Budget estimations* were attached to the email for the response of the last question. Since all of them had work experience in the island of Mallorca, it was interesting to know their opinion towards the appropriation of these examples in the area.

The themed hotel and the boutique hotel were rejected in the first place due to the already great amount of offer that the island provides in this type of accommodation. As it is known, the majority of resorts and small hotels are located in the coast or Palma, its main city, that is why the option of the bubbles and the tree houses were more attractive. In any case, all of them upholded and highlighted the importance of a business analysis to correctly locate the best opportunities and risks before choosing any of them.

The opinion and experience of these three professionals have corroborated with many of the points studied during this project and have helped understanding the trends of the lodging market.

5. CONCLUSIONS

The purpose of this thesis has been the study of thematic accommodation in the lodging industry. After carrying out quantitative, qualitative and exploratory analyses, the results have shown a positive trend towards these types of stays.

From the economic point of view, an equal or even higher profitability has been foreseen compared to non-thematic options, but only when located in the appropriate space. Prices are directly correlated with the experience the business can provide and thus, these new accommodations will keep growing and representing a strong market segment as long as they maintain their interest between the population by offering attractive and innovative activities.

On the other hand, it has been found that this tourism covers other objectives that can be considered favorable to society. Social and sustainability goals have increased their presence during the last years in companies' agendas and these alternative stays are no exception. Next generations have all the information in their phones and are becoming more aware of the impacts of their decisions, that is why presenting appropriate and ecological business models will be a requirement to attract the attention of the future travelers.

As demonstrated in the case of the hotel bubbles, social media is key in order to promote these goals in a more subtle and pleasant way. Overall, the cost of these marketing tools is low compared to the impact achieved and the improvement in the relationship with the potential customer.

After studying the results of the surveys, this paper could provide a better understanding of the sector under the perspective of property owners in the island of Mallorca. In this specific case, the respondents showed a proper interest towards thematization as a differentiation technique, however due to several factors, they were not ready to take any risk and preferred maintaining their situation.

The necessity of investing into the correct market analyses, the adversity into the exploration of promotion methods and the lack of a framework where these activities are encouraged were the reasons proposed by the managers interviewed during the last case study. According to these professionals, the idea applied in the right context can result in an accomplishment, but the process towards changes is not the most appealing option for some small business owners and investors.

It is clear that not all accommodations need to be themed as there will always be examples where clients require a simple room for no other reason than spending the night. Nonetheless, the needs are varied and so should be the options in the lodging industry. Success and prosperity are characteristics present in innovation and diversity, not in monotony.

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7. ANNEX

7.1. Rental accommodation owners’ survey

Las temáticas aportan diversidad y singularidad, características que ayudan a ofrecer a los clientes más allá de una habitación. A día de hoy se puede encontrar una gran variedad de espacios con conceptos únicos en todo el mundo, con aspectos desde culturales hasta basados en la salud y el bienestar. El próximo cuestionario forma parte de un estudio sobre la viabilidad, adecuación y futuras tendencias de este tipo de alojamiento.

PREGUNTAS PERSONALES

0. Edad: 18-24 - 25–40 - 50 -65 65+

1. ¿Qué medios usa para alquilar su alojamiento?

a. Airbnb
b. Booking
c. Novasol
d. Vrbo
e. Rentalia
f. Hometogo
g. Otros

2. ¿Cuántos meses durante el año pone su propiedad disponible para el alquiler?

a. 1-2 meses.
b. Temporada de verano.
c. Más de 6 meses.
d. Todo el año.

SITUACIÓN COVID

3. ¿Han podido alquilar su alojamiento durante este 2020?

a. No.
b. Sí, pero hemos visto pérdidas.
c. Si, hemos visto ganancias aunque menos que en 2019
d. Si, hemos visto ganancias al igual que en 2019
e. Si, hemos visto ganancias mayores a 2019

4. En caso afirmativo, ¿ha tenido que realizar cambios para adaptarlo a la normativa COVID-19 para el alquiler vacacional?

a. No
b. Sí, en referencia a la casa. (Ej: Compra de productos específicos, reducción de habitaciones...)
c. Sí, en referencia a la casa y los huéspedes. (Ej: Proveyendo además desinfectantes, kits sanitarios...)

5. Después de la pandemia, cree que su alojamiento puede llegar a ser más seguro que un hotel?

a. Si
b. No

6. ¿Confía en una mejora de la situación durante la temporada de verano 2021?

a. Sí
b. No
c. Tal vez

ALOJAMIENTO TEMÁTICO

7. ¿Conoce la existencia de los alojamientos temáticos: hoteles burbuja, cabañas, casas en árboles...?

a. Sí, a través de las redes sociales.
b. Sí, mediante revistas.
c. Sí, por alguien de mi entorno.
d. No.
e. Otros.

8. ¿Ha visitado alguna vez un alojamiento temático?

a. Hotel temático (Ej: Port Aventura, Disney...)
b. Apartamento temático (Ejemplo imagen: Harry Potter).
c. Hotel burbuja
d. Alojamiento típico del destino. (Ej: Riad en Marruecos, casas de estilo asiático...)
e. Casa en árbol.
f. House boat.
g. No, aunque me gustaría.
h. No, no tengo interés en estos alojamientos.
i. Otros.

9. Si es así, ¿repetiría la experiencia?

a. Sí, pero en otro alojamiento.
b. Sí, en el mismo.
c. No.

10. ¿Considera que la tematización puede ser una estrategia adecuada para diferenciarse de sus competidores?

a. Si
b. No

11. ¿Diría que un alojamiento temático es más fácil de vender que uno normal?

a. Más fácil.
b. Más complicado.
c. Depende.

12. ¿Se atrevería a enfocar y especializar su alojamiento en un solo tema?

a. Sí.
b. No.

7.2. Managers Interviews

Name, age.		
J. Escales, 59.	F. Wiesemann, 55.	Mª. Dolores Valero, 52.
Current position and years of experience in the lodging industry.		
Hotel manager, 32.	Manager department of reservations, 25.	Home rental agent, 12.
1. Opinion on the prevailing touristic model.		
In Mallorca there has been a trend towards innovation. Everytime we hear more about boutique hotels, rural tourism… However, since there is still a huge demand for cheap vacations, the fight against mass tourism will take longer. As a manager of a big hotel that relies on these tourists, it is hard to defend any posture. What is true is that we will always try to reduce any type of impact as much as we can.	Depends on the country. Social media has caused a lot of damage to some places. There are lots of examples of mass and unregulated tourism such as Venice, Bali, Mallorca… That is what happens when you rely all your economy to this sector. On the other hand, there are also great examples of sustainable tourism like Switzerland or Iceland, but of course it is still less attractive in this society.	In the case of house rentals it is unsustainable in the long term. People prefer to rent their houses to tourists for weeks rather than to families with long contracts. Even though there is a social dilemma, the economic incentives are too big. Earning 200€ a day or 1.000€ a month? In the end we are doing business.

2. Do you see the alternative accommodation offer (apartments, boutique hotels, hostels...) as a competitor to the traditional lodging (hotels)?		
Yes, private house rentals have decreased the hotel's income. It is true that we still have loyal customers and the great majority of travellers who plan their vacations want to forget about tasks such as cooking and cleaning, but with the new generations coming the hotel industry will have to undoubtedly evolve.	Yes. Each accommodation type might provide different services, but at the end if we are talking about getting clients to sleep in their business, all of them are competing using all the tools they have.	Depends on the market segment. After all these years each of the accommodation types have understood who are their market niches. Just as boutique hotels do not expect to outperform or compete with hostels, we (apartments) know our limits and would not compete with 5-star hotels offers, for example.
3. Is the traditional hotel model less risky?		
Hotels have more clients, more workers… but its succes is considered a normal escenario. On the other hand, innovating has more uncertainties but also if it works the reward is bigger. So yes, I would say alternative accommodation is more risky in terms of originality but hotels are more risky due to the great amount of things that are happening at the same time.	Depends on the stage. Opening a hotel related to mass tourism in Mallorca has a higher chance of working well since there are many that did it before but it is harder to manage. While on the other side, innovating and presenting new lodging alternatives in general also has a lot of risks during their market introduction, but after a while things can get easier.	Each accommodation has its own risk. We earn less but apartments are easier to control. Opening a hotel requires more inversions and bureaucracy and this is totally related with what happens if it fails. For hotels earnings are higher but losses can lead to serious problems, while with apartments you can always sell it easily if you get tired or things don't work as expected.
4. What is the best way to differentiate yourself from competitors?		
For us is the service. Hotels provide information, comfort, activities, food, etc. Each chain then focuses their efforts in different aspects and that is what makes them different.	Through experiences. People travel to live new things, to break with their routines. If you can provide new activities, for sure you will attract new visitors.	The location and the infrastructure. People can't afford living the whole year in a chalet with an infinity pool in front of the sea, however they still pay to at least experience the sensation of being its proprietary for some days.

<table>
<tr><th colspan="3">5. From your point of view, are themed accommodations
a viable option to achieve differentiation?</th></tr>
<tr><td>Thematic hotels only work in specific cases, where there is a strong complementary offer or original activity. In the case of alternative accommodation I’m not sure about it, but I would say it is the same. So yes, thematization can help achieve differentiation, but it has to be in the right place at the right moment.</td><td>Yes, but depends on the theme. You can’t just introduce a boat house in the middle of the mountain... There are specific destinations where thematic stays would fit better. Also if the destination already offers a lot of activities maybe people won’t be interested in spending time in the hotel/apartment, so it can be less interesting.</td><td>Totally, one of the most requested aspects for our houses is that they have features of typical Majorcan houses. Customers love to feel like locals and renting a traditional (yet with all the comforts) house makes them feel more adapted.</td></tr>
<tr><th colspan="3">6. After watching these pictures, which offer would you consider appropriate to start for example in Mallorca?</th></tr>
<tr><td>It’s a bit risky to estimate it without knowing the context and budgets, but I would suggest the tree houses. It would be necessary to analyze the market, however it looks like a great experience that also locals for sure would like to take advantage of.</td><td>Even though the boutique hotel seems nice I think there are already too any hotels already on the island, so I would suggest one of the other two options. Furthermore, in the case of the bubbles perhaps it would be a great addition to rural hotels or apartments with big fields.</td><td>I don’t know if the sky in Mallorca is clean enough to appreciate the stars, but I think the bubbles option would be a great idea to increase the interest in the country field and clear the coasts, which already have too many accommodation offers.</td></tr>
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