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RESEARCH DEPARTMENT

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THE ECONOMIC IMPACT OF TOURISM IN PRIVATE HOMES: THE CASE OF AEOLIAN ARCHIPELAGO

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ABSTRACT

Private homes are a particular form of tourist accommodation often used in seaside destinations, particularly on the islands.

An increasing use of private homes for tourism in small and medium size islands could be due to the increasing levels of tourism, or used to offer a different accommodation service, or, often today, to satisfy an upcoming tourist need.

Recent studies show that the importance of this phenomenon is no longer negligible. Tourism demand attracted by private accommodation offers an additional economic impact for the islands and a new challenge for sustainability programmes. The aim of this paper is to verify which are the main economic impacts of this kind of tourist accommodation and if there is any difference between the behaviour of tourists using private homes and those using registered accommodation structures. A matrix was calculated to analyze tourists' behaviour in the Aeolian Archipelago (Western Mediterranean), and their expenditure patterns.

The results seem to show that tourists choosing private homes have their own characteristics in terms of expenditure behaviour and have a strong impact as the tourists using traditional tourist accommodation. We will also look at strategies in order to increase benefits of this kind of offer, which is yet unsupervised.

Keywords: private homes, tourist expenditure, islands economies.

1. Introduction

Relationship between tourism development and social-economic and environmental impacts in the islands have also been investigated by different authors (McElroy, 2003, Riley, 1995, Pigliaru, 1996, Concu, 2000) and from different points of view, but all argue that tourism has a strong role in determining development patterns.

Islands are affected by structural problems and handicaps due to their insularity, geographical isolation and low population density. The vulnerability of this territory (Briguglio, 1995) is also increased by tourism industry, that, in most of the small and medium islands (SMI), represents the prevalent economy (Manente, Montaguti, 2004).

Tourism represents for SMI a single industry often tied to seasonality, with problems to carry capacity and with limited connections that reduce the international tourism markets opportunity. SMI are also characterized by a relevant presence of empty or underutilized private homes, caused by the people moving to bigger cities.

From these considerations, it could be interesting to know how a SMI accommodation system, based on private homes for islands, is used or could be better used for tourism in order to develop additional tourist flows and to activate related economies.

In the first part of the paper we will present the characteristics of the Real Estate Market in a Mediterranean Archipelago, trying to compare the tourist flow with the ones generated from the second home market.

In order to study the impact of tourism in private homes, we investigated tourism demand in the Aeolian islands, a Mediterranean Archipelago, very well known for its central position and for the beauty of the marine and volcanic landscapes. The archipelago is composed by seven small islands, different for tourism demand. Three of them have an ancient tradition for tourism - therefore have many hotels - while in others, tourism has just began no more than two decades ago, since their standards were low and uncomfortable (lack of electricity, lack of streets, lack of restaurants and hotels).

In the second part we introduce some results of the research done during the year 2004 (Parroco A.M. ,Vaccina F.; 2005) in the Archipelago, trying to delineate the expenditure patterns and compare two kinds of tourist: the one who chooses traditional hotels and the one who spends his holidays in an private homes.

2. The Real Estate Market in the Aeolian Archipelago

The Aeolian archipelago is composed by seven islands located in the Western Mediterranean Sea, it was added to the UNESCO heritage list and is perceived as a sole tourist destination for holidays.

The tourist offer is composed by 88 hotels and 122 registered other types of accommodations (Camping, country houses, agro tourism, B&B etc) for a total of 5.658 beds offered daily on 2004.

Table 1: Beds in Hotels and other Registered Accommodation in Aeolian Archipelago (2004)

Hotels		**Other Accommodation no houses**		**Total**	
Number	Beds	Number	Beds	Number	Beds
88	3,749	122	1,909	210	5,658

As for the SMI, Eolie Archipelago presents a relevant number of private homes half of them not steadily occupied, but all represent a formidable potential real estate market for the Archipelago.

Table 2: Number private homes rented to tourist and number of beds, in Aeolian Archipelago (2004)

Total houses	Houses occupied by residents	Houses not stable occupied	Houses stable rented to tourist	Total beds offered to tourist
10,13	5,144	4,949	1,2	4,8

At the local level, tourist authorities are well conscious of the phenomenon of the private homes. In 2004 they estimated 1.200 homes available as extra beds for tourists, these developed 4.800 beds more. It

means that in the Aeolian Archipelago tourist offer is exactly divided in two parts: private homes (not registered) and hotels and similar.
From the demand side, the table shows the total overnight per year generated from traditional accommodation system (hotels and similar).

Table 3: Tourist flow on registered hotels ad registered accommodation, in Aeolian Archipelago (2004)

Hotels		Other Accommodation		Total flows	
Arrivals	Overnights	Arrivals	Overnights	Arrivals	Overnights
84.098	340.488	17.455	87.676	101.553	465.939

Preceding researches estimated to 234.056 the total overnight per year coming out from private homes (S. De Cantis , Volo S. – 2004).

Looking at the dimension of the phenomenon, we present the occupancy rate separately for traditional accommodation and for private homes.

Table 4: Occupancy rates registered and not registered accommodation (2004)

	Hotels	Other Accommodation no houses	Houses rented to tourist
Beds	3,749	1,909	4,8
Overnights	340,488	87,676	234,056
Occupancy Rate year	0.25	0.13	0.13

The occupancy rate result for private homes is similar to “other accommodation”. Viewing the performance monthly, during the summer season, private homes reach a higher average stay (15 days) than other accommodation (6 days), generating a more than doubled result in terms of overnights .

This shows that homes today, more often rented during the summer season, represent an important reality for the tourist economy of the Archipelago, providing additional tourist flows able to generate relevant local economies.

3. The survey in Aeolian Archipelago

Starting from the relevant presence of tourism in private homes in the Aeolian Archipelago, a survey was conducted during the year 2004. The Research project, sponsored by the Italian Ministry of Research and from some private and public companies, determined the real dimension of tourist flows, including the ones in rented or private homes. For this purpose 2.000 questionnaires were distributed in the main harbour of the Aeolian Archipelago during July and August 2004 to the tourists at the end of their holiday. A sample design is described in the main research book (Parroco, Vaccina 2004).

The sample design was constructed considering two different kinds of tourist: the un-official and the official one. The two categories are identified according to the following items, present in the questionnaires.
The classification, based on some aspects comparing the services provided from traditional accommodations and the private homes, is useful to separate the two different kinds of tourists: the ones that chose homes and the others who chose holidays in registered accommodation that we called “official” because they are already monitored by tourism statistics.

Figure 1: The identification of official and un-official tourist

Official Tourist	Spent holiday in registered accommodation (Hotel, residence, resort, agritourism) If he has paid by credit card If the accommodation provide a restaurant services or breakfast If the accommodation has services related to the hotel
Un-official tourists (own house or guest)	Spent holiday in private houses or friend's house Spend a holidays in private or friend's boat
Un-official tourists (rent a house)	Spent holiday in a rented home Paid by cash, or by money transfer

The total valid questionnaires at the end were 1.839, divided in 1.103 filled out by un-official tourist and 736 by official ones. The differences between these two categories were calculated considering characteristics above, excluding the ones that were in the Archipelago for daily visits.

4. Expenditure patterns

Comparing the expenditure patterns between official tourists and ones who rent a vacation home, it is possible to confirm that the average expenditure per capita (Total Expenditure / tourist arrivals) is the same. It shows that tourist in homes spend a similar total amount of money in the destination (not considering the expenses for travelling to the Archipelago). Who rents a house takes a long stay vacation rather than one who chooses hotel accommodations. The daily average expenditure per capita [(Total Expenditure / arrivals)/overnights] is less than one of an official tourist. Similar are the amounts calculated for the average expenditure per diem (Total Expenditure/overnights).

Table 5: Expenditure index by tourist typology (2004)

Tourist Typology	Average Expenditure per capita	Daily Average Expenditure per capita	Average Expenditure per die
Official Tourists	€ 469,52	€ 84,03	€ 186,87
Un-official tourists (rent a house)	€ 468,30	€ 64,26	€ 155,50
Un-official tourist (own house or guest)	€ 289,11	€ 34,19	€ 70,45

The tourism expenditure behaviour matrix describes some differences that are strongly related to the percentage of un-official tourist that are owners or friends of the owners of second homes. They don't spend money for accommodation but spend more for other services like food (0.37 compare to 0.23) or shopping (0.16 compare to 0.03). Quite similar are the expenditure patterns for tourists who rent a home compared to the official ones. The matrix also describes that there is no a relevant difference in the behaviour between tourists using private accommodation and those using registered accommodation structures.

Table 6: Tourist expenditure behaviour matrix

Typology	Transport	Accommodation	Food	Excursions and cultural events	Shopping	Other categories
Official tourists	0,21	0,42	0,23	0,09	0,03	0,02
Un-official tourists (rent a house)	0,23	0,41	0,21	0,08	0,02	0,05
Un-official tourists (own house or guest)	0,27	-	0,37	0,1	0,16	0,11

Calculating the total overnights for each tourist type, with the above matrix, we present the total expenditure matrix on the Aeolian Archipelago.

Table 7: Total expenditure matrix (Euro)

Tourist Typology	Transport	Accommodation	Food	Excursions and cultural events	Shopping	Other categories
Official tourists	45941213	92451221	50579087	18835897	5753590	4725382
Un-official tourists (rent a house)	25209938	44939454	23017769	8768674	2192168	5480421
Un-official tourists (own house guest)	4612461	-	6357529	1734660	2775456	1908126

In terms of economic impact the matrix results in Transport/Accommodation/Food expenditures for un-official tourists, who rent homes, equal to more than half the same total expenditure of official tourists.

5. Conclusions

Today a large part of tourists requests holidays choosing private accommodations. This shows the opportunity for a new market, often perceived as heterogeneous, spontaneous, not intermediated, and with a low level of economic impact on tourist destination.

Due to the increasing levels of tourism or just to offer a different accommodation service, the underutilized homes tourism, in the case of the Aeolian Archipelago, constitutes an important and growing new factor for its tourist market. Research results demonstrate the additional economic impacts provided from the tourism activities connected to the Rental House market. The disregard of the importance of this part of the tourist offer is due to the lack of information regarding the rental or private occupation of these homes, and also to the presence of unconventional travel intermediaries such as the Web and the Real Estate agencies.

The presence of a strong seasonal tourist market, prevalently sustained by a tourist demand coming from close regions and countries, determines the inconvenience to register these forms of accommodation.

This consideration suggests a first kind of action directed to demonstrate the convenience of registering this type of tourism giving more opportunity to the local businesses supported by the policies of local authorities. A second action could be helping the local population to manage actual rental houses following new and precise tourism models related to the international market demand. The application of these models could lead owners of unutilized homes to follow the tourist market, consequently increasing tourism flows and reaching a higher level of bed capacity.

To achieve this we firmly believe that a local intermediary figure is necessary to collect, to specialize and to manage these types of rental offers following the tourism market rules. Finally to develop second homes market in the Archipelago we don't have to lose focus on the relationality aspect, central to the tourist's needs. It means that private homes are able, if well managed from local people, to offer a "human touch" to the tourist experience. Further research could investigate on the repeat tourism business deriving from this Rental House market.

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