A Hotel Room for Urban Social Sustainability
– Urbanauts in Vienna

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Abstract

This master thesis studies how a small hotel can contribute to a more social sustainable environment in the urban setting. A single case study is employed to investigate this recently established, unique hotel. The studied hotel has two unique features. The rooms are located in former empty, and now refurbished store premises on the ground floor level. All traditionally encountered services in a hotel (e.g. lunch, dinner, a Spa) are outsourced to service providers in the close by neighborhood. With both the refurbishing of empty premises and the incorporating of existing businesses in their operation is this hotel attempting to create a more livable and sustainable environment.

The business model of the hotel and the features of the build network are studied in order to understand how this business succeeds and is profitable. Therefore the members of the network are interviewed with the aim to understand the relationship among them. In order to comprehend their commercial and social connections the concept of Embeddedness is employed. Findings show that friendship, sympathy and trust are important requisites for networks of this kind, where similar minded entrepreneurs are unified. It was also found that the network initially constituted to serve tourists, also serve local dwellers. Ultimately, interactions among tourists, locals and the network members are encouraged and the cityscape perceived beautified. These two aspects are studied in more depth and identified to contribute to the emergence of a social sustainable urban environment.

Keywords: Urban Social Sustainability, Networks, Embeddedness, Business Model, Tourism
1  Introduction .................................................................................................................. 5
   1.1  Background ................................................................................................................. 5
   1.2  Aim and Research Questions ..................................................................................... 6
   1.3  Demarcation ............................................................................................................... 7
   1.4  Outline ...................................................................................................................... 7

2  A single case study - Methods .................................................................................... 9
   2.1  Choice of case .......................................................................................................... 9
   2.2  Single Case Study ................................................................................................... 10
   2.3  Qualitative Study ................................................................................................... 11
      2.3.1  Unstructured interview ..................................................................................... 12
      2.3.2  Semi-structured Interviews ............................................................................. 12
      2.3.3  Interview guide .............................................................................................. 15
      2.3.4  Text Study and Observation ........................................................................... 16
   2.4  Summary of Methods ............................................................................................ 17

3  Under the social sustainability Umbrella - the theory ............................................. 18
   3.1  Social Sustainability ............................................................................................... 18
   3.2  Business models .................................................................................................... 21
      3.2.1  How to model a business in nine steps ............................................................. 22
      3.2.2  Further on Business Models .......................................................................... 24
      3.2.3  Prototypes ....................................................................................................... 25
   3.3  Networks ................................................................................................................ 26
      3.3.1  Reasons for network in the tourism industry .................................................. 26
      3.3.2  Communication in networks .......................................................................... 27
   3.4  Embeddedness ....................................................................................................... 28
      3.4.1  Trust ................................................................................................................ 28
      3.4.2  Sympathy, Friendship and Loyalty .................................................................. 29
   3.5  Summary Theory ................................................................................................... 30

4  The Urbanauts – a case Description .......................................................................... 31
   4.1  What are they doing? ............................................................................................... 31
   4.2  Where is this hotel? ................................................................................................. 32
   4.3  Urbanauts - who are they? ...................................................................................... 33
4.4 How do they do all this? ................................................................. 35

4.5 ...and why? ............................................................................. 37

5 A room in the city – an analysis ..................................................... 41

5.1 Urbanauts and their Business model .......................................... 41

5.1.1 Who are they operating for? .................................................. 41

5.1.2 Splitting up their offer in two value propositions ..................... 41

5.1.3 Communicating the value ...................................................... 45

5.1.4 Relating to the customer ...................................................... 45

5.1.5 Key Resources and Key activities ....................................... 46

5.1.6 Cost Structure and Income ............................................... 46

5.2 An informal Network ............................................................... 47

5.2.1 A networked room ............................................................. 48

5.2.2 Friends or not friends – any difference? .............................. 48

5.2.3 Meaning of the network .................................................... 50

5.2.4 No need to communicate in a network ................................ 52

5.2.5 A real network? ............................................................... 53

5.2.6 Summary on the network ................................................ 54

6 Discussion .................................................................................. 55

6.1 Embeddeness and the Urbanauts ............................................. 55

6.1.1 On partner choices and initiating collaborations – the role of trust 55

6.1.2 Sympathy and Friendship .................................................. 58

6.2 Encouraging Social Sustainability? ....................................... 59

6.2.1 Interaction for social sustainability ..................................... 60

6.2.2 Sustainability – a common concern .................................... 63

7 Conclusion .................................................................................. 67

Literature ......................................................................................... 68

Appendix 1 .................................................................................... 72

Appendix 2 .................................................................................... 74
1 Introduction

In this first chapter, I will explain in short how I came to choose my field of research. Further the research aim and the research questions are presented. An outline shortly describes the structure of this paper.

1.1 Background

The term sustainability frames our everyday lives. Constantly we are confronted with debates how this world is currently not and therefore should become more sustainable. The tourism industry is highly affected by sustainable thoughts, referring especially to the major environmental traces we leave when travelling. Sustainability commonly refers to an environmental, economic and social dimension (Vifell and Soneryd, 2012). In fact, these three dimensions of sustainability should be in balance with each other in order to effectively create a world, which we can inhabit in the future too (Dempsey, 2011). This thesis, however, focuses on social sustainability in the urban setting.

Urbanization, thus the movement from rural to urban areas, has characterized this world for some decades and by now half of the world’s population lives in cities, a number which will further grow as future comes (WHO, 2012). The question we thus have to pose is how cities and especially the society within cities can cope with the increasing number of urban dwellers. Equitable access and the sustainability of the community itself thereby serve as two main aspects of social sustainability in the urban setting (Dempsey, 2011). Ultimately, social sustainability means that individuals identify themselves with the area they inhabit (Dempsey, 2011).

I want to explore in this thesis, how a small hospitality business can contribute to the emergence of a more social sustainable environment in cities. Urban tourism in general is an enormous phenomenon, regarding the many different reasons why people visit cities, e.g. leisure, business, visiting friends and family, etc. (Ashworth, 2011). Thereby, tourists often use the same facilities as locals; in fact visitors are increasingly difficult to distinguish from permanent inhabitants (Ashworth, 2011). Commonly used facilities of both tourist and locals are places of commercial hospitality, such as bars and restaurants, which have been identified as sites were new patterns of urban living emerge (Lugiosi et al. 2010; Maitland, 2010). It can be argued that places of commercial hospitality have a significant effect on society and thus social sustainability.
For this thesis a small hotel in Vienna/Austria, named Urbanauts, is being studied. This innovative hotel attempts to contribute to the development of a more social sustainable city in two ways. Firstly, the hotel-rooms are located in former empty and now refurbished ground floor store premises, which are spread out in a district of Vienna. In this district many stores premises are found empty because previous merchants moved their businesses or stores to commercial premises which are more frequented by customers, such as for instance shopping malls. The result is empty streets which let the city appear dirty and unused. Urbanauts attempt to improve the appearance of these streets by restoring the empty premises into a hotel. Thereby not only tourists will profit, but also locals will appreciate the improved cityscape.

Secondly, services which traditionally constitute a hotel are outsourced. These services are for example breakfast, dinner or a Spa. In order to provide travelers with these services, a network of service providers has been build, who together with the room attempt to offer a complete hotel like experience to travelers. All members in the service network are located in the close surrounding of the hotel-rooms.

Urbanauts have thus created a hotel which is embedded in the surrounding neighborhood. Business and all users of the city can profit from their activities alike.

1.2 Aim and Research Questions

The aim of this thesis is to explore how social sustainability can be promoted by hospitality providers in an urban setting. I want to shed light on how the reuse of empty commercial premises and the networked hotel are related to an increase of social sustainability in cities. Thereby in particular the role and features of the network have to be studied. In detail the social and economic bonds between network members are analyzed. Thus this thesis focuses on the elaboration of the effect the relationships between the members of the network have on tourist, society and ultimately social sustainability.

My objective is to answer three research questions. The first one expresses the assumption that tourism is able to contribute to social sustainability in cities, thus possible ways will be discussed. The first research question is:

• How can a hotel contribute to social sustainability in the urban setting?
Secondly, the case studied in this thesis is a small, recently opened hotel in Vienna, which only offers a room. In order to offer their guests a complete hotel experience, they have created a network of service providers. Members in this network are mainly from their social network. Thus I question:

- How do hotel managers use their social network to operate a hotel?

Ultimately, the characteristics of this network of hotel service providers are studied. I question how they address issues of social sustainability.

- In which ways can a network stimulate social sustainability?

1.3 Demarcation
The present thesis focuses on social sustainability in the urban setting encouraged by tourism. Sustainability is only purposeful when there is a balance between the social, economic and environmental dimension, thus while in particular focus is on social sustainability, some environmental and economic aspects will also be mentioned. Moreover, the case studied is located in the developed urban world, thus rural and developing areas are not considered. I am not investigating any buyer-seller relationships, although the proposed customer value will at times be elaborated.

1.4 Outline
Following this chapter, where I shortly give the motivation for this research project, present the aim and introduce the research questions, in the subsequent chapter the methodological approach is described. This thesis is a single case study and a qualitative method was chosen, which both are motivated in the second chapter. In order to gather empirical material interviews were employed, supported by observation and text studies.

In chapter three I present the theoretical framework relevant to this study. Thereby views on social sustainability regarding tourism and the urban areas are presented. Further the literature about business models is reviewed, networks with particular respect to the tourism industry discussed, and the concept of embeddedness in close relation to business models and networks elaborated.

Section four describes and analyses the findings from the interviews, whereby the business model of the hotel studied is analyzed. Since the major part of their business is built
on a network, this network with its features is discussed in a separate section. Following, chapter five discusses the findings in close relationship to the theory and the possible contributions to social sustainably are elaborated. Ultimately, in section six final conclusions are drawn and the research questions are answered.
2 A single case study - Methods

This section informs the reader in detail about the process of collecting empirical data. I first explain and justify the case study and further explain the process of interviews in detail. In the third and fourth section respectively I speak shortly about text analysis and observation.

2.1 Choice of case

To start with, let me shortly describe how I came to choose this one particular case. A few months ago I stumbled upon an article about the new hotel called Urbanauts and read the short description about it with interest and amaze. Following I found myself thinking about the innovative aspect of their hotel, the network/community thought of their operations and the possible social sustainability which could derive from their actions. It rapidly came to my mind, that these themes are recurring subject of academic debates in tourism and hospitality with respect to social sciences. Thus, a deeper and thorough preoccupation with the case revealed numerous interesting aspects which could be subject of investigation, and ultimately justified this case as an interesting one for this thesis.

The hotel which is studied in this thesis is located in Vienna/Austria. It opened in July 2011 and has so far only one room, but about ten more rooms will be opened in fall 2012. The managers are three young architects, with a great interest for urban structures with respect to the field of their specialization: architecture. More precisely, they are concerned with the issue of empty store premises encountered in many bigger cities, and so also in Vienna. These empty facilities are directly accessible and visible from the street, and thus, if unused result in an unpleasant appearance of the city scape. From this concern, an innovative solution should revive the empty stores and thereby reshape the appearance of certain streets. The idea to redecorate the unused premises into hotel rooms was born. However, a hotel usually does not only consist of a room, but offers complementary services, such as breakfast and dinner, a spa and a fitness studio. Thereby, in order to be able to meet these needs of travelers, the hotel managers came up with another innovative and creative idea. They studied the direct neighborhood of the first room, with the intention to find existing business which could provide these complementary services. A network of service providers was created with the aim to suggest guests places where to get the complementing services. The result is a horizontally organized hotel.
In respect of my chosen case I am studying how this network of service providers, who have the common aim of delivering worthwhile and interesting travel experiences to tourists, is organized and functions. Thereby I am analyzing the business model of the hotel, and the network of firms who complete the hotel offer. Consequently I attempt to describe how these tourism-related activities contribute to social sustainability in the urban setting. This case is a suitable object of investigation in order to elaborate how the tourism industry can improve neighborhoods and thus contribute to social sustainability.

2.2 Single Case Study

First the question what justifies one particular case as a subject of research needs to be answered. As Bryman (2008) argues, a research is justified as such, if it reveals general valid conclusions from reliable sources with the potential to be replicated. He explains further, a case study, which is the intensive and detailed analysis of one case (p.52) hardly meets these requirements. I am fully aware of this limitation; however I am convinced that this case deserves some attention.

Yin (2003, p. 27pp) highlights five components of the research design important for case studies. First, he mentions it is important to formulate the research questions. Thereby, it should be avoided to formulate questions which are already covered in existing literature. While of course there is a lot of research on the individual themes which constitute my thesis, I did not encounter a research which studies this exact combination. This is partially, because social sustainability in the very specific context of urban areas stimulated by small enterprises is still limited, whereas often such studies have been conducted in the rural context. Thus after defining preliminary questions, the second step should identify study propositions. Thereby Yin (2003, p. 28) explains that the research questions do not cover the research propositions. In my case the proposition is the shared goal of all involved businesses in the network studied to enhance sustainability. In order to understand the setup of this network it is further important to study the members and their relationships, which are two more propositions. Thus I identified networks, embeddedness and the business model of the core business as theoretical issues which will help to understand the research issue and answer the research questions. Third the unit of analysis or the case has to be defined. This was rather easy in my case, because I chose a particular new business, or more precisely the network which they have built. I am analyzing their relationships and
their level of cooperation. Fourth, after having collected the empirical material, the findings have to be logically connected to the theory. At this point it became clear how important a focused and thoughtful theory aid to interpret the findings. Fifth, Yin (2003, p.34) suggests to define the criteria for interpreting data, thus to be aware of possible rival explanations. Thinking of other factors which could possibly influence my research questions, aids to further narrow done the issue and to define the research questions, but also the to formulate suitable questions for the interview.

An important step early in the process of designing the research, is working through existing literature in order to identify existing assumptions. Yin (2003, p.35) points out the importance to develop the theory before collecting data in case studies, whether it is testing or developing theories. Thus following having clarified the research design I elaborated the theoretical section, which follows this chapter.

There are five different rationales which justify a single case study (Yin, 2003, p. 47pp): the critical case, the extreme or unique case, the representative or typical case, the revelatory case and ultimately the longitudinal case. I would argue that my case has attributes of the unique, but also of the revelatory case. It is unique until now, and this thesis attempts to reveal the features of the studied business and network. It shows a possible way to address and contribute issues of sustainable development, which makes this case study interesting for a broad audience. This case study will generate rich insights into this network of different businesses from different perspectives. Hence, I will show an innovative way to operate a business, which could be adapted and implemented in numerous similar destinations.

2.3 Qualitative Study

With the aim of this thesis in mind, thus to investigate how social sustainability can be enhanced through tourism, I chose a qualitative study. A qualitative study is concerned with words and deeper meaning of peoples’ thoughts and behaviors, which highlights the difference to quantitative studies (Bryman, 2008). Moreover, the epistemological and ontological position of qualitative research, stresses the importance of interpretation of the world and that social properties are outcomes of interactions between people. In my study I explore how a particular business is operated and how all participating interest groups interact and relate to each other. I seek to describe how this case is constructed and a
 qualitative approach appears the most suitable. In order to collect the empirical material I employed three methods, namely semi-structured interviews, Text study and observation. Hereinafter I discuss in detail how I proceeded.

2.3.1 Unstructured interview
The largest body of empirical material was collected through semi-structured interviews as will be described in the subsequent section. However, I also conducted one unstructured interview with one of the businesses managers. Unstructured interviews are a type of interview, which is comparable to a conversation between interviewer and respondent (Bryman, 2008). The open structure aids to identify relevant themes since the discussed topics arise spontaneously. This conversational interview was carried out in January 2012 with the purpose to justify this case study as a suitable research object for this thesis. The interview was appointed, recorded and transcribed. I thereby prepared a frame of interesting subjects (Bryman, 2008), but otherwise approached the interviewee unprepared.

2.3.2 Semi-structured Interviews
I was rather well informed about the business in question and about the themes I wanted to cover in my interviews before I collected empirical data through semi-structured interviews. I prepared an interview guide in order to remember all relevant topics which should be covered in the interview (Bryman, 2008). However, in order to stay flexible I left enough time to discuss spontaneously arising topics, which sometimes also led to a reordering of the questions. With help of the interview guide, I was thus able to conduct a conversational interview, and to identify the respondents’ views in depth on the relevant topics.

The choice of respondents was purposive, because I only wanted to interview members of the network. As Bryman (2008) states a purposive sampling allows to interview respondents who are relevant for the study. Eight interviews (one unstructured and seven structured) were arranged. The duration of the interviews ranged from 20 minutes to 75 minutes and they were conducted between March, 28th and April, 18th 2012. I contacted all respondents previous to the respective interviews and agreed upon a date and time. Out of the seven unstructured interviews, five were conducted in person, in places chosen by the interviewee, which in four cases was their place of work. One interviewee I met at the
university facilities, because the respondent suggested that place easily accessible for both of us. However, for my research it was important for meet at the respective work places because of several reasons. Firstly it created a comfortable situation for the interviewee and was related to as little effort as possible from the interviewee since he did not have to commute. Moreover, all my questions concerned the business life of these entrepreneurs, thus it was purposeful to meet them at their place of work, because I could get a good feeling about their type of business, but also about them as entrepreneurs. The negative aspect was possible disruptions because the interviewee was at his work place, even though not at work. However, while almost all interviews were shortly interrupted by customers or phone calls, I did not perceive that as a negative influence on my interviews. On the contrary, I thereby also got an impression about these entrepreneurs at work and could see how they deal with daily businesses, which significantly enhanced my knowledge and understanding about the business and network in question.

Two interviews were conducted over the phone, because I was not in Vienna at the scheduled times. I arranged these interviews before hand and recorded the interviews, similarly to those in person. While in these two cases could not get a direct impression about the respondents and their respective businesses, the fact that we spoke over the phone did not harm the quality of the interviews. The telephone interviews were conducted after all five interviews in person, thus I was already experienced about the course of the interviews and could not notice any significant differences between personal and telephone interviews.

In order to remember as much as possible from my interviews I recorded them, after informing the interviewee about my intention to tape our conversation. All respondents agreed. Similarly, all interviews were transcribed, which turned out to be an illuminating process (Bryman, 2008). Because of the thorough preoccupation with the interviews as I transcribed, I could identify interesting themes and common answers during this process.

The following should be kept in mind for my methodological approach: all interviews were conducted in German language, because the case is located in Vienna. German is thereby also my mother tongue. This facilitated the gathering of empirical material remarkably, because the common language among researcher and interviewee created a noticeable comfortable interview situation. In the analysis I use quotes from the interviews in order to emphasize certain statements, which I have translated into English. Moreover,
the role of the research is discussed in Smith (2003, p. 14). In order to create objective knowledge of a situation, it is important to beware a certain distance of the object investigated. It can be difficult to beware distance from the case if a research is frequently working and thus interacting with his study, however, I have tried to remember this and to consciously keep a certain distance.

I conducted the first interview with the hotel owners, thus the Urbanauts managers themselves, in their office. As early as December I enquired whether they agreed if I conducted a research about their hotel, shortly after got a positive response and was granted access to their firm and their affiliated businesses. I contacted them again in March and agreed on a date for the second, semi-structured interview. Initially I had planned to interview each of the three owners individually, but however shortly before decided that an interview with them all together would be more suitable, because it would result in a discussion about certain themes rather than an interview. On the arranged day I conducted an interview with two out of the three managers, because the third manager was absent on short notice. I quickly decided that an interview with two of them would be just as valuable as with three of them. The duration of the interview was 75 minutes.

Following I contacted all the network members over phone or via email and inquired about an interview. At this point of first contacting, I also informed about myself and the reason of my research. This information was repeated when I met the respondents for the interview, in order to ensure they felt informed. In total are there nine businesses in their network: four restaurants/cafes, one bar, one pharmacy, one Spa, one work out/sports provider and one dressmaker/store. Six connected businesses agreed to be interviewed. At three businesses I could over numerous attempts not get hold of the owners or someone who was well informed about the network and its activities.

Three respondents from the pool of affiliated business were restaurant managers. Further I interviewed a pharmacist, who provides the hotel with the body care products available in the room. The Spa Manager I interviewed operates a recently open Spa close to the first room and thus is promoted as the place to get pampered. Ultimately I spoke to a young entrepreneur who offers the “First Vienna City Boot Camp”, an intensive work out session through the city.
2.3.3 Interview guide

For the semi-structured interviews I designed an interview guide (Bryman, 2008). I employed two somewhat different interview guides for the Urbanauts and for the affiliated firms. This is because questions addressing the managers of the investigated business should be posed slightly different than those for the associated business. Also, with the founders of the network I wanted to speak in more detail about the reasons for this network and the process of establishment, while the network members were rather interviewed about their perceptions of the network and how the collaboration functions. However, the overall structure is the same. I organized the interview guide according to themes, enabling me to have a guide of relevant question. If the respondent would bring up an interesting theme I would allow myself to ask further questions, just as I sometimes adjusted the order of the questions according to the flow of the interview. A few introductory questions allowed me to gather relevant information about the respondent personally, but also created a comfortable situation for the following interview.

The questions I posed in the interviews derived from the literature study and addressed issues which would enable me to answer my research questions. I had already a significant understanding about the characteristics about my case and thereby identified four relevant theoretical themes. I formulated the questions according to these topics. Here I had to pay attention that I transformed academic terms into easily and understandable formulations in order to find the needed answers. The first theme in my interview concerned the theme of business models; hence I asked what the respondent regarded as particularly important when operating a business and how value in the respective business was created for customers. These questions were intended to reveal the entrepreneurs’ motivations and reasoning behind his professional operations. Secondly, I interrogated about the aspects of collaboration and communication between the main business, the hotel, and the respective affiliate firm, the fellow. Here the respondents should explain their perception of the quality of interactions and related cooperation. The third theme is closely related to the previous, attempting to elaborate the characteristics of the network at broad. Here I also questioned what a network meant to the respondents and how communication occurred within the network. Ultimately, the fourth theme touched the aspect of Social Sustainability, where I wanted to find out whether the interviewee felt a concern about society.
As mentioned previously, all questions were designed openly, giving the respondents the chance to formulate his answers freely. If previous unheard themes were brought up, I tried to find out more about these and thus posed further questions outside the interview guide.

**2.3.4 Text Study and Observation**

Additionally to my interviews I conducted text studies and observations. Both sources of information were considerable helpful during the course of the analysis of the interviews. Interviews are a very useful, and in my case the main source of empirical data. However, I regard observations and text studies as complementary methods, helping me to understand, but also to explain the unique attributes of my case.

Especially before I conducted my interviews, I constantly checked the Internet for information about the case. This was because I wanted to get a better knowledge about the business, and identify how this case is presented in the media. Text studies are useful, in order to identify relevant aspects and narrow down the focus. Thereby I studied texts in newspapers, on travel-blogs and various other types of homepages in a conventional manual manner. Out of these descriptions I got a good overview on the studied case which permits me to write a comprehensive case description (chapter 4). Moreover, as mentioned earlier, the resulting knowledge was convenient for both the empirical and the literature study.

Observation was another important source of understanding about my case. During the interviews, which mostly occurred in the interviewees business premises, I looked around, observed their customers behavior and tried to take in the atmosphere of the place. It was in these unstructured observations where I got valuable inputs about the shared values in the studied network. I visited two restaurants, one pharmacy and an architects’ office. All four places are operated by innovative entrepreneurs, who have managed to create an inviting, creative and comfortable place to be for their customers. Thereby, in an inverse manner, I could understand from the two telephone interviews, that these firms were run with a similar spirit.

I also visited the first room. Parts of the first unstructured interview occurred standing and looking around in this hotel room. Before I visited the room, one of the hotel managers encouraged me to do so, because it would become so much easier to understand
how the hotel works if I have seen the rooms. She was right. As I have mentioned earlier, and also will discuss further later, the common entrepreneurial spirit is very clearly shown in the places of business in this network.

2.4 Summary of Methods

In this present chapter I motivated in detail the relevancy of my case and describe the nature of my study and the applied methods. The hotel and the network studied are suitable, because they represent the tourism industry at broad and show an innovative way to sustainably develop the industry. In order to gather material a qualitative study was chosen, because I was interested in motivations rather than in numerical facts.

The data was collected through interviews, enhanced through observation and text studies. I find these methods useful because they allowed me a deep insight in the processes of the network through different participants and their perspectives. Observation and text studies were used to broaden the understanding and thereby the analysis of the case.
3 Under the social sustainability Umbrella –the theory

This chapter discusses the chosen theories which frame my research and will help to answer the research questions. In section 3.1 I review relevant literature on sustainability, and in particular social sustainability. Following, in chapter 3.2, I present business models and describe what constitutes a business model in order to better understand the studied firm. Related to the fact, that a common business model in the tourism and hospitality industry, and also particular the case studied in this thesis, is based on a network (Kandampully & Promisvapallop, 2005), in chapter 3.3 I discuss networks. In 3.4 I define and discuss embeddedness, in order to generate a better understanding about the interactions which occur between members in a network.

3.1 Social Sustainability

Sustainability is a term which has received increasing attention over the past years and commenced to influence our everyday lives. However, debates about sustainability no longer only concern the environment, but equally also society and the economy. The three dimensions of sustainability, environment, society, and the economy, thereby do not exist in isolation from each other, but should be balanced so that concern about one does not result at expenses for another (Dempsey et al., 2011). Sustainable development is thereby a development that meets the needs of current generations without compromising the ability of future generations to meet their needs and aspirations (Steurer et al., 2005). This thesis discusses especially social sustainability with a particular focus on the urban context.

Urban social sustainability can be related to Social Equity and to Sustainability of the Community itself (Dempsey et al. 2011). Thereby Social Equity refers to social justice, equal distributions or access of resources, and the equality of conditions. Further, in a social equitable community exist no exclusionary practices, thus all individuals can participate equally in society. A sustainability community refers to a society, which is able to sustain and reproduce itself at an acceptable level (Dempsey et al. 2011). Interactions among members, a stable size of the community, participation in local institutions, security and ultimately a positive sense of identification with the place inhabited specify a sustainable community (Dempsey et al. 2011). Thus social sustainability means inhabitants have equal access to all needed resources and identify themselves with the place they inhabit by appreciating its structure and constitution.
Communities and social networks are two important aspects of a socially sustainable environment (Dempsey, 2011). Thereby these are places where people participate in activities, are part of groups, where they spend time, meet friends and follow certain interests. Most importantly communities and networks are places for interactions. Interactions among dwellers are, as mentioned earlier, an enhancing factor for a livable neighborhood and encourage people to identify with the place inhabited.

Chan and Lee (2008) have identified the conservation of resources and the surrounding, and the creation of a harmonious living environment are said to be significant factors for enhancing urban social sustainability. These processes of urban development are closely connected to social sustainability (Bell, 2007). Neighbourhoods or cities change according to the people who inhabit them with their ideals and lifestyle (Bell, 2007). Bell (2007) argues further that the successful development of districts has to combine tradition with innovation and authenticity with novelty. Further, Tweed and Sutherland (2007) studied how the built environment influences peoples’ perception of the city and found that the built environment, among them also street patterns, directly affect the character of the city and the feeling of belonging of inhabitants (p. 68). Here it becomes apparent that the increasing number of researchers who address the issue of urban development and the related impacts on society indicate the importance of the issue.

Sustainability is also a frequently discussed issue in tourism, and as Simpson (2001) points out is there both a potential for synergy and conflict regarding tourism and sustainable development. He argues that many tourists are attracted by environmentally pure destinations, referring to destinations which are less affected by pollution. Thereby, the attraction of numerous tourists, and the respective raise in tourist numbers, can then rapidly harm the destination and its purity, because it is likely that the more people use a destination and its facilities, the greater the environmental impacts. Following the success can turn into a thread for the destination.

Simpson (2001) presents the idealized sustainable tourism development as follow:

“The industry would focus on maintaining the quality of visitor experiences within an environment of social equity and community involvement; it would operate within natural and human resource limitations whilst conserving cultural, recreational and educational
opportunities for current and future generations; it would be based on activities or designs specifically tailored to reflect the character of the host region; and it would therefore allow guests to gain a clear understanding of the area and its resident community.” (Simpson, 2001; p. 6)

This idealized description of tasks to be completed regarding social sustainable development highlights a number of issues which should be addressed. While it is impossible to oblige destinations to deal with all aspects simultaneously this is however a useful summary.

Tourism development at a destination should be regarded as an integrative part of development with other activities, for example socio-economic activities (Moscardo, 2008, p. 9). This author suggests challenging basic assumption of tourism in order to encourage innovations in tourism which contribute to a sustainable development. Thereby it is also suggested to ask questions such as “Are the tourists likely to be attracted to this tourism development also likely to purchase other products?” or also “Will this form of tourism create sufficient demand for non-tourism products and services to support the development of networks and clusters to provide these non-tourism products?” (Moscardo, 2008, p.9). It becomes apparent that tourism affects many spheres of social and economic activities and different sectors of businesses, and if this mutual influence is considered, tourism can contribute to social sustainability.

Lidia (2010) positions urban tourism not just as a form of tourism, but rather a traditional inseparable feature of urban life. Thus the urban landscape is characterized by tourists and travellers, who are appearing as an inseparable crowd. With respect to urban social sustainability, both groups can be equal contributors. The aim here is to enable positive effects for the destination and to create a harmonic co-existence of locals and tourists.

The question about the role of commercial hospitality in regards to processes of urban regeneration has recently received some academic attention (Latham, 2003; Lugosi et al. 2010; Maitland and Newman 2009). Hereby have restaurants and bars been identified as sites were new patterns of urban living are created. Since bars and restaurants are places of
encounters, where much of the urban social life occurs, it is comprehensible that these places have a considerable role for social sustainability.

Places of commercial hospitality advocate urban living and promote unique, contemporary, new pattern of convivial hospitality (see Lugosi et al. 2010). Society characterizes with its lifestyles a neighbourhood, and thus also influences the types of hospitality businesses found in that area. As Latham (2003 in Bell, 2007) explains, the hospitality businesses form part of a “broader socio-cultural project”.

Related to social sustainability, Maitland (2010) provides a reason why innovations in urban tourism are important. He argues that the tourist has changed. In the past tourists were travelling in crowds, unable to get in touch with the local life. Nowadays more and more travelers seek the authenticity and the locality of the places visited. Thus, destinations have to acknowledge the potential of these new types of tourists and identify a way to address them. Thereby, as Maitland (2010) explains is it increasingly difficult to distinguish the traveler from the local. The todays’ tourist is experienced and informed and does not require the classic tourist facilities anymore. Rather, he seeks authentic places where he wants to create his own experience by being part of the place. They want to be part of the city for the resident thus tourists participate in leisure activities initially designed for locals.

Following the review on sustainability and social sustainability in particular the next section describes what constitutes a business model. Since, this thesis studies a recently introduced business it is useful to understand its business model.

3.2 Business models
A Business model describes the base of how to profitably create, deliver and capture value (Osterwalder and Pigneur, 2010). The function of a business model is to picture the overall purpose of a business, by describing the firm’s activities and the resulting value for all stakeholders (Chesbrough and Rosenbloom, 2002). Firms offer products or services, but these are embedded in the firms system of relationships and activities which encompass the organizations business model. Hence, the business model shapes the product or services the firm distributes. It should be visible and comprehensible throughout the organizations structure, processes and systems (Magretta, 2002).
Business model explain how firms create a profit, but it is a conceptual, rather than a financial model of the business (Teece, 2010). Nevertheless, it describes how a firm earns its profits through customer value creating activities (Afuah, 2004). Shafer et al (2005) define business models “as a representation of a firm’s underlying logic and strategic choices for creating and capturing value within a value network” (p.202). Implicitly or explicitly, every established enterprise uses a certain business model which reflects managers hypothesis on what customer want and the related customer value creation process (Teece, 2010). Ultimately, good business models are a unique combination of features which are difficult to copy and hence create a competitive advantage.

3.2.1 How to model a business in nine steps

Osterwalder and Pigneur (2010), together with help of 470 collaborators, define in detail the pieces which comprise the business model. I will here describe the nine “blocks” which constitute a firms business model individually. This description aids to understand the business model in a coherent manner and shows its comprehensive nature.

The first piece in this puzzle is the customer segment. Markets are big, and firms need to establish a clear picture who they want to serve, e.g. a niche market or the mass market. An organization should evaluate who are its customers by asking the potential question “Who are we creating value for?” and “Who are our most important customers?”

Secondly, the value proposition will describe the bundle of values in the firm’s products or services – thus the product or service offered. The proposed value should define which customer needs will be satisfied, or which customer problems will be solved. Thereby, the value proposition also clarifies, why customers choose one firms’ products instead of others, thus explain the competitive advantage.

After having clarified who the customers are and which of their needs will be satisfied, the third part of a business model should explain through which channels customers will be served. This includes communication and distribution, which are the points of interaction between the firm and its customers. In order to find the best alternative the organization should keep its own capabilities and options, and the customers’ habits and preferences in mind.
Each company or product requires a different and specific type of relationship with customers. This can range from personal to automated or self-service to co-creation. The ideal option depends on the firms’ product, and on customers expected and preferred type of relationship.

Fifth, the crucial question about an organization’s profitability should be posed: How do we generate our income? The main concern is the price customers are willing to pay for a particular product or service, thus for the rendered value. Revenue streams can be divided into one-time paying’s or recurring income from ongoing relationships, and fixed or variable prices. Which ones are most suitable is mainly dependent on the firms’ product and its overall structure.

All-encompassing are the needed key resources. They will make the business model work by successfully fulfilling all previously described building blocks. Key resources are different for each type of business and can be physical, financial, intellectual or human. Closely related to key resources are the key activities, which are needed in order to deliver the promised value. Similarly to the key resources are the key activities dependent on the type of business, e.g. problem solving for consultants or production for manufacturers.

Eight, key partnerships are central for a business model. Reasons for partnerships go beyond the traditional supplier affiliation and are diverse, ranging from risk reduction, to strategic alliances and resource acquisition. Partnerships and networks make up an important part in business models defining who are suppliers and partners and which resources or activities do they deliver.

Ultimately, firms need to identify all costs related to the value creation process. After having clarified the needed resources and activities it should be possible to account the overall costs of the business operations. Hereinafter, business models can be divided into cost-driven models or value driven models. While the first focuses on reducing costs whenever possible, the latter is less concerned with costs, but focuses on the value creation. A business model usually has its focus somewhere in between these two extremes, leaning towards one or the other side and thus combining aspects of both approaches.

The business model outline described above, provides an easy and useful instrument to divide a business into pieces and thereby to identify the individual parts which constitute
the whole. All nine building blocks are inter-linked and cannot be regarded in absolute isolation from each other. The point of departure is thus the identification of all users of an offered product or service, followed by an outline how to bring the product and its users together. Further in order to create a product or service and to deliver its value to the customer, certain key resources and activities are needed. These resources and activities are usually delivered by the firms’ key partners at a certain cost. Revenue, the income from sales, must cover the emerging costs. The price paid by customers, in its turn, has to correspond to the delivered value. Ultimately, if all the pieces fit together appropriately the firm’s earnings will justify the business model.

3.2.2 Further on Business Models

As mentioned in the first part on business models, the aim is to create a competitive advantage. However, it might be doubtful, if a business model and its associated activities are described in such detail, how they can create a non-reproducible business with a competitive advantage. In fact, as Teece (2010) points out, most business models are easily copied and not subject to intellectual property protection. While Teece (2010) argues for the reproducibility of business models, he on the other hand identified three relevant factors, why a successful business model is not easily imitated. Firstly, particular systems, processes and assets might be difficult to replicate when implementing a business model. This can be a certain unique product, but also a combination of services, difficult to establish. Secondly, it might be incomprehensible for outsiders how the business works in detail, or which part in fact creates the unique customers value. And thirdly, if copying a business model means cannibalizing present sales or setting up a number of important relationships, competitors might be reluctant of doing so. In fact, a unique cluster of features (products, services, provider etc.) which constitute a business model can be discouraging for potential copiers. These three described facts are by no means a guarantee for a competitive advantage, but can be regarded as potential protectors of a business model (Teece, 2010).

Business models, Innovation and firm’s strategic actions are defined differently, but complement each other and have the common aim of creating a business with a competitive advantage. A business model is more generic than the choice of strategy, and the selection of a business strategy a more granular exercise (Teece, 2010). A strategy is a very detailed description how certain actions will be taken in a business, whereas the business model
defines the underlying logic. However, it is the simultaneous development of a business model and strategic actions which allow a company to create a competitive advantage and will make it difficult for other companies to copy a business model.

Innovations have three general common elements: creativity, they introduce a new way of thinking and they have a problem solving approach (Moscardo, 2008, p.4). Further they challenge existing assumptions and look at existing situations from a different perspective (Moscardo, 2008, p.5). An Innovation introduces a new or substantially improved product or service to customers, while a business model serves as a (re)definition of the customer value of a product. Thereby do business models and innovation by no means substitute each other, but are rather complementary, since a new business model usually represents an innovation. However, this thesis focuses on business models, rather than innovation, because it studies the underlying principles a new business in order to be able to explain its capability to operate.

3.2.3 Prototypes

It can be useful when designing a possible new business model to create a prototype. Prototypes are frequently used in the field of architecture and design to facilitate the process of generating ideas and aid creating an understanding about the idea among interest groups. However, recently they have also become popular when designing a new business model. For business models four different levels of prototypes exist, ranging from a simple sketch, to a more detailed design of the prototype, to an economic calculation of the operations to a real model (Osterwalder and Pigneur, 2010). I will only discuss the advantage of a real prototype with respect to my case study. A real prototype allows business founders to try their idea in the true setting, but on a smaller scale. It is thus related to lower costs, a faster implementation and allows adaptation before launching the full product according to market requirements and experiences. Ultimately it is a way of finding out whether a business can work at all or not.

Following this introduction on business models and their functions, networks with particular focus on networks in the tourism industry are discussed. Networks are very common in the tourism industry, where firms organize in networks in order to meet the diverse needs of tourists
3.3 Networks

Networks are common in business life and have been studied in numerous different perspectives in the past. They provide an organizational structure which aids managing relationships between actors (Eng, 2005). Further, Networks are a form of voluntary cooperation, characterized by information sharing, but also a tool for social control (Johanissson et al, 2002). Members in a network can be related to each other for example through contracts, or informally without contracts. Formal or relational collaboration can be either complementary or substitutive (Beritelli, 2010). However, members in a network join their forces in order to achieve a goal that each firm individually would not be able to achieve (Mohr & Spekman, 1994). The fact that a group of actors come together in order to jointly create value defines them as a value network, as opposed to a social network (valuenetworksandcollaboration.com, 2012).

3.3.1 Reasons for network in the tourism industry

The tourism and hospitality industry is characterized by small firms who offer distinct products, but have the shared aim to satisfy visitors in a certain destination (Pesämaa et al, 2007). These small firms form networks in order to be able to compete with other value creating networks (Crotts et al, 2000 in Pesämaa et al, 2007). Thus businesses in this type of horizontal network are not competitors but complement each other’s products, where their relationship and cooperation is not organized through a contract. Kandampully and Promisvapallop (2005) argue this type of network in the tourism industry represents a type of business model, where in order to stay competitive in the market small firms have learned to ally with each other.

It seems useful at this point to shortly mention clusters, which are referred to be the geographic accumulation of interconnected companies (Novelli et al, 2006, p. 1142). In the tourism industry complementary firms often constitute cluster, which do not always operate in the same sector, but they benefit from networks and strategic alliances (Novelli, 2006, p. 1143). Thereby geographical close firms which can benefit from each other are said to be organized in a clusters, independent whether they are connected through formal or informal networks. Businesses operating in the service industry have begun to outsource certain services in order to create service-clusters with enhanced quality and value (Kandampully and Promisvapallop, 2005). The reasoning here is that one firm is often not able to keep the
same standard in their services if their offer is too broad. Accordingly, by distinguishing the core product or service from peripheral or supplemental services, a firm can identify, and consequently focus, on its core product. Thus, firms decide to focus on one product or service, their core activity, and to affiliate with other companies who deliver complementary services. These firms, in turn, focus on their core activity, which results in a competitive cluster of services. Networks of service providers with their collection of resources represent a complex system of values which is hard to copy and thus create competitive advantage (Johannisson et al., 2002).

3.3.2 Communication in networks

An important factor for success in networks is the communication behavior among its members (Beritell, 2011; Mohr & Spekman, 1994). The cooperation and communication behavior of tourism firms has been studied in an alpine region (Beritelli, 2011), where the author distinguished binding cooperation through formal contracts from cooperation in informal relationships. He shows that:

“in a tourism destination relevant actors cooperate with one another detached from formal professional or political bonds on the basis of mutual trust and understanding reinforced by efficient and frequent communication.” (Beritell, 2011, p. 609)

Communication quality, the extent of information sharing between partners, and participation in planning and goal setting have been identified as important factors regarding communication and the subsequent success of the network (Mohr & Spekman, 1994). In more detail, relevant, accurate and timely information is important for constructive collaboration. Being knowledgeable about the other company, which includes also sensitive information, allows actors to act independently, but with the common interest in mind. This encourages maintaining and building the relationship over time. Ultimately joint goal setting lets partners build mutual expectation which stimulate creativity and collaboration.

Since communication in networks appears to be so important, the following section deals with the concept of embeddedness. With help of this concept, the social and economic bonds can be analyzed and thereby create an understanding about the relationships among partners, or members in a network.
3.4 Embeddedness

Granovetter (1985), argues “Embeddedness refers to the fact that economic action and outcomes ... are affected by actors’ pairwise relations and by the structure of the overall network of relations” (p. 33). Embeddedness theory stresses the importance of concrete personal relations and networks of relations in economic life and how these affect the economic actions (Granovetter, 1985). Johannisson et al (2002) explain that “social networking contributes to economic activity, its organizing [...] as well as its outcomes” (p.297). Embeddedness, in this thesis, serves as the theoretical foundation to explain the behavior in networks and how they chose their members.

Actors in a network chose their partners carefully because they want predictable outcomes which match their expectations (Pesämaa et al.; 2007). Closely related to Embeddedness, are trust, but also sympathy and friendship. These are relevant partner choice criteria’s in networks. Particularly in informal partnerships without contracts, trust is the common ground for the ongoing interaction (Pesämaa et al, 2007; Gössl, 2004; Rooks & Matzat, 2010). Sympathy and Friendship are important when establishing a relationship, thus before trust can develop (Beritelli, 2011).

3.4.1 Trust

As mentioned above, embeddedness refers to the mutual effect of non-economic and economic interactions between two or more partners. Often is trust among the interacting parties a significant feature in both economic and non-economic interactions. Trust, thereby, is the confidence that a partner’s action will have positive outcomes (Gounaris, 2005). In order to answer the question where initial trust in economic and non-economic situations comes from, Arrow (1974, in Granovetter, 1985, p. 489) argues for the existence of a “generalized morality” among humans, which lets society function. This means there is a certain level of trust in all interactions. Thereby, Granovetter (1985) visualizes this “generalized morality” with the example of giving a gas station attendant a 20 Dollar bill when only having purchased for 5 Dollars. Hence, without knowing the attendant I trust I will get the 15 Dollars change.

The main motivation for an actor in economic life to act trustworthy is the fear of a damaged reputation (Granovetter, 1985). Thus I trust that my partners’ actions will have a positive outcome for me, because I can assume his intention for keeping or creating a good
reputation. However, while trust in some relationships can replace contracts or guarantees, it cannot generally be implied (Gössling, 2004). Rather than substituting each other, work trust and contracts as complementary aspects of a relationship. Further, the “generalized morality” is not enough in ongoing relationships, where trust is the result of cooperation as a recurring process (Gössling, 2004), which is the case in networks.

3.4.2 Sympathy, Friendship and Loyalty

While trust serves as the main concept related to embedded collaborations, there are three further concepts which I would like to shortly introduce in regards to embeddedness. Sympathy and friendship thereby are important factors for initiating collaboration, while loyalty is found in ongoing relationships characterized by trust. Beritelli (2011) found that sympathy, which he defines as the expression of a subjective feeling or emotion towards a partner, is important for animating cooperation. Also, sympathy is important for the success of initiatives, meaning whether the animated collaboration leads to a productive result or not. As mentioned earlier trust is common in repetitive interactions, hence in that sense it is different from sympathy.

Friendship is defined similarly as sympathy, saying that friends are more aware of each other’s feelings (Mavondo and Rodrigo, 2001, in Emeksi and Pesämaa, 2009). Thus cooperative behavior among friends is more likely to have a constructive outcome, because the partners feel a mutual concern. Furthermore Loyalty, which is helpful in order to understand how inter-organizational relationships evolve in the long-run, is based on ongoing relationships which are characterized by trust. Pesämaa et al (2007) found loyalty is positively related to trust, meaning partners are likely to be loyal in repetitive interactions based on trust.

Generally, proximity is a factor of quality in relationships (Gössling, 2004) and, simplified refers to the opposite of distance. It addresses the importance in networks, or interactions generally, to be close to the partner. In order to describe this closeness, it seems useful to separate proximity into a spatial and non-spatial dimension (Vetlesen, 1993). Vetlesen (1993) further explained that the spatial dimension refers to the fact that actors are physically close to each other. Geographical proximity encourages innovative behavior, knowledge exchange etc. The non-spatial dimension refers to actors knowing, thus being familiar or having knowledge about each other, or being similar. Actors who are similar have
a better understanding for each other and can facilitate collaborations which result in better or faster results. Also, openness and transparency of networks are positive aspects of proximity. Openness thereby refers to a network’s accessibility, meaning members can join or leave. Transparency means the actions taken within a network are visible and comprehensible. However, spatial and non-spatial proximity should not be evaluated in isolation (Boschma, 2005). Boschma (2005) argues geographical proximity is not sufficient, nor crucial for constructive exchange behavior in networks. Rather, only a high degree of both spatial and non-spatial proximity avoids unmoral behavior towards nonmembers (referring to extreme groups as Al-Qaeda) (Gössling, 2004; Boschma, 2005).

3.5 Summary Theory

In this theoretical framework, social sustainability with respect to the urban setting and the tourism industry was discussed. Then I gave an overview on the features of business models, in particular presented the nine building bricks which constitute a business model suggested by Osterwalder and Pigneur (2010). Further, I elaborated that networks are a common business model in the tourism industry, where firms aim at joying forces in order to create enhanced value clusters. Thereby actors in these networks have a social and commercial bond. In order to understand these relationships the concept of embeddedness was introduced. Embeddedness also explains how collaborations emerge and continue. Following the theoretical I am giving an overview on the studied case.
4 The Urbanauts – a case Description

In this present chapter I am giving an overview of the investigated case. The reader should become familiar with the hotel’s characteristics and the manager’s motivation for their project. This section systematically answers the questions “what?”, “where?”, “who?”, “how?” and “why?”

4.1 What are they doing?

“Urbanauts” is a recently found small hotel operator. Their hotel is somewhat different and based on a unique and innovative concept: in a central neighborhood in Vienna, they restore empty store premises and turn them into modern and functional hotel rooms. The conventional hotel services, such as the bar or the restaurant, are not found in this new Hotel. However, the Urbanauts have established a network of service providers, operating in the surroundings, who complete the hotel’s offer. The services providers are indicated on a map, which is how this network is communicated to guests. This map is to be found in the Hotel room, or online. Thus, Urbanauts have created a horizontally organized hotel, where only the room is directly provided and all additional services are spread out in the close neighborhood (rp-online, 2012).

The physical spaces where Urbanauts create new places for travelers to stay existed before. They were commercial premises, those that are located on the ground floor in buildings and are directly accessible from the sidewalk. Manufactures and retailers used these places to operate their businesses and it was where they would receive their customers (wieninternational, 2012). Stores as those described, are nowadays often found empty and unused in cities all over the world. Urbanauts discovered a way to revive those desolate urban spaces.

The first hotel room opened in July 2011. From the inside, this room is in no way distinct from an ordinary hotel room. Everything one usually finds in a four star hotel room is also available here. A comfortable double bed, a complete bathroom, a minibar, a TV and Wi-Fi access are included in the rate (Urbanauts, 2012). The furnishings are contemporary, practical, professionally designed and customized. A functional, moveable blind at the window leaves the decision to the guest how much he wants to see from the outside and how much he wants to reveal of the inside (Stadtbekannt, 2012). Thus, being inside the

31
room, nothing reveals the uniqueness of the overall hotel. Only when opening the hotel room door and stepping outside straight onto the pavement, the guest gets a sense of closeness to the street and the city.

Besides the just describes amenities, no additional services are offered or provided by the Urbanauts (the room providers) directly. But that does not mean they do not exist. Instead, Urbanauts aligned with local businesses in the surrounding area, which are communicated to the customer through a map or online. For instance, they recommend a typical Viennese coffeehouse for breakfast which is found down the street and the restaurant around the corner for dinner. Urbanauts advise these places because of their own positive experiences there and their personal relationships with the owners and managers. They call these businesses fellows. In order to make these fellows recognizable for their guests, Urbanauts created a label in form of a round adhesive sticker. This sticker is attached well visible in their fellows’ businesses and indicates the bonding.

This idea of a horizontal network hotel is unique and new, meaning it is so far the only one of its kind worldwide (insiderei, 2012; wieninternational, 2012). This refers to the fact, that conventional services of a hotel are usually arranged above each other in a hotel complex. This is, as described before, different at the Urbanauts.

4.2 Where is this hotel?

The Urbanauts operate in Vienna. The Austrian capital has again in 2011 been voted as the most livable city in the world (welt, 2011). Among travelers it is famous for its royal heritage, safety and cleanliness (wien, 2012). Moreover it is a creative city, with endless galleries and museums where art from all epochs are presented. It is home to many artists, who appreciate the open and cultural mentality of this European capital. The established touristic interest for the city and the creative environment which welcomes and enables innovations and creativity are favorable conditions for a modern hospitality business. Therefore, Vienna can be argued to be a very well chosen place for their business.

The Urbanauts owners operate their hotel in the same district where there previous place of education is located. This district, the fourth district in Vienna called “Wieden” is attractively located, has at present reasonable prices for business premises and an overall creative potential; all aspects which positively influenced their choice for this part of the city.
The area has suffered from emigration of businesses and only now starts to redevelop into an attractive urban, residential area in a very central location in Vienna. Moreover, bordering the neighborhood where Urbanauts run their Hotel, the prospective biggest railroad station is being constructed. It also includes commercial and residential spaces, which are said to significantly revive all surrounding districts (Hauptbahnhof, 2012). Further, the location of the hotel is very attractive for tourists due to its closeness to the city center and its good connection to the public transport system (wien info, 2012). The fourth district is well connected to all means of transportation; a metro stop is only 3 minutes away from the first hotel room (sergetheconcierge, 2012).

The fourth district is a densely populated attractive district, but suffers from vacant ground floor business premises. Over the past decades, many entrepreneurs have moved their manufacturing activities from this and other central districts in Vienna to peripheral areas with cheaper rents or to shopping malls. The results are abandoned areas in attractive locations in the city. Until now, some of these previously disused stores are being reused as doctor’s practices, chambers or art galleries. However, it is not lawful to use these spaces as a place of residence, but only as spaces of commercial activities. Urbanauts are successfully turning those business premises into commercial, temporary residences.

Urbanauts have designed a business which incorporates and appreciates the existing infrastructure of the district. The fourth district is overall rapidly raising its attractiveness due to numerous new businesses who establish here. Urbanauts is a one of these creative young businesses, and their success is dependent on other commercial hospitality businesses in the close surrounding. Areas like the fourth district, because of the attractive central location and the momentary low rents, attract these kinds of companies. It is where young entrepreneurs gather and create a vibrant area. Resulting, an attractive area characterized by creativity and innovation emerges, where businesses find themselves embedded in a similar minded social environment.

4.3 Urbanauts - who are they?

Urbanauts is managed by three young Austrians, who are architects and know each other from their studies at the University of Technology in Vienna. Today, the three run, besides their architects’ office, a small Hotel in a central district of Vienna.
The team of three met each other in 2008 on a university excursion to Colombia (wieninternational, 2012). The trip was dedicated to urban design and planning in the South American state, however for the Urbanauts it was also the beginning of a fruitful friendship. Following this trip they collaborated in several university projects and identified their shared interest for urban living. In detail, they were interested in the local Viennese life, especially the connection between commercial premises located on ground floors and the everyday urban living in the streets. This common interest is based on a frequently encountered problem in bigger cities: many former commercial premises are today found empty and unused. This results in an unpleasant appearance of streets and a related emptiness on the streets. The Urbanauts identified a solution how to revitalize the empty premises and thereby also to reanimate the everyday living on the streets of a city.

When the trio found their business, it was not all clear that they would become hotel managers. In 2010, they established an architect’s office named “Lutter-Kolhmayer-Knapp” and called themselves “bureau for systematic design” (klk, 2012). Their common belief is that design has to be related to the context within which it exists, thus it has to be emotional, but also socially relevant (thegap, 2012). As they successfully accomplished their first architects’ jobs they made themselves known as innovative architects. However, the question what to do with empty stores in some districts of Vienna remained unanswered until recently.

The Urbanauts had several ideas how to revitalize ground floor store premises and finally chose to start operating a hotel (Wieninternational, 2012). Urbanauts thereby manage to incorporate some of their ideologies and abilities into this project. This resulted in the accomplishment of the four following aims: firstly they wanted to wisely and smartly reuse the empty premises. Second, the unique and customized furnishing and decoration should tell the guest the former purpose of their temporal home, and thereby tell a unique story and increase the attractiveness of their hotel. Third, the functional and architectural interior emphasizes Urbanauts’ background as architects. And fourth, local businesses should be embedded in their hotel activities, in order to also profit from the hotel, which reflects their social concern.
4.4 How do they do all this?

After several months of extensive preparation, Urbanauts opened their first, and until now, only hotel room in July 2011. From the very beginning, their hotel received immediately considerable attention through media, and numerous national as international magazines, newspaper and online media are writing on their unique idea (e.g.: The Sunday times, Madame Figaro). This considerable interest, combined with valuable word of mouth, helps them to continue to establish their hotel and to create awareness about their business.

Urbanauts is a hotel which is based on some revolutionary ideas. Besides the refurbished room and the horizontal organization in a network, there is also no reception. Replacing the traditional reception Urbanauts have developed a smart system, which ensures guests do not have to sacrifice on smooth and easy service. On Urbanauts homepage, guests have access to a booking calendar which displays occupied and available dates. No bookings can be made directly through this calendar, but all reservations are made through the hotel managers personally via email. All communication, which occurs previous, during or after the booking, is handled via mail or phone. According to online reviews (airBnB, 2012) the personal communication is effective and very friendly. After a successful booking, guests are provided with all needed information regarding their stay in the hotel. At this point the guest is also told how to get access to the room upon arrival, which is particularly important due to the fact that there is no reception. Just outside the room, Urbanauts have placed a safe. The key to the room door is locked in this safe, and accessible with a code. This code is communicated to the guest together with the booking confirmation via email. So, as the guest arrives at any time of the day at his room, he only types in his code and immediately receives the key, which opens the door to his temporary home. Urbanauts came up with this smart way of replacing a staffed reception in order to give themselves and their guests’ unlimited freedom. Neither a receptionist has to work at odd hours in order to welcome late comers, nor does the guest need to communicate his exact arrival time. Besides the flexibility for both parties, this is of course also economically cheaper.

Even though there is no reception in the traditional sense, Urbanauts is personally accessible for their guests during their entire stay. They operate an architect’s office a few
meters from their first hotel room. This means that guests, if they desire so, can pass by their office to meet them, chat, get information or have a coffee. Generally, if the hotel guest has difficulties or questions, he is always encouraged to contact them. Urbanauts attempt to minimize personal contact with their guests, in order to preserve the guests’ independency and anonymity. The choice to have no reception was not based on the idea not to provide any service, but much rather to let the customer chose the level of service and interactions he prefers. Thus, hotel guests should not be overwhelmed with service offers. As one of the managers explained in an interview, they believe that guests do not necessarily ask for personal interaction with receptions staff, and have therefore simply replaced this facility with the key safe. On the other hand, if guests do desire personal interactions, or are curious and want to get to know the people behind this creative hotel concept, they have the possibility to meet them by visiting their architects’ office.

Most information possibly useful for hotel guests can be found in the room. The room is equipped with plenty of information about Vienna in form of guide books and magazines. Moreover, Urbanauts provide their guests with a map of the surrounding district. This map also indicates where Urbanauts’ fellows can be found and some more information about them. The related fellows are also listed on their homepage. For the decision what kind of businesses to approach, the Urbanauts proceeded as follows: they imagined a stay in their room and the complementary services their guests would ask for. Thereby, they thought of the standard of a four star hotel. Usually a guest asks for breakfast, lunch and dinner. Thus, a café for breakfast, a restaurant for lunch and a different one for dinner, all in short walking distance, are part of their network. Further a bar/lounge is suggested for music and cocktails in the evenings. A luxury Spa and a personal trainer are recommended for wellness and work-out. One other fellow provides the hotel room with ecological body care products, another one referred to is a store where to get tailor made jeans, and ultimately another lunch-restaurant is recommended in the main shopping district in Vienna.

All services which are available within the network and are suggested to the guest are not binding. They should be regarded more as personal preferences and unique suggestions by the Urbanauts. There are no contracts among the network members and therefore no economic obligations. Whether the guest wants to try their suggestions is his own decision,
which he can take spontaneously. This is because they emphasize not to obligate their guests in any activities. Also, hotel guests do not get discounts or vouchers for the fellows.

4.5 ...and why?

Urbanauts do not want to focus exclusively on architectural creativity but also intend to integrate a social relevancy in their architectural creation process. The starting point for their Hotel was their shared interest for urban structures. Cities and thus urban life in general, is a very contemporary issue, with many cities worldwide facing enormous growth numbers and redeveloping existing districts (e.g. Lugosi et al. 2010). Thereby, they wanted to contribute with their creative occupation to the revitalization of a neighborhood in a socially creative manner. As explained earlier, by converting existing, but empty store premises into Hotel rooms, they revitalize these spaces and make them accessible to travelers and further they include already present businesses in their commercial acting. They refer to this as their contribution to a more sustainable environment.

They evaluate the existing structures and attempt to link them with their hotel. By using what is already present, their aim is to create a harmonic together of present and new structures. Urbanauts are architects, city planners just as social thinkers. Not only the artistic creation per se, in the sense of the architecturally interesting hotel rooms, but the integration of users and their designed spaces in the cityscape, particularly in the close neighborhood, is important to them (thegap, 2012). This means they create interesting spaces for travelers to stay, while incorporating other businesses in their hotel.

Moreover, with their unique idea, they want to stimulate a somewhat different travel experiences for visitors. Thus local life should be promoted to visitors from a few different angles. Firstly the hotel room is on the street level and accessible directly from the street, which is also where most of the local life is happening. People spend much time on the streets, wandering around or getting from one point to another. Because the hotel room is on the street level their territorial closer to this street life than if they would stay in a big hotel building on the fifth or twelfth floor. Secondly, travelers are provided with a map where fellows are indicated which should make them feel emotionally closer to the city. The network around the hotel is built of personal suggestions. Urbanauts only suggests places which they are familiar with and where they know they deliver excellent service and thereby

37
authentic experiences. To evaluate the value which is attached to these personal suggestions is one indirect aim of this thesis.

It is also Urbanauts interest to make traveler and locals more familiar with each other. On one hand there exists almost like an indifferent anonymity, where travelers do not care about the locals; similarly as the locals do not care about the travelers. On the other hand, these two groups are neither easily identifiable nor distinguishable (Maitland, 2010). This is also because in many places the world over people tends to look more and more the same, and therefore cannot so easily be categorized as local or foreign. However, while this differentiation is not necessary, the indifference among the two groups should be reduced. A mutual interest and understanding should be stimulated, where tourists interfere with locals and vice versa in places of locality and hospitality.

The local offers in Vienna, such as authentic, traditional bars, cafes and restaurants, are valuable and of high quality. Locals highly appreciate these places of commercial hospitality in their preferred neighborhoods. Moreover, it is in those restaurants where local life is highly authentic, it is where locals spend their time. Here, tourists can get as close as possible to observe or ideally be part of local habits, and usually it is the hospitality and the life in those places which very real reflects the differences between cultures and cities (Bell, 2007). Interactions in places of commercial hospitality are often unique for the country where they occur and thereby different from tourists usual every-day life at home. If tourists show curiosity in commercial local hospitality, and if they are allowed to participate temporarily in local life, a respectful together might evolve. Ideally there is a certain feeling of belonging for everyone, be it temporary or in the long run.

Traditional Hotels in cities tend to be anonymous places, where every room looks the same, and it does not make a difference on what floor and in which room the tourist is staying. It is a type of mass production: a place to sleep, for everyone the same style and design. There is no uniqueness attached to the Hotel experience. Also, most overall touristic experiences in the city are similar to each other (Bell, 2007). So, the same traveler in different cities makes similar experiences in all places, and different travelers have the same experience in one place. However, the Urbanauts also want to address the issue of increasingly similar places the world over, by encouraging local business to continue their operations and by enabling tourists to visit and experience these places.
Summary

In this last section I presented the overall features of the hotel. The hotel studied is located in Vienna in a district suffering from empty stores on the ground floor level. The empty premises are turned into hotel rooms and thus constitute this new and unique hotel. Breakfast, lunch, dinner, a Spa and a Gym are not available in this hotel directly, but are offered by entrepreneurs in the surrounding. These businesses already exist previously and are asked to become a member of this networked hotel. In order to make the reader familiar with the case, the presentation was structured answering the question “what?”, “where?”, “who?”, “how?” and “why?”.

In the following section I will describe my findings from the interviews and analyses them in relation to the theory. For the analysis I primarily focus on their business model and the network they build. Thus first, their business model is analyzed in detail and close connection to the model presented in the theory by Osterwalder and Pigneur (2010) and following the responses about the network are descriptively related to the theoretical framework.
5 A room in the city – an analysis

In this section I am presenting the results of my empirical study. First in 5.1, I will analyze in detail their business model according to the constituting nine bricks presented in the theoretical part. Following, in section 5.2 I will in detail analyze the network with their fellows. Their specific level of embeddedness and their contribution to social sustainability will be discussed in chapter 6.

5.1 Urbanauts and their Business model

As I have elaborated in the theoretical chapter, a business model should picture the overall purposes of a business, by describing its activities and the resulting value for customers (Chesbrough and Rosenbloom, 2002). It should also clarify how the business earns its profit (Teece, 2010). I will thus in the subsequent section analyze and describe their business model in detail. Thereby I will take help from the nine “blocks” presented in the theoretical section.

5.1.1 Who are they operating for?

As described earlier, a business model should firstly ask the question “who are we creating value for?” which is a broader question than “who are our customers?” This became apparent in my interviews with the Urbanauts and their network members, because they actually have two different target groups: tourists and locals. Whereas tourists are their target group for the hotel room, which they pay for and thus provide Urbanauts with an income, tourists and locals alike take advantage of their network. Besides the map where fellows are indicated and described, the access to their network is also free and easy through their website. All fellows are also described on their homepage. This shows the product tourists are paying for is uniquely the room and its features, while in turn access to the network is free for everyone interested.

5.1.2 Splitting up their offer in two value propositions

The Urbanauts offer two products. Firstly, they offer a hotel room which tourists pay for to get access to and sleep in. The second offer is information about and access to a network of service providers. Information and access to this network are thereby free. Let me first analyze the hotel room.
For the hotel room the identified customer is the tourist. He is offered a unique and temporary hotel room, which from the inside appears like any other commonly known rooms. From the outside it is however quite distinct, since it is located on the ground floor and directly accessible from the street. A business model is about creating a competitive advantage (Teece, 2010), and here the uniqueness of the room and the included products and services create this competitive advantage. Also part of the value attached to the room is that it purposefully communicates its previous purpose in a creative manner: “of course it is just the decoration as in any other hotel room, but it also tells the story of the room. People should know what happened here before it became a hotel” comments one of the Urbanauts managers on the oversized pictures which is found in the room. In the case of the first opened room, the picture on the wall displays a tailor, telling the guest the previous purpose of this site.

Further, as mentioned in the theory, according to Afuah (2004) and Shafer et al (2005) is it the purpose of a business to create value for its customers, and the business model communicates the proposed value. The Urbanauts attempt to create a hotel with limited service interactions without reception, which they propose as a value for their customers. Earlier it was explained that customers receive the key to the room from a key safe placed at the hotel room entrance. As the respondents were asked about their perception of limited services in the Urbanauts hotel, respondents’ answers showed that they understand this proposed value for customers. However one interviewee was concerned that it might be difficult for some guests to understand the system of the key safe. While the system to obtain the key is fairly easy, it is nevertheless unusual and distinct. Overall the answers showed that the proposed value and advantages with respect to the absence of a reception are understandable.

Answers also showed that the hotel management is perceived as highly personal and friendly. The hotel is currently managed predominantly by one of the Urbanauts founders who has a hotel background and thus is familiar with the daily business of a hotel and knows how to interact with guests. It is her, who manages the bookings and communication with guests. As Teece (2010) argues, a business model is the reflection of managers’ hypothesis on what customers want. Urbanauts initially thought their guests do not want or need the personal interactions, but observed in the first months of operations that their guests are
curious and appreciate personal encounters and communication. Therefore they have adapted their interpretation of their guests need and decided to open a small café, which will also serve as a reception with the following ten rooms. This can be related to the Prototype discussed in the theory. Osterwalder and Pigneur (2010) state that a real Prototype allows entrepreneurs to test their business model in real life and allow adaptations before launching the full range of products. Urbanauts launched their first room, but following observed that their customers are actually slightly different than they had initially thought and thus decided to adapt to their needs and wants.

Thus, as becomes apparent from the described, the value which is created here for tourists is unique, because this type of room is yet unknown. Tourists are offered an innovative type of accommodation in a city. This unique offer clearly constitutes Urbanauts competitive advantage.

The second part of their offer is the access to their network of complementary businesses. For the room, the identified customer was uniquely the tourist, but for this network other customers are added: the local Viennese dweller and any Viennese tourist. Information about this network is easily accessible through the Urbanauts homepage, thus everyone, locals, tourists in general and their guests are enabled to use this offer. Generally, people who seek new places and different experiences are here addressed. For the Urbanauts themselves, this network does not render any direct economic profit, since the access to information about the network is at no costs. Osterwalder and Pigneur (2010) point out that a business model has to be economically profitable, and Chesbrough and Rosenbloom (2002) argue that a business model reflect the value of a firms offer for all stakeholders. It can be concluded from the structure of the network and the answers in the interviews, that this offer which does not result in direct economic profits, is still perceived to result in benefits in different ways: related businesses (the fellows) can directly profit, which enhances the value of this network to them; customers can easily use the network to find interesting and unknown products and services, which can be interpreted as the value for customers; and ultimately this network brings together similar minded people what might result in further collaborations between all kinds of different stakeholders which are then directly economically profitable.
Generally, although a business model has to be economically profitable (Osterwalder and Pigneur, 2010), it was observable in this network that the economic factor is important, but other factors are perceived equally important, maybe even more important. This was nicely illustrated by this answer, “of course I want to make money. But every time a satisfied customer leaves and says ‘I have never experienced anything similar before’ I feel crowned. And that is more important to me than money!” Most respondents talked about their business activities in a similar way. Moreover, the business model describes how a firm earns its profit though customer value creating activities (Afuah, 2004). One respondent explained this focus on customer value: “all my customers know that I serve good food, but they also like the diversity. They do not even look at the menu. They ask me to move the lid so they can see what they can get today – it is like at home at your mothers place!” Customers are offered a personal experience in this restaurant, which is rather unique in places of commercial hospitality, and thus constitutes this businesses competitive advantage.

All businesses in the network share their affection for honest and authentic encounters with their customers. All businesses pointed out that their activities are transparent to everyone and a personal relationship with their customers is important to them. Particularly the transparency of the firms’ offers can be related to Magrettas’ (2002) argumentation that the value has to be visible throughout the organizations structure, processes and systems. Since they are all small in size and only have a limited number of customers, they can afford to build very personal relationships with them.

It was also pointed out in the theoretical section that a business model with its competitive advantage should not be easily reproducible, which is however difficult to achieve, because business models are not subject to intellectual property (Teece, 2010). Teece (2010) also points out that one factor which makes a business model difficult to copy, can be a unique combination of services, products or processes. This became apparent in this studied network. While networking per se is nothing revolutionary, but rather common among tourism firms, this particular network with the described members is unique and difficult to reproduce. Especially the relationships among its members, as will be discussed further in a latter section, are unique and thus not easily reproduced.
5.1.3 Communicating the value

Every business needs to communicate with its customer in order to sell and distribute their product (Osterwalder and Pigneur, 2010). Urbanauts have chosen to use a very common and easy way of doing so, by centralizing their booking system on their homepage. Thus tourist can easily book through their homepage, which is combined with personal and professional communication with one of the managers if needed. After the booking, it is up to the tourist to choose the intensity of interactions. As said earlier, the hotel is designed in a way which does not require any communication. The map which is found in the rooms and informs about the fellows is an easy and creative way to communicate with tourists. The map is nicely designed and holds short text informing about the fellow business.

Points of interactions are thereby the Urbanauts themselves, in person or via mail, and the fellows businesses. This is where encounters occur and additional value can be created for tourists, but also locals.

5.1.4 Relating to the customer

When defining how much interactions and customer relations are needed, managers should have the overall business purpose in mind (Osterwalder and Pigneur, 2010). As mentioned earlier, Urbanauts initial idea was to limit interactions by providing the key through a key safe placed next to the door, and by providing a map of fellow businesses in the close surrounding. This was planned so the tourist could stay unidentified if desired and furthermore so he or she could chose the intensity of interactions. However, Urbanauts have designed a unique Hotel, which stimulates curiosity about the product. As a result, all guests up to today have wanted to interact with them in a personal way. Following Urbanauts decided to provide the traveler with more options in the future: they will open a café, which will also serve as a reception or a place for interactions. This additional offer creates numerous possible combination for the traveler, where he can choose self-service (key from the key safe and all other information from the map found in the room), or personal encounters with Urbanauts Managers and their fellows – or any possible combination of the two. This is a nice example how the Prototype, which according to Osterwalder and Pigneur is a purposeful way to test a business in real life, was employed in the studied example: Urbanauts observed that their customers wanted something different and adapted the features of their business accordingly by adding a café/reception to the offer. This café will not only serve their guests, but be open to the public.
5.1.5 Key Resources and Key activities

As elaborated in the theoretical section, key resources can be physical, financial, intellectual or human (Osterwalder and Pigneur, 2010). For the Urbanauts are these resources their hotel room, their network and they themselves. Their key activities are to manage and develop the three simultaneously.

Urbanauts rent or buy store premises in order to refurbish them into hotel rooms. While they are architects and plan everything themselves, the actual renovation is done by others. One respondent mentioned interestingly in the interview “my brother acted as the principal constructor as the refurbished the first room. They had other firms as well, but he was the supervising person” Thus for preparing one key resource, the room, they get aid from another key resource, their network.

I will talk in more detail about their network shortly, but this example shows very nicely how all activities are interrelated in their company. Their network is their greatest resource and needs to be constantly developed and maintained. Until recently, the Urbanauts contacted businesses in order to collaborate with them, but by now others are contacting them asking to be a partner in their network. The fact that other businesses seek to become a member in their network, shows the evolving value attached to this network.

5.1.6 Cost Structure and Income

As stated in chapter three about the theory, after analyzing the components which make up a business they should be accountable in order to see the profitability of a company (Osterwalder and Pigneur, 2010). The price visitors pay for one night in one of their rooms is 120 EUR. After reducing the costs for refurbishing and maintenance, we would know their income. However, Urbanauts did not provide me with any detailed amounts, but emphasized that the occupation rate of their first room works well and seems promising so that ten more rooms would be profitable. Thereby the costs for refurbishing are high initial costs, but operating expenses are kept low due to the absence of a reception and no employees (so far they do everything themselves). Their variable costs only deal with the Minibar (which unlike from traditional hotels is included in the price of the room) and operating expenses regarding the room. From this simple calculation and from the fact that they decided to open ten more rooms I conclude that their business is economically profitable.
What I have mentioned earlier about their fellows also holds true for the Urbanauts themselves: they are not primarily profit driven. While of course their operations have to show positive results, they explained their motivation derives from a concern about the cityscape and the unpleasant appearance of some streets in Vienna. They have developed a business which allows them to gradually refurbish unused store premises, and thus create nicer living environment or all stakeholders.

I elaborated in the theory that a prototype is a real model of the business, but on a smaller scale (Teece, 2010). It permits to test the business in real life, and entrepreneurs will understand whether they idea works before constituting a bigger business. The Urbanauts have created such a prototype. Their first room serves as a model of their overall idea and tests its feasibility. From the very beginning, they attempt to operate their business without borrowed capital. Thus, to begin with they agreed to only refurbish one room and to see whether there is an interest and a market. Today, one year after successfully operating this small hotel, they decided to do further investment and will open about ten more rooms shortly.

The network around this prototype was established at the same time and has also proven to be of value. While the network is of no direct economic value to the Urbanauts, it is slowly gaining customer value, whereby I mean they do not have any direct income of the network, because access is free, however on the other side, customers value this network, thus it is of high value to them. In the interviews it became apparent that users of the network are not to only tourists who stay in their hotel, but also local Viennese dwellers or other tourists. Some of the respondents argued in the interviews that they have had several customers who were locals who had heard about the hotel and the members of the network. One respondent also argued “they [Urbanauts] are constantly in the media now. This might bring me some new customers too, that is good!”

5.2 An informal Network

One brick of the nine building stones of the business model is about the key partners. Since their key partners constitute their network, and the analysis of the network is a big part of this thesis, I am analyzing their network in the following separate section.
5.2.1 A networked room
Networks are a common phenomenon in the tourism industry (Kandampully and Promisvapallop, 2005) where small firms join their forces in order to meet tourists multiple needs. As Eng (2005) and Johansson et al. (2002) argue, firms form networks in order to coordinate their voluntary cooperation. This is what also the Urbanauts have done: they have created a network, in order to be able to offer their hotel guests additional services at high level. This can also be referred to Mohr and Spekman (1994), who explained that a network lets firms join their forces so they can achieve a common goal which each firm individually would not be able to accomplish. Urbanauts and their fellows common goal is to meet primarily tourists need, but actually everyone who is interest or curious about them is addressed. Membership in the network is at no costs and there are no contracts between the members. Their network consists today of ten network members, one of them are the Urbanauts themselves. Interestingly, as I will describe in detail in this section, is the Urbanauts network a unique type of network. Their structure appears to be the Urbanauts as a central firm, who know and interact with their partner firms. These partner firms in turn have no visible connection to each other. Some of the partner firms were previous to the networks establishment friends with the Urbanauts managers, others not. Of those who were not, in some cases friendships and other collaborations have emerged following the establishing of the network.

5.2.2 Friends or not friends – any difference?
Urbanauts have in total nine partners in their network, out of which four have been close friends before the hotel was found. As discussed in the theory, cooperation among friends are more likely to have positive outcomes because there is a mutual concern and the relationship among familiar partners is characterized by a great level of trust (Beritelli, 2011; Mavondo and Rodrigo, 2001, in Emeksi and Pesämaa, 2009). These friends were approached, informed about the network, and asked whether they would like to be member of the network. All of them agreed, and this recent commercial connection has not changed their overall relationship with each other according to the responses. This means that encounters between Urbanauts and these friends are characterized by their friendship, rather than by their business connection.
The situation is different with the other five network partners, where the types of relationship range from observed unawareness (in one case I could not get hold of anyone who knew about the network membership) to new established friendships.

I will analyze here the situation with some network members today, almost one year after Urbanauts commenced operating. One of their partners is a small café, where Urbanauts themselves have been regular customers over the past years. They appreciated the atmosphere and the quality of food and service at this café and thus agreed it could be a suitable partner. Although Urbanauts were regular customers there, they had no personal relationship with the cafe’s owner. This changed as they presented their business idea and the network: today this café is not only part of the Urbanauts network, but Urbanauts as architects collaborate with the café owner, who also runs a lightening design firm.

The factor of proximity, according to Gössling (2004) is said to be a significant factor of quality in a relationship. Thereby it is important to notice that both spatial, thus the geographical, but also the non-spatial, thus emotional, closeness are important for a constructive partnership (Boschma, 2005; Gössling, 2004). This becomes apparent in the case of the Spa, which had opened about the same time as the Urbanauts did and is located just a few steps from the Urbanauts. As the Spa manager explained, she was very positively and professionally approach by the network managers, who explained and introduced their business idea and inquired to add the Spa to their network. “Their marketing material is very professionally designed – it met my taste! And they acted very friendly, explained everything, but also gave me the time to think about it. I like being part of their network” explained the Spa Manager. From the Spa Managers responses, but also from the Urbanauts it can be interpreted that the spatial closeness, thus the fact that this Spa is located in the close surrounding of the hotel room, but also that the Spa Manager could relate to them as business people positively influenced her willingness to become a member of this network.

From the interview with a third respondent, I was informed that the initiated membership in the network actually also led to collaborations in different projects. This fellow and the Urbanauts starting communicating because of the Urbanauts network, but rapidly understood there were more side projects they could initiate together. Today they share a multilayered commercial connection, but also a private friendship.
But the relationship between Urbanauts and one of their members can also be quite the opposite of what I have shown so far, as this last example will show. It concerns a lounge/restaurant which is one of the Urbanauts personal favorite places in Vienna. It was impossible to get hold of someone when I contacted this restaurant who knew about the Urbanauts. While this does not mean that no one in that restaurant knows about the commercial connection, it shows at least that not everyone employed there was informed.

As we can see from the above described, relationships between the Urbanauts and their fellows can have a multitude of characteristics. It ranges from close previous friendships, over new established friendships and other collaborations, to unawareness about each other. In all but one case, the common attribute is though that there was sympathy for each other upon establishing the collaboration, and an important feature of their connection today is trust. Sympathy, as elaborated in the theoretical section, is important when animating cooperation (Beritelli, 2011). As became apparent from the interviews with the Spa Manager in particular, there is a great level of Sympathy observable here too. Overall, respondents expressed their sympathy for their project and also their concern about it, thus as Beritelli (2011) also argues, they have a positive subjective emotion for each other. One respondent reflected this sympathy and concern about the Urbanauts by arguing “I do not think they will fail, but I also know, if you do something new, something slightly crazy, it can happen. Simply because it can always happen” Trust is also commonly observed in the relationships between Urbanauts and their fellows. Gounaris (2005) states trust is the confidence that a partner’s actions will have positive outcomes. Further, actors act trustworthy in commercial relationship because they fear a damaged reputation (Granovetter, 1985). All respondents, when enquired about whether they trust the Urbanauts, replied with yes. Some of them argued further in the sense that their motivations for operations were similar, referring to the fact that quality, personal encounters and transparency were important to them.

5.2.3 Meaning of the network
The reason to become member of a network in the tourism industry is that often small businesses, besides the disability to meet all of the tourists need, need to collaborate with others in order to stay competitive (Mohr & Spekman, 1994). Firms thus create clusters of businesses of enhanced quality what enables them to compete together with other
networks (Kandampully & Promisvapallo, 2005). Clusters thereby refer to the geographical accumulation of businesses which can benefit from each other (Novelli, 2006), which is the case here. The Urbanauts have created a network of geographical close firms, which are loosely connected to each other. I asked all respondents about the advantages and disadvantages of the membership and it became apparent, that there is no negative side of being a member, but only positive aspects. Some of them mentioned it is good promotion to be a member. As one interviewee explained “they receive much attention from media now, which is also good for me. I might get some new customers, not only tourist, but also locals”. The Urbanauts also explained there had not been any discussion about the cost-ratio from being a member. They made clear for their fellows that the positive effects in the beginning would be limited, because of their few guests. However, some also mentioned that the network will probably become more valuable as the business grows and has more customers. The results show the motivations to be part of the network are mainly idealistic – they feel honored to be part while they do not expect any significant benefits. It seems again a shared entrepreneurial spirit is partially the reason for being part of the network.

The main reason for a network in the tourism industry, as presented in the theoretical chapter, is that firms align in order to meet the diverse range of visitors (Psämaa et al, 2007). Further, these networks are value networks, since the want to create value of enhanced quality for customers (valuenetworksandcollaboration.com, 2012). This is also true here, were they have gotten together in order to provide customers with interesting experiences and encounter, thus to create value for them.

As I mentioned earlier there are no negative aspects of being part of this network perceived by members. However one fellow, a restaurant owner, mentioned something interesting: “the only thing I can think of - but that is not negative - is that I feel a certain amicable obligation. Usually, if people I do not know, or any other hotel call in to make a reservation and I am fully booked at the required time – I am fully booked! But if the Urbanauts call, I attempt to make space for their guests. But that is not necessarily negative, is it?” What we see in this example is a tight bond and a perceived commitment to the network. The restaurant owner is not obliged to have certain seats available for hotel guests, however if required he does so, because he feels a certain commitment to the network.
It was also mentioned in a few interviews that the benefits are, at least until now, one sided. Most respondents argued they might benefit from the network because they receive more customers, but Urbanauts do not receive more guests from their fellows. Only one fellow mentioned “of course, if someone asks me for a suggestion for a hotel in Vienna, I always first mention the Urbanauts”. Urbanauts themselves explained that their unofficial network, which they refer to as their direct neighbors, has brought them many customers. People who live in the same building have accommodated their visitors in the hotel room on the ground floor.

I also enquired about reasons to leave the network, and as expected were there no significant factors either. “A lot needs to happen to make me kick one out; it would be like a marriage crisis. I think it is very unlikely to happen” said one of the managers when asked for reasons not wanting to collaborate with his fellows anymore. Others mentioned they would exit the network if the Urbanauts would misuse the fellows brand or speak badly about them. A restaurant owner explained “if I would have to pay to be on their map, I would not want that. And I would not give out vouchers or discounts for their guests – I never do that!” reflecting the perceived positive aspect that membership is free. Two fellows also mentioned they would leave the network if unpleasant customers would be attracted through the network. Both also pointed out they would though know how to handle unpleasant guests, since they are entrepreneurs and know how to handle their customers.

5.2.4 No need to communicate in a network

The success of a network can be considerable enhanced if there is efficient communication among the members (Beritelli, 2011). Overall, the interviews showed that communication in this particular network occurs rarely and unstructured. As I mentioned earlier, Urbanauts are friends with some of their fellows and thus meet them regularly on a private base. Issues discussed during those private encounters are mainly private and not business related. One respondent said “I meet them two or three times a month, on a party or something. We do not talk about business… of course we ask how the other business is going, but do not develop concepts together!” Another fellow, who Urbanauts also collaborate with in other projects says “we talk much about the other ventures; I cannot say how much we would talk otherwise if we had only Urbanauts as a common project.”
While the success of a network is said to be related to the quality of communication in networks (Mohr and Spekman, 1994), this is only partially visible in this network. There is regular private communication with some fellows who are considered close friends, but only very little communication occurs with the fellows whom they have a less close relationship with. The main reasons is, as most of them explain, they all have little time, and are occupied with the daily business of their own firms. “If I have time over, I develop marketing strategies, create brochures and folders or contact newspapers. I do not have time to think about the network.” explains one respondent. No matter if there is a close connection with the fellow or not, until now occurs no structured communication. All interviewees reacted similarly to my question though, arguing the communication should be enhanced and that will motivate initiatives for a more regular communication. Interestingly this ambition was primarily shown by fellows in the network, rather that the Urbanauts founders.

Also, the communication between fellows, meaning one fellow and another fellow is remarkably low. Not one fellow could name all the other fellows; some of them could not even recall one other member in the network. As stated above, communication in networks, thus information sharing and common goal setting are regarded as important factors for the success of a network (Mohr and Spekman, 1994). However, in the Urbanauts network this is not yet the case, which I believe is due to recent establishment of the network. The network started operating less than one year ago, thus it could be argued regular communication is not necessary yet. As I asked about the communication behavior in the network, it became clear that networks member desire more communication. It is likely as the business will grow; the intensity and frequency of interaction will rise resulting from a need and will to communicate regularly.

5.2.5 A real network?

The Urbanauts describe “our hotel is out network”. Thus they have established a network of service providers in the surrounding who offer the potentially required services to their guests. Theoretically, networks provide an organizational structure in order to manage relationships between members (Eng, 2005). They are voluntary (Johanisson et al, 2002) and members can have a relational connection with each other without contracts (Beritelli, 2010). In the respondents eyes, a network generally, and this network particularly means many things. Most respondents differentiate between a private and a business
network. A private network includes friends and family, while a business network often includes more people than private connections. Where the exact difference lies could not be explained in the interviews – it is often blurry, and some people can be a member of both a private and a business network. However both forms of networks are important for both private but also professional acting, but they are crucial to manage and organize life.

Many of the fellow businesses were recently established, having only operated for a few years. All these respondents mentioned their private network as particularly important to them. They argue that especially in the first stages of their small firms, their private network helped them significantly. “Every business is based on a network, it is the foundation – otherwise I could not operate” explains one respondent. It became apparent that all the interrogated firms had a rather big network, appreciated it and were also dependent on it.

A business network helps to get new customers and to promote the product. Moreover is it common to collaborate within private networks, as one response shows: “My brother acted as a site manager when the Urbanauts refurbished the first room!” This shows nicely that every business is dependent also on private networks. It is also where Urbanauts found partners for the hotel (fellows who were initially their friends) and for other projects (as they collaborate with two fellows in other projects now too). One respondent compared her private network to a virus: “It just spreads, uncontrolled, sometimes fast, other times slowly.” Respondents also mention networks as where they get help, tips, suggestions, support and ideas from.

5.2.6 Summary on the network

The Urbanauts network is an official network and therefore different from a private network. It has a structure, is described and named, and members are officially visible. While the network has a structure, the collaboration is unstructured. Communication occurs rarely and unstructured. Membership in the network is at no cost, there is no official contract and the benefits are not clear. About half of the related businesses were friends with the Urbanauts previous to the emergence of the network. All fellows are ultimately a member because they like the project and feel it is an honor to be part of it, moreover some have experienced a small increase in customers thanks to the network.
6 Discussion

In the first part of the discussion I predominantly address subjects which will help me to answer the first research question. I discuss in close relationship to the presented theoretical framework in chapter four, how Urbanauts and their network are embedded, thus how their social bond affects their commercial interactions and vice versa. How Trust, Sympathy and Friendship contribute to the establishment of a commercially oriented network will also be discussed. Ultimately I discuss the impacts of their acting on urban social sustainability.

6.1 Embeddeness and the Urbanauts

In my theoretical section I elaborated the concept of embeddedness found in all interactions. Granovetter (1985) argues that embeddedness refers to concrete personal and social relations which are important in economic life. Looking at the Urbanauts network, this becomes very apparent. The Urbanauts, as a central firm, found a business based on the idea that most value creating services will be outsourced. For this they have chosen partners from their social network or the close surrounding of their hotel room, who could complete these services. The relationships with the partners who constitute the network are multilayered. The social connection is represented through the sometimes stronger or weaker private bonds with partners. Some are friends, some do they know vaguely, but always is there are private connection which supplements the professional connection.

In general is the business connection between Urbanauts and their partners in the studied network loose. The economic relationship between the Urbanauts and their partners bear no contractual mutual commitments, meaning neither one side promises the other side customers, or other economic benefits. However, the network is a source of possible customers and thus possible additional income. Membership in the network is however free. Thus economically, a membership in the network is associated with no economic risk, but only bears possible additional income.

6.1.1 On partner choices and initiating collaborations – the role of trust

Pesämaa et al. (2007) argue actors chose their partners for collaborations carefully, because actors in a network want predictable outcomes which match their expectations. He argues further, criteria’s for partner choices can be task related or partner related (Pesämaa, 2007). Task related means thereby that a firm choses a partner according to his skills and
abilities, and because of the product or service he can deliver. In partner related choices, firms seek familiarity, reliability and similar values in their partners.

Urbanauts have chosen their partners wisely, by only choosing partners who would meet their requirement and deliver predictable outcomes. It is moreover also possible to differentiate between task and partner related choices they made regarding the members in their network. As I have described earlier, some of their partners in the network were their friends previous to initiating collaborations. In these cases choices were made partner related, thus they knew the firm and its products or services and the attached value. In other cases Urbanauts approached firms in their neighborhood who were believed to be able to deliver products or services which would complement the hotel product. These choices were task related, by searching for firms who had certain skills. For example the Spa not far from their hotel room which had commenced operating at about the same time as the Urbanauts. This Spa was approached because of the perceived similarities in value creation and focus.

One important aspect of Embeddedness is trust between the socially and economically interacting partners. Trust is thereby the confidence that a partner’s actions will have positive outcomes (Gounaris, 2005). Let me first discuss trust between partners when initiating collaborations.

Arrow (1974, in Granovetter, 1985) argues for a “generalized morality” among collaborating actors. This means that actors have a certain level of trust in others without knowing them personally. Commonly this kind of trust is encountered in everyday business life, where for instance grocery stores trust customers who enter, that they will pay for the products they picked up upon leaving the store. A similar type of trust was also found in the Urbanauts network. In some cases Urbanauts have approached firms in their surrounding and enquired about collaborations without having a previous profound knowledge about them. Thus there is some degree of trust between the actors based on the idea of generalized morality. However, I discussed earlier that actor base their decision who to collaborate with based on the partner or the task, which are both further related to a perceived similarity between actors. I argue further, that the generalized morality and the perceived similarity both have an impact on trust among unfamiliar actors.
Trust is also the result of ongoing interactions, even though this is a different, evolved type of trust compared to initial trust in partners. Actors act trustworthy in established relationships, because they fear a bad reputation (Granovetter, 1985). Moreover, is trust the result from experience with the partner, thus the partner has proven to be trustworthy. The network studied in this thesis only established about a year ago, thus trust in this network will constantly evolve further through future interactions. However, as I stated before, some of the members in their network had a personal relationship with the Urbanauts previously, thus they were friends. In these cases, trust evolved during past interactions, be they personal or professional. As the Urbanauts Managers argued in one case “we know the food and the service is always good there, that is why we suggest this place!” So, because they have never been disappointed, but always had positive experiences at this particular restaurant, it became part of the network.

I have also mentioned in the theoretical framework, that trust cannot be implied. Trust is argued to be a possible equivalent of contracts and reduces transaction costs (Gössling, 2004). That means that trust reduces the need of contracts, because actors have confidence the other will behave appropriate and according to the expectations. However, to replace contracts with trust is not simply a decision partners take. Here it becomes apparent that trust is the result of an ongoing relationship between partners. In the case of the Urbanauts, trust results from experience, knowledge and/or perceived similarities between actors.

With respect to the statement, that trust is the result of ongoing exchanges between two or more actors, it can be assumed that trust in the network will further grow. The studied network has existed in the present formation for about one year. If interactions among members increase and collaboration continue the level of trust will further grow. Hereby I refer to Gössling (2004) who says that multiple links among partners is a common characteristic of networks. Until present, the Urbanauts network appears to have the structure of a star, where Urbanauts are in the center and have established relationships with their partners, but there are no connections among other members in the network. However, this might be due to the short existence of the network. As the hotel grows, and the network thus becomes more important, interactions among members might become
more common too. Ultimately, answers reflected a trend in this direction, where all members mentioned an interest in regular meetings and want to get to know the others.

6.1.2 Sympathy and Friendship

Besides the just mentioned experience or similarities among the members in the network, Sympathy and Friendship were also important when Urbanauts build their network. Sympathy is the expression of a subjective feeling or emotion towards a partner (Beritelli, 2011). One example in the network shows that nicely, where the Urbanauts approached a potential partner for collaboration and presented their business idea. The approached manager felt sympathy for them: “They seem very professional, and so I feel sympathy for them! My type of business is consistent with theirs.” I argue there is difference between sympathy for a business or a business idea, or for the person behind the business. Hence, the Urbanauts when first approaching a business whose owner they do not know, they actually feel sympathy for the business rather than for the person. Upon interaction sympathy for the business is then further reflected in sympathy for the owner. Where sympathy for a business was a motivating factor for initiating collaboration, the relationships have today turned into friendship or at least a friendly relationship.

Friendship is similar to Sympathy, arguing that friends are aware of each other’s feeling and thus have a mutual concern (Mavondo and Rodrigo, 2001, in Emeksi and Pesämaa, 2009). It is different from sympathy in the sense, that friends already know each other. People who do not know each other yet, can upon getting to know each other only feel sympathy. However, Urbanauts were friends with four of the firm’s managers who are their fellows today. This means they had a private bond before they added a professional connection through the network. This is most certainly helpful when setting up business related relationship, because both sides are aware of how the other firm is operated. Commercial connections which derive out of a friendship mean the actors have a concern for each other, as stated above. This further leads to commitment, as I learned from the Urbanauts. One fellow explained he would do more for Urbanauts guests than for other unknown customers. He is a restaurant owner and explained, even if he was fully booked and the Urbanauts made a reservation he would try to find a spot for their guests. Moreover he stated this is a service which no other hotel would get from him. And mostly, this is not a common service for guests in any other hotel after all. Thus, in this example it becomes
apparent that through this network, features of a friendship, such as special or more intense concern than for stranger, is actually passed on to others. This is one example where features of friendship and concern are passed on from the Urbanauts, to their guests. Even though the hotel manager is not familiar with the guest at all, and the guest is not even one of Urbanauts friends, he still offers this service. This is a unique feature which goes beyond sympathy and friendship.

I have spoken about Proximity earlier, but I want to put the just described example in this context too. Openness and transparency in a network are characteristics of proximity (Gössling, 2004) and they avoid unmoral behavior towards non-member. This example can be interpreted as more than moral behavior, because it highlights the openness of the network. Openness means that the network is open to new members, but here it refers to one of the main goals of this network: to be open to strangers, thus to facilitate encounters between businesses and tourists, but also generally locals and tourists.

6.2 Encouraging Social Sustainability?
This second part of the discussion will speak about how this business, with its network and the related interactions can enhance the social sustainability in the urban environment. I thereby have the first and third research question in mind.

Simpson (2001) as mentioned in the theoretical framework provided a broad definition on how sustainable tourism would ideally look like. I want to mention it here again, in order to demonstrate, that Urbanauts follow many of his suggestions.

“The industry would focus on maintaining the quality of visitor experiences within an environment of social equity and community involvement; it would operate within natural and human resource limitations whilst conserving cultural, recreational and educational opportunities for current and future generations; it would be based on activities or designs specifically tailored to reflect the character of the host region; and it would therefore allow guests to gain a clear understanding of the area and its resident community.” (Simpson, 2001; p. 6)

As we have seen earlier, Urbanauts include the present community, such as present stores in their acting. Further their operations do not extensively use any resources, but rather do they and their fellow businesses attempt to operate without wasting any
resources. The tourist is offered places which are also used by locals, thus which reflect the host city and its culture. And it is exactly that network which also enables tourists to experience the resident community.

Also with respect to sustainable tourism development, Moscardos’ (2008) suggestions were presented in the theoretical part. Innovations are needed in tourism in order to enable the industry to be more sustainable in all dimensions. As mentioned earlier, it is necessary to question whether the developed tourism projects address tourists which will also appreciate other products, thereby if they will be encouraged and enabled to also purchase other products. This is also what the studied network does – tourists are provided with easy access to numerous other businesses in the surrounding who following also can benefit from an increase of visitors. This is also important because it will create an acceptance of tourism and touristic activities in a neighbourhood, if locals and present businesses also benefit.

Social sustainability is the result of numerous factors, which I mentioned in the theoretical section. One of these factors is the interaction among member in a society (Dempsey, 2011). It means that if inhabitants of a neighborhood interact with each other, which can happen in numerous different ways and be motivated through several different reasons, this will contribute to a socially sustainable environment. The Urbanauts hotel motivates interactions between different actors. This occurs on one hand within the network. But also does the existence of the network encourage interaction among others, tourists and/or locals. I will discuss the network and its contribution to a sustainable environment first.

6.2.1 Interaction for social sustainability

A network facilitates interactions and communication among its members. While I have argued earlier only little communication occurs within the network, the low level of communication does not prevent additional joint projects between Urbanauts and the fellows. The Urbanauts and the interviewed pharmacist for instance also collaborate in another project, which similarly encourages social and local living, by also addressing the concern about empty ground floor store premises. This project is a mobile kitchen, where prominent chefs are invited, cook and serve guests for one night in the otherwise empty salesrooms. Similar as the Urbanauts project, interaction among dwellers are here
encouraged and local premises are used for revitalization. What I want to emphasize with this example is, that this network is a combination of actors concerned with sustainability in different spheres. They do not only aim to provide tourists with services, but some of them also cooperate on a different level, where they organize projects to promote sustainability. Thus the network is important because it has brought together a group of entrepreneurs with similar concerns and facilitates communication among them and thereby the emergence of innovative ideas and projects.

It is observable that there are an increasing number of firms, who have made sustainability as the core business, whereby unique, innovative and sustainable ideas are turned into businesses (see for e.g. SUCCEED, 2012). This is although the sustainability idea is not new, but has been around for quite some time. However the perception of the term has evolved, where today many people are personally concerned by our unsustainable lifestyles. As a result to this increasing demand for more sustainable acting, but also because entrepreneurs themselves have a personal concern, there are an increasing number of entrepreneurs who establish businesses where sustainability is directly related to the firms’ success. This holds also true for the Urbanauts and their related businesses. Their concerns can be interpreted as their competitive advantage, because customers increasingly seek reliable, honest, but also sustainable providers who satisfy their needs. However it is difficult for individual consumers to test whether businesses are really sustainable, or whether it is just a promotional tool. I believe that this is where this network is so important and can become really successful. It is an accumulation of individual firms, operating in a few different branches and the network is the tool of social control that customers appreciate. The member firms together with customers control each other, ensuring that the common goal is pursuit.

One of those goals is intimate interactions among tourists, locals and the fellows businesses. Many fellows told me stories which show that this network reduces barriers for encounters among unfamiliar people. Anderson (2004, in Bell, 2007) speaks about a protective canopy, under which protection people feel more able to look at each other and talk. Anderson studied peoples’ behavior in a Philadelphian Market and found that customers visiting this market are more likely to interact, than if they were just on the street. In the Urbanauts network this also holds true. To illustrate this one manager told the
story about two foreign tourists who upon their arrival in the hotel room decided to visit the suggested restaurant for dinner. The restaurant, however, had a private party that night and was only open to invited guests. Upon arrival at the restaurant, the owner nevertheless asked where they came from and why they were especially interested to eat at his place. Following the tourists explanation that they were staying in the Urbanauts hotel, the owner of the restaurant without further ado invited them to join the party. These tourists were thus enabled through the network to participate in a private local celebration and even made friends during the encounters.

While this story is extraordinary, all respondents pointed out, that it is nice when tourist identify themselves as Urbanauts guests, “the waitresses love talking to them” argues one respondent. It enables conversations and encounters which usually would not so easily happen. This shows that people like to interact with strangers in places of commercial hospitality. The network facilitates these interactions, partly because it gives people something to talk about.

Maitland (2010) pointed out that travelers are increasingly becoming independent, meaning the like to explore the city on their own. Moreover, the search for authentic places, which are unique of the city visited. Urbanauts address this type of traveler, who is curious to meet locals and interesting local places and businesses. Recently, a similar yet different hotel opened in Berlin, which enables tourists to meet with locals who will show them their preferred places of the city (PlusOneBerlin, 2012). The place to stay is thereby an apartment, where similarly as at the Urbanauts a map of the neighborhood can be found. On this map the locals are indicated and contact information found. The possibility to spend time with locals in Berlin is thereby included in the price of the Apartment. Both hotel projects want to enable foreigners to meet people who live in the neighborhood visited, so they can experience the city besides the typical tourist paths.

As became apparent in this study, the presented network is also appreciated by local dwellers. Many interviewees mentioned that they have had Viennese customers who were informed about the businesses through the network. Information was thereby usually found in the media, since Urbanauts are regularly presented in newspapers and TV. These local customers argued the concept and the idea of the hotel had made them curious. They
identify with the idea, because they too get information and access to local businesses. It encourages local living by using present business in the neighborhood.

6.2.2 Sustainability – a common concern

I have observed a shared concern about sustainability in general among the network members. Whereas this thesis focuses on social sustainability, it became apparent that the commonly mentioned three spheres of sustainability, environmental, economic and social are not so easily separable from each other, but they are rather interlinked and affect each other. Thereby one of the fellows, runs a pharmacy, and is very concerned with the human wellbeing and the environment. The human wellbeing means he does not only operate a pharmacy, but also sells body care products, operates a studio with Yoga and Pilates, and a grocery store. All products which can be purchased for body care are ecologically produced and the ingredients come from the Viennese surroundings and are thus grown and processed locally. These body care products are found in the Urbanauts hotel rooms. This example shows an additional environmental concern.

The related Spa imports ecologically produced beauty care products from Morocco and the owner argues she thereby supports woman in a remote village there. Thus there is a wider social and environmental concern observable. Another fellow operates the first Vienna City Boot Camp, where he offers guided work out tours through the city. While this activity makes participants interact during the work out through the city, it also promotes a healthy lifestyle and shows possibly unknown parts of Vienna. These innovative firms in general show their concern about sustainability.

The Urbanauts themselves focus on enhancing local living and staying and thereby promote with their hotel and network social sustainability. However, they are also concerned with economic and environmental sustainability. The mangers operate this hotel widely without external funding, showing their desire for economic independency and thus economic sustainability. This means they have saved income from their architects operations in order to realize this hotel, thus to refurbish the premises into hotel rooms. Their costs are kept low, because most service is provided without hotel staff (key safe and map of fellows). On the other hand, their environmental concern is represented through businesses in their network which focus on local production and processing. As I have mentioned earlier, the body care products available in the room are produced locally from ingredients found in the
Viennese hinterland. Urbanauts also included two bicycles in their offer for guests during their stay.

It becomes apparent in this discussion and from the interviews that these businesses represent the so-called lifestyle entrepreneurs. Lifestyle entrepreneurs thereby predominantly hold non-economic business values and orientations and further define their business success in broader terms (Di Domenico, 2005). I have mentioned the not primarily concern about economic success of network members early, and I want to emphasize that the non-economic terms in this study this can be referred to sustainability in many dimensions. It can be economic or environmental, but also social, encouraging interactions and honest and authentic experiences in, e.g., restaurants.

Urbanauts bring business to already present businesses. While the actual numbers of people who visit the fellow firms are still low, they nevertheless aid, and there is a potential to grow for this network as I will discuss in the following section. For the related firms, more customers are brought to their businesses, without great effort on their side. Information about the network and the participating firms are available and accessible easily through the Urbanauts website, and thus potential customers are informed.

Lugosi et al (2010) argue that places of commercial hospitality are promoters of a new urban lifestyle, thus these places of interaction can contribute to a socially friendly development. Most businesses in the network operate within the tourism or hospitality industry, thus they are places for encounters and meeting and have thereby a responsibility to promote a sustainable environment. This occurs both through the enabled encounters, but also through the products or services sold at that place.

Another important aspect of urban social sustainability is that people can identify with the place they inhabit (Dempsey, 2011). Furthermore have Chan and Lee (2008) identified that the conservation of the surrounding and the creation of a harmonic living environment as important contributing factors for social sustainability in the urban context. Thus conservation of the surrounding and a nice living environment aid to identify with the place inhabited. The Urbanauts contribute in that sense to urban redevelopment by improving the appearance of streets in Vienna. Usually an empty store appears dirty and not maintained, and possibly is even subject of vandalism. Although, the hotel room does not
turn these premises into very lively commercial spaces, they are thus maintained and used on a regular base. Thus rather than creating a very lively neighborhood they contribute to a mix of land uses in urban settings, what according to Dempsey (2011) facilitate interactions rather than exclusive residential areas. Also they contribute to a mixed land use by encouraging customers to purchase products and services at other businesses and thereby strengthen their economic possibilities.

Finally, I would like to discuss the potential of this business and thereby the network to grow. On one side a concern about its potential to grow can be expressed. Simpson (2001) addressed a common paradox in tourism destination development, which argues that tourists tend to be attracted by an environmentally pure destination and, as a result, such a destination rapidly attracts more tourists. This overload on tourists then presents a thread for the destination, resulting that the destination struggles because of its own success. Hereinafter, this paradox shows that sustainability should be a key component in destination development and planning. Sustainable tourism planning is reflected in a concern about the places and the social and environmental resources available. Looking at the Urbanauts network, their concern about the social structure and the appearance of the neighborhood is a main motivation for their project. A growing number of tourists, might have a bad effect on the destination, because the overload of visitors. Similarly an overload of tourist in this network might turn into a thread for this project, turning this network yet into another group of service providers, overwhelmed by its success and thus unable to deliver the promised value.

On the other hand, there is a great potential for this network to grow and to contribute to a small revolution of the tourism industry. The Urbanauts themselves and all the interviewed fellows believe in this potential to grow. Simpson (2001) argues that a concern about sustainability is crucial for the long-term oriented development of a destination. Urbanauts and their network, as has been mentioned earlier, primary concern is precisely this sustainable form of urban redevelopment and the dimension of social sustainability. Moreover, some of their fellows operate an environmentally concerned business, for example the Spa, or the body care products which the pharmacy provides the Urbanauts with. Both firms sell exclusively ecological products. Ultimately Urbanauts
business is economically sustainable, because they provide service without human labor which is a way to keep costs low.

I want to be careful about the potential for this business to grow. Everyone interviewed could imagine that this concept expands significantly to further neighborhoods or cities. I believe, however, there is significant and unique value attached to this particular network, which is related to a great level of intimacy, which also in other studies has been identified as a commercial value in the hospitality industry (Hultman and Andersson-Cederholm, 2010). Both locals and travelers appreciate the personal recommendations through this network. Thus I argue that this personal feature and the level of intimacy of the network could be lost if the network grows to fast or becomes too big. Therefore, an expansion has to be well designed and performed carefully. This is because I believe its success is bound to its intimacy. So, if the expansion is well planned and performed, there is a great possibility this concept could soon also be encountered in other cities.
7 Conclusion

In this final chapter I draw conclusion from my research and point out the finding by answering the research questions. I show how ultimately a sustainable development can be created by a small networked business in the hospitality industry.

I study a small hotel in the urban area with some innovative and revolutionary ideas. The Hotel is embedded in its surroundings through a created network of service providers. This network constitutes of interesting and innovative businesses who aim to create unique customer experiences and to enhance sustainability at broad. The identified customers are not only tourists, but similarly local dwellers who appreciate the existence of this particular network.

The studied network is a cluster of small firms who cooperate voluntarily. It is set up by three young entrepreneurs who operate a hotel room which only provides travelers with a room, and thus outsourced all other possibly needed services. Members in this network are primarily chosen from their private social network. This refers to their friends who offer needed products or services in order to complete the offer. Unknown members are chosen due to sympathy for their business, which have a concern about sustainability and aim to create unique customer experiences. The result is a cluster of businesses with a great focus on customers’ experiences and sustainability. All together they constitute a unique network with a significant competitive advantage.

Trust, sympathy and friendship are identified to positively influence the commercial connection of the firms’ who are part of the network. This highlights the importance of the concept of embeddedness which stresses the relevancy of private networks for economic performances. Embedded firms are thus more likely to put their abilities and resources together and to create further innovative projects important for the society’s existence and development.

A network stimulates social sustainability primarily because it encourages interactions. These interactions occur on three different levels. Primarily, a network facilitates communication among its members which helps meeting people with similar interests and concerns and thus to establish partnerships. Thereby we have seen that other collaborations and products are result of this network, most likely because it brings together similar minded
people. Since all members share a concern for their customers and sustainability, it can be assumed that all resulting collaborations aim to create unique customer value and to contribute to social or environmental improvements.

Secondly, interactions between business and people are encouraged. This is important because others have found in their researches that particularly places of commercial hospitality are places where new patterns of urban living emerge and thereby have a responsibility toward society and should be aware about the inputs it can deliver (Maitland, 2010). The service providers in the network promote interaction in many different ways, but all show a friendly concern about their customers and interactions with their guests or clients is an important feature for them.

Thirdly, interactions among customers or users of the network are enhanced. This mostly also refers to these places of commercial hospitality where the business environment encourages interactions. Tourists and locals are encouraged to interact, but also locals or tourists among themselves. Urbanauts address individual travelers who seek these encounters and thus will appreciate their offer and the network.

Another important aspect is the refurbishing of run down facilities, which aids to create a livable environment. A maintained and nice neighborhood is thus likely make people like the place they inhabit and thereby identify with the place. Both the maintenance of existing facilities and structures and the identification with the place inhabited are said to have a positive influence on sustainability.

Thus this project can encourage social sustainability especially in two ways, it encourages interactions among the members of society and it creates a livable environment for all users of the city. Since tourism forms an integrative part of urban life it holds a certain responsibility to also contribute to the sustainable development, and this project shows one possible way. Tourism has a significant influence on cities and how they are constructed. Moreover, there is an increasing number of tourists who seek different “of the beaten path” experiences in cities. They desire to experience the city as a local, thus places initially designed for locals should be made accessible to them.

Finally, these findings also have impacts for authorities and tourism planners. It shows how independent businesses manage to organize themselves and to create a unique cluster of
service providers characterized through enhanced quality. These businesses should be further encouraged and supported so that they continue to take actions for the society and the city. In future researches regarding this issue the customer value and perceptions of locals and tourists should be studied in order to understand the values they attach to these projects.
Literature


**Online**


http://www.valuenetworksandcollaboration.com/


Appendix 1

Interview Guide with the Urbanauts

INTRODUCTION

What is happening currently? Please describe the past days/weeks? How are the Urbanauts doing?

What will happen in the close future?

Please describe a classical day as a manager of the Urbanauts hotel?

BUSINESS MODELS

What is the most important, according to you, if you run a small business today? Where is your focus?

What is the value you attempt to create for your customers?

How in detail do you create this value? How do you deliver it?

FELLOWS

How many fellows do you have at the moment?

Are they becoming more? How do they become more? Where do you know your fellows from?

How well do you know your fellows?

How do you communicate with your fellows? How often?

What information is exchanged when you meet them?

Do you also communicate on a private base?

How is this private communication characterized?

NETWORK

You claim „our hotel is our network” - what does network mean to you? What is a network?

Your fellows have a small sticker on their doors, indicating that they are a member of the Urbanauts network! What does that precisely mean?

Do you trust your fellows? All of them? Why? How?
Have your fellows any commitments? Both official and unofficial ones, but also hidden ones?

What advantage can a fellow who is member of your network expect?

What happens if a fellow does not live up to your expectations?

**SOCIAL SUSTAINABILITY**

Social sustainability is fast gaining importance! What does social sustainability mean to you?

Do you think you have a role, as the Urbanauts, in regards to social sustainability?

What is the benefit for inhabitants of the close by neighborhood? Are they somehow involved in your business?

Can you please describe the fourth district? What is happening there? Anything that leads to more social sustainability?

Who are the beneficiaries?

**SOME GENERAL POINTS**

How big, in numbers of rooms, do you think can you become?

Who are your competitors?

Who are your customers? Who is your target group?

What do you think is the biggest potential of the Urbanauts? What will happen in the future, say one or five years?

Do you have any fears in regards to the Hotel?

How do you think is the city developing? In regards to tourism? What is the ideal picture you imagine?

Thank you! Do you have any questions or commentaries?
Appendix 2

INTRODUCTION

May I to begin with ask you: who are you, what is your business, and how are you related to the Urbanauts?

What do you think about the Urbanauts?

Where is the difference, in your opinion, between the Urbanauts and a hotel which is similarly located and of similar size?

BUSINESS MODELS

What is the most important, according to you, if you run a small business today? Where is your focus?

What is the value you attempt to create for your customers?

How in detail do you create this value? How do you deliver it?

FELLOWS

You are a fellow of the Urbanauts? How come?

What does it mean for you?

Why are you one of their fellows? Are there any advantages or disadvantages for you?

How often do you communicate with them?

What information is exchanged when you meet them?

Do you also communicate on a private base?

How is this private communication characterized?

NETWORK

Urbanauts claim „our hotel is our network“ – what does network mean to you? What is a network?

Do you know who the other fellows are? Do you know them personally? Do you communicate with them?

What would be a reason not to be a member of the network anymore?

Do you trust the Urbanauts? What does trust mean to you?
How do you explain this trust in the Urbanauts, and in the network respectively?

How big, measured in hotel rooms, do you think, can the Urbanauts become?

SOCIAL SUSTAINABILITY

Social sustainability is fastly gaining importance! What does social sustainability mean to you?

Do you think you have a role in regards to social sustainability?

Thank you! Do you have any questions or commentaries?