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INTRODUCTION

Milan is Italy's second largest city (after Rome), with its metropolitan area accounting for a population of 3.9 million (ISTAT 2008). It also occupies a significant position in the country's tourism sector and has several strong points as a destination. At the same time, Milan's current positioning also reveals some crucial weaknesses. Milan's tourism industry remains stubbornly seasonal. This 'rhythm' is dictated above all by the trade fair activity. The average stay in Milan is shorter than in Italian heritage destinations and in European benchmark destinations (ISTAT 2008). Furthermore, there has recently been a significant fall in some segments of foreign clientele (Japanese, British and German) who are important to the city in terms of volume and spending capacity.

A research report on Milan (De Carlo 2008) based on a semi-structured questionnaire concerning 120 city hotels (chosen for their level of quality, size and location in the city) revealed that the business market constitutes the primary target for Milan (40%). Trade fairs alone account for 32 percent, whilst the leisure segment accounts for 20 percent and the congress segment amounts to 4 percent, with a further 5 percent coming from other segments.

In detail, the business clientele is mainly attracted by the numerous firms operating in the city and the hinterland; we may recall that Lombardy and the province of Milan in particular have one of the highest ratios of business per thousand inhabitants in Europe. This segment is fairly transversal regarding star ratings (40% 3 stars and 39% 4 stars), prefers larger-sized structures (48%) and varies to a smaller degree in the different areas dividing the city, although a greater concentration is found in the outlying districts (62%), located near to the ring roads and motorways.

The *trade fair* clientele is attracted by the numerous events organised by Fiera Milano, the public limited company in charge of the management of the two trade fair centres in the city. Fiera Milano has a wide, diversified portfolio of events, in most cases able to attract a large public, made up of exhibitors and buyers. In 2006 1.9 million square meters were sold, while the number of exhibitors stood at 30,000 and the number of visitors at over 5 million. The Fair however generates wide-reaching effects on all the structures situated in other areas of the city, while smaller flows are seen towards outlying hotels (15%). Size-related data, however, do not reveal particular differences.

On the whole, the *leisure* segment has a smaller share (20%). Again in this case, no particular differences are noted for star ratings – 22 percent for 3 stars, 18 percent for 4 stars. Location shows a greater swing in values, with higher percentages on average for the Centrale-Loreto area (22%) where the main railway station is situated, and Città-Studi Navigli (26%), where many of the city leisure venues are concentrated. The smaller importance of this segment is mainly linked to the city's image, above all as a business and trade fair destination. The congress segment has a much smaller percentage (4%), similar to that of the residual item composed of other clients (5%).

RESEARCH HYPOTHESES

Starting from the city positioning described above, and the related market orientation summarized in the three main served segments, some seasonal patterns have been identified. Based on these seasonalities, the following hypotheses have been formulated:

Hypothesis 1: on weekdays the RevPAR value is higher than that for weekend periods;

Hypothesis 2: in trade fair periods the RevPAR value is higher than in non-fair periods;

Hypothesis 3: in weekend periods with trade-fairs a higher RevPAR is found compared with weekend periods without fairs;

Hypothesis 4: on weekday periods with fairs a higher RevPAR is obtained than on weekdays without fairs;

Hypothesis 5: on working days a higher RevPAR is obtained than in non-working periods.

Sample

To explore the development of occupancy and prices in relation to trade fair events and more generally to the seasonalities of the destination, the study was set up, aimed at acquiring daily data on occupancy, ARR and RevPAR. Given the confidential nature of the information and prompted by hotelier associations, attention was focused only on *chain hotels,* confirming their greater willingness to collaborate on research projects compared with independent businesses (often smaller in size). Moreover, chain hotels are considered the most dynamic and innovative, as they have a wider range of characteristics and possibilities, such as their size, location, or the type of tourism they cater for. Furthermore, the hospitality industry in Milan is growing faster thanks to the new openings of chain hotels. Request was made to all the chain hotels (40 hotels) (AICA 2009), obtaining data on 23 structures (57,5%). This sample is exclusively composed of hotels in the 4-5 star group. The sample description is reported in Table 1. Hotels were included in the study if they are: i) located in Milan, ii) affiliated, iii) able to deliver daily data (specified above) for the last three years.

Measurement of variables

On the suggestion of the hoteliers themselves and according to the literature review, it was decided to focus attention on room prices, without VAT, excluding accessory income (F&B, SPA and congress centres), to make structures with various facilities more comparable. The firms supplied the data requested for the years 2006-2008. In fact, among other indicators, the business practice and literature in the field of hotel companies (Reichel and Haber 2005; Claver-Cortés et al. 2006) emphasize the centrality of three indicators: occupancy rate, ARR and RevPAR. The occupancy rate in terms of rooms represents the capacity utilization and is an indicator of particular relevance to the analysis of the operational dimension (Espino-Rodriguez and Padron-Robaina 2004).

Table 1. Sample description.

	N	Minimum	Maximum	Mean	Std. Deviation
Stelle	25.208	4	5	4.087	0.282
Rooms	25.208	92	436	205.904	91.922
Sold_rooms	25.208	0	449	136.038	85.807
Occupancy	25.208	0	1.066	0.666	0.270
Revenues	25.208	198,	198,512.700	16,576.968	14,332.379
ARR	25.208	0	666.150	114.404	52.205
Rev.PAR	25.208	0	653.002	82.208	59.167
Valid N (listwise)	25.208				

ARR is a synthetic measure of the average price per room and may be calculated in terms of beds or, more commonly in urban destinations, in rooms. The price is obtained by simply dividing room revenues alone and the actual number of rooms sold. RevPAR is a synthetic indicator (Pine and Phillips 2005; Chung 2000) that combines the perspective of the previous two indices; in fact, it is calculated by dividing room revenue by the number of available rooms and not actually sold. The turnover is the product between the ARR and the number of rooms actually sold; the RevPAR, therefore, is the product of occupancy rate and the ARR.

DISCUSSION OF FINDINGS

The empirical findings of the sample were used to carry out a first quantitative experiment, in order to test the previous hypotheses. All results were statistically significant ($p<.000$). Focusing attention on weekdays and weekends (*hypothesis 1,* Table 2), we find an essential similarity in the average revenue per room sold (ARR) of respectively €126 and €113. By focusing on percentages, the average prices paid by customers on weekdays are 11.6 percent higher than the ones paid during weekends. However, the occupancy gap is considerable: during weekdays 75 percent of the average capacity is used, while the value on weekends falls to 54 percent. This gap explains the significant difference in RevPAR, which increases from €62 on weekends to €95 on weekdays (+53.5%). It may be concluded that the first hypothesis is confirmed.

Since they are largely scheduled in advance, trade fair events tend to attract additional clientele segments to the city, favouring a growth in occupancy and prices. An above average RevPAR value should therefore be seen *(hypothesis 2).* During the fair periods a room is sold at an average price of €134, compared with €110 in other periods (non-fair days), generating an increase of +20.9 percent in percentage terms. This means that the "premium price" generated by the fair is important, but not so dramatic as is often claimed. The occupancy rate shows a gap: 73 percent of the capacity is used during the fairs, compared with 60 percent in the remaining periods, creating a fairly

Table 1. Empirical findings.

Hypothesis	Seasonalities	Occupancy		2006-2008		RevPAR	
(HP)		Value	% (*)	Value	%	Value	%
	Midweek	75%	113%	126	104%	95	118%
HP1	Weekend	54%	82%	113	93%	62	77%
	Total	*66%*	*100%*	*122*	*100%*	*80*	*100%*
	Days with fairs	73%	111%	134	134	98	121%
HP2	Days without fairs	60%	91%	110	91%	67	83%
	Total	*66%*	*100%*	*122*	*100%*	*80*	*100%*
	Weekend with fairs	62%	114%	125	110%	77	125%
HP3	Weekend without fairs	46%	84%	95	84%	43	70%
	Total	*54%*	*100%*	*113*	*100%*	*62*	*100%*
	Midweek with fairs	86%	114%	140	111%	120	127%
HP4	Midweek without fairs	68%	91%	116	92%	79	84%
	Total	*75%*	*100%*	*126*	*100%*	*95*	*100%*
	Working days	72%	108%	126	103%	90	112%
HP5	Non working days	42%	64%	92	75%	39	48%
	Total	*66%*	*100%*	*122*	*100%*	*80*	*100%*

Legend (*) total = 100%

large gap in RevPAR, which decreases from €98 (fair periods) to €67 (non-fair periods). The second hypothesis is confirmed: during trade fairs RevPAR is significantly higher (46.7%) than in non-fair periods.

The first hypothesis suggested the city's weakness in the approximately 150 days occurring on weekends (from Friday to Sunday). The *third hypothesis* underlines the existence of a major gap during holidays according to whether they are trade fair days or not. The empirical findings suggest the foundation of these hypotheses. On weekends with fairs, the ARR shows a premium price (31.6% higher than weekends without trade fairs) and an increase in the occupancy rate (62% compared to 46%). RevPAR is significantly higher during weekends with trade fairs (€77) compared to weekends without trade fairs (€43).

Trade fairs represent a major opportunity for Milan, and are capable of generating a substantial price premium (hypothesis 2). However, the city also has a strong positioning in the business segment, which generates tourist flows and overnight stays especially during weekdays. So far, we have analyzed the impact originated from the fairs during weekdays *(hypothesis 4).* The ARR shows a sharp rise in prices (€140 – the highest value) on the weekdays with trade fair events and only €116 on the remaining days. The premium price corresponds to 20.8 percent. Like the average price paid by customers, the capacity utilization records its highest value on fair days (86%), while it falls to 68 percent on other days. Adding the price effect to the occupancy rate, a large differential gap in RevPAR is found (€120 compared to €79). This confirms the fourth hypothesis: the fairs allow hotel managers to significantly increase (51.0%) the value of RevPAR even on weekdays.

The strong positioning of the city on business and fair segments on the one hand and the relative marginal weight of leisure clients on the other, suggest the presence of a large gap in occupancy and prices between working and non working days *(hypothesis 5)*. The latter mainly include holiday periods, such as Easter, Christmas and the month of August. Empirical findings show a wide gap in occupancy (from 72% to 42%, +69.1%) and in price (€126 compared to €92, +37.2%) and thus in RevPAR (€90 compared to 39), confirming the last hypothesis: during working days a major gap (+131.9) is found in the revenues per available room compared to non- working days.

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