

WEUcome cultural hostels

Meet WEUcome ethnic hostels!

***Starring resourceful refugees, curious youth and multiple cultures,
WEUcome is everyone's new home away from home.***

Provide a summary of your idea, highlighting how it aims to facilitate the reception and integration of refugees and/or migrants in Europe.

Our idea consists in setting up a social franchise in the hospitality sector: leveraging on the mobility and curiosity of European youth, we aim to create a chain of hostels.

We plan to match refugees' micro-entrepreneurial attitude with Europeans' demand for low-cost accommodation, offering a unique intercultural experience. Empowering refugees to act as franchisees and employ other migrants, could prove as an unorthodox tool for long-term integration in local communities.

As a franchisor, our goal is to minimize the entry barriers faced by refugees in the European market and set the basis for large-scale penetration through a self-sustaining business model.

Explain why your idea is innovative in the country or context where it will be implemented. Alternatively, if your idea is based on an existing concept, explain how your idea differs to this.

We perceive our idea as a cutting-edge response to an European-wide trend. The expansion of low-cost accommodation and transport companies around Europe is both cause and consequence of the "Schengen mentality", particularly spread within the "Erasmus generation". In an increasingly multicultural society, the appeal of cultural exchange hubs (e.g. Institut Français) is soaring, as signaled by the growing popularity of ethnic food over the last years.

Backed by the studies of both international organisations and academia, we believe that the *entrepreneurial attitude and skills* of refugees could represent a valuable asset to satisfy this increasing demand. Further, linking migrants and European youth would allow to address millennials' social awareness and inclination to civic engagement.

Moreover, we plan to structure ourselves as a *social franchise*: a recently developed business model. The European Social Franchising Network identified 60 relevant cases in Europe, of which only one operates in the hospitality sector (social target: disadvantaged workers). We chose this solution because it allows the simultaneous involvement of a variety of stakeholders (e.g. "Erasmus generation", refugees and local communities, but also governments and private investors). A Social franchising model makes it possible to act as a broker in leveraging on public-private partnerships to address refugees' capital shortages. Moreover, this structure grants a self-sustaining and scalable business model, which could grow fast and have a significant impact on local communities.

Describe clearly how your idea is expected to have an impact.

The focus of our idea is minimizing entry barriers for migrant entrepreneurs wanting to enter the low-cost segment of the hospitality market. In setting up a franchise we aim at easing up any friction that might arise throughout the supply chain. At an initial stage the franchisor will provide the refugee-entrepreneurs with the capital and training they need in order to run a hostel business in a European city, while easing up the entrepreneur from product procurement and bureaucratic procedures by controlling them in a centralised manner. Moreover, the entrepreneurs will operate under the same brand, and will benefit from integrated marketing and PR efforts. All franchises will provide a service that is unified across cities, yet unique.

In our experience as students and backpackers, hostels represent cities' melting pots, where local and foreign culture blend. We believe that ethnic food, running dinners, music, movie nights, art exhibitions and language workshops, empower young Europeans and refugees alike, whilst encouraging communities' integration and cohesion in a tangible way.

WEUcome hostels will contribute to local economies by providing employment opportunities for youth, as well as positive externalities for businesses. Embracing WEUcome's values, the entrepreneur could decide to employ young refugees, providing them with accommodation. Lodging is a prime necessity for young refugees travelling across Europe (e.g. reuniting with their families) or working in EU Member States: reducing room-rates by linking (short-or long-term) stays with small jobs in hostels, would mean providing them with an affordable safe haven.

Indicate at what scale your idea will operate initially and how it could be implemented at a larger scale in the future, for instance in another region of your country or in another European country

We plan an initial investment in three franchises. We have selected the locations based on parameters such as: easiness to do business, track record in the reception of migrants, concentration and degree of integration of refugees in the country. We thus suggest Berlin, Munich and Milan as first possible venues. The first two cities offer a relatively high degree of easiness to do business and refugees integration in the community. Moreover, being in the same country, these locations allow to economise on the day-to-day procurement of supplies and to optimise dealing with bureaucratic and legal issues. The perks of opening in Milan, on the other hand, would revolve around high demand, extremely low competition and our familiarity with the context.

The features of the franchising business model make replicability easy and rapid growth a tangible prospect, though possibly thwarted by funding difficulties. Branding would build upon the social mission of the project and the unique experience offered to customers via a multifaceted portfolio of services available. Future target markets would be other major cities in continental and northern Europe as well as Spain.

Specify how your idea could be sustained over the next three years

Our business model consists of two entities: a franchisor and franchisees. The franchisor (a social enterprise employing mainly young Europeans) aims at supporting franchisees in running hostels under the WEUcome brand. Its role starts from providing funds to selected refugee-entrepreneurs (facilities, training..). This operation involves collecting donations from

foundations and charities, but also promoting a mutual understanding between local government and private actors.

Jointly with local municipalities, the franchisor studies new forms of financing (e.g. “social bonds”), that do not revolve around indebtedness, but around channelling private funds into realizing the project, reimbursing them conditionally on the fulfillment of prearranged social targets. Financing measures of public utility such as WEUWelcome is cheaper through private rather than public funds. These savings in public funds are used to compensate private investors, who bear full risk if the target is not reached. The franchisor protects them by setting Key Performance Indicators (comprising both financial and social targets) to be reached by the entrepreneur. Monitoring outputs rather than processes makes sure the migrant-entrepreneur can autonomously dispose of funds and put them at best use. Once targets are met, the hostel pays a fee, which the franchisor reinvests in marketing and assistance activities.



Ringraziamo:

Fabio Diroma

Maria Ida Palmieri

Erika Poletti

Szimonetta Ratsky

Alessandro Romagnoli