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Economic quantification of the services provided by the Rural Tourism Associations: the Catalan case

Abstract: Rural tourism has become a significant economic activity in Spain, contributing also to the social revitalisation of rural areas. However, rural tourism destinations face particular challenges with respect to commercialisation and promotion. Because rural tourism industry remains highly fragmented, comprising a large number of relatively small and generally family-run businesses, the participation of tourism intermediaries in the marketing process is limited. To ensure that rural tourism businesses are properly marketed numerous organisations, based on joint local initiatives, have arisen. Such cooperative groups are labelled as Rural Tourism Associations.

The purpose of this paper is to present the main characteristics of Rural Tourism Association's movement in Spain, making to do it a census of these organisations. Secondly, we estimate the contribution of Rural Tourism Associations to the income of rural tourism business owners. The sample, made of Catalan rural tourism promoters, shows the relevant role that rural tourism organisations play on the viability of rural tourism business.

Keywords: rural tourism, potentialities and weakness' of rural tourism, rural tourism commercialization strategies, rural tourism associations.

Rural tourism in Spain: some trends

The Nineties have seen the blossoming of rural tourism development in Spain. Since then, rural tourism has been increasingly recognised as another important activity for the Spanish tourism industry.

According to the Spanish Statistical Office, in 2007, the number of Rural Tourism Accommodations in Spain added up to 11,559, while the number of seats added to 103,455 (EOATR 2007). These figures represent an increase of

110.3% and 141% in relation to 2001, respectively. In a minor measure, recreational activities have also experienced a significant growth. For example, nowadays, in the Catalan Pyrenees, there are more than a million providers of services related to adventure sports. These generate approximately 1,500 direct jobs and 90 millions of euros per year, representing 11% of the tourism activity in that area (Francès 2007b).

The growth of rural tourism is being largely attributed on the demand side to changing consumer trends and behaviours, higher levels of disposable income, improved lifestyles, increased environmental awareness and second holiday/weekend markets (Cals, Capella and Vaquer 1995; Cànoves, Villarino, Priestley and Blanco 2004). Also, rural tourism has been seen by policymakers as an important complement and counterbalance to the coastal mass tourism while the restructuring of the EU agricultural support system in some schemes has created a “push effect” on the development of rural tourism businesses (Sharpley 2004).

New ways of commercialization in rural tourism

One of the characteristics of rural tourism management, in comparison to the mass coastal tourism in Spain, is the low participation of tourism intermediaries (travel agencies and tour operators) in the promotion and commercialisation processes (Embacher 1994, García, Francès 2007a, Mediano, 2004).

Rural tourism businesses, as other accommodation ventures, require a high amount of capital, expertise and marketing skills to communicate their offer and attract clientele. Tourism intermediaries allow that various tourism service’s suppliers reduce their promotion expenditures without entirely compromising their representation and visibility in the tourism generating markets. This is a major opportunity to tourism enterprises, especially those small and medium sized. However, in the case of rural tourism, the relation between rural tourism operators and tourism intermediaries has been traditionally characterised by conflict and confronted positions.

For travel organisations the only feasible way to earn profits in tourism is to standardise their “packages” and follow a “high volume-low cost-low profit margin” strategy in their product offering (Bastakis et al. 2004). In that sense, for the intermediaries, the main obstacles of marketing rural tourism are the heterogeneity, the lack of labelling (such as stars) and the dispersion of location among business. To be a profitable business, tourism intermediaries stipulate the need to charge a fee of between 15% and 20% on each booking and also to reach a fix percentage of rooms per year⁷. So, from the intermediaries’ perspective, rural tourism businesses follow what Fleischer and Felsenstein (2000) defined as the “wrong size (too small) and the wrong location (too remote)” to operate. But not only intermediaries are rejecting to enter

⁷ These data come from the interviews done to intermediaries in the annual fair of rural tourism in Catalonia (Agrotur) among 2006-2007.

in this market, rural tourism owners are reluctant to their intervention. Two main reasons are behind this negative position: 1) fee charges seem extremely expensive, and 2) intermediaries do not solve the low occupancy rates during the low seasons.

The problems and conflicts that arise between these two actors explain the low percentage of rural tourism accommodations bookings generated by tourism intermediaries, ranged from 3% to 15% of total bookings in Spain (Editur 2001, García 2003).

To overcome the lack of resources and marketing skills provided by tourism intermediaries, rural tourism owners have tended to establish rural tourism management networks. These networks are mainly orchestrated through associative models that can be semi-public - partnerships, etc. - or private – non profit organisations, cooperatives or entrepreneurial associations- (Evans and Ilbery 1992, Hummelbrunner and Miglbauer 1994, Francès 2007a).

Rural Tourism Associations in Spain

The rural tourism associative movement in Spain began in the mid-eighties, with the setting up of two associations located in the Pyrenees ⁸. Since then, the rural tourism associative movement has been characterized for its abundance, size and services provided.

Due to the absence of any official data, a research was done in order to estimate the number of Rural Tourism Associations (RTA). The research was based on questionnaires mailed to the Spanish Federation of Rural Tourism – ASETUR- and the regional tourism boards of the Autonomous Communities (NUTS I in the EU terminology). Also, it was done through the main internet finders (Google and Yahoo). In 2007, the number of rural tourism associations was estimated around 128, which integrated approximately 6,500 lodgings, representing around 56% of the total offer in Spain (EOTR 2007). RTA are integrated in Rural Tourism Federations (RFT) that in all cases but one (Catalonia) operate at the Autonomous Community level (table 1).

Almost 75% of the RTA are small or very small sized entities, with less than 50 lodgings (table 2) and located in small rural municipalities. On the other hand, 6.3% integrate more than 100 lodgings. These associations work at regional level, such as the case of the Andalucian Rural Tourism Association (RAAR) with approximately 450 members, the Basc Country Agritourism Association with about 300 lodgings associated, Pyrenees association in Huesca with 250 lodgings associated or the Balearic agritourism association with about 120 lodgings. These associations count, also, with wage-earning personnel.

⁸ Associació de Residència Casa de Pagès de l'Alta Ribagorça in 1985 and the Asociación Pirenaica para el Desarrollo del Turismo Rural - TURAL- in 1989.

Table 1. N° of Rural Tourism Associations and accommodations associated (2007) and n° of lodgings registered in the EOATR from INE (2007).

Autonomous Community	Name of RTF	Number of RTA	Number of lodgings. assoiated
A.C of Andalucía	No	5	575
A.C of Aragón	FARATUR	10	586
Asturias (Principado de)	FASTUR	11	252
A.C of Balearic Islands	No	3	128
A.C of Canary Islands	ACANTUR	7	342
A.C of Cantabria	No	3	263
A.C of Castilla y León	ACALTUR	13	279
A.C of Castilla - La Mancha	FECAMTUR	6	148
A.C of Catalonia	CONCATUR FACI Fed. RCPs Lleida TuralCat	25	710
A.C. of Valencia	FEVALTUR	4	113
A.C of Extremadura	FEXTUR	9	221
A.C of Galicia	Fed. Gallega de RTA	11	292
A.C. of Madrid	No	2	44
A.C. of Murcia (Región de)	No	4	157
Navarra (C. Foral de)	Fed. Asoc. y Org. Turísticas	13	526
A.C. of Basc Country	No	1	300
A.C. of Rioja	No	1	55
Total	13	128	4,991

Source: Own elaboration based on INE, ASETUR, information provided by the different tourism promotion services of each Autonomous Community and from Internet seekers (google, yahoo)

Table 2. Size of Rural Tourism Associations in Spain (2007)

	Size	
N° of lodgings integrated	N° of RTA	%
More than 100	8	6.3
50 and < 100	18	14
20 and < 50	51	39.8
Less than 20	43	33.6
N/A	8	6.3
Total	128	100

Source: Own elaboration, based on ASETUR, information provided by the different services of tourist promotion of the different Autonomous Communities and from Internet seekers (google, yahoo)

In 1995 the Spanish Rural Tourism Association (ASETUR) was created with the objective of integrating the rural tourism associate movement for strengthening their negotiating power with other public and private stakeholders and also their competitiveness in the tourism market. In 2007, ASETUR totalled 110 RTA and 8 RFT of all Spain. Between 2000 and 2007, the number of lodgings offered has grown from 2,500 to 4,300, approximately.

RTA and RTF (defined from now as RTA) are nourished mainly by the quotas paid by their associates, which in some cases are fixed quotas and in others vary according to the sale's percentages or the seat's numbers. Total associate contributions are very heterogeneous among the RTA, oscillating between € 60 and € 600 per year.

The main functions that RTA assumes are technical advice, training and promotion. The smallest RTA tend to limit their actions to non periodic brochures and to inform, generally through the figure of the president, about training and courses held by the local public agencies or legal aspects. However, the bigger-sized and professionalized the RTA structure, the greater range of promotion and marketing services it provides. Also, RTA facilitates operations with banks and suppliers of inputs. Rural Tourism Federations mainly assume the role of lobbying with public administration and private actors and assist with the proper marketing of tourism products at a broader level through the participation in national and international fairs, internet pages and central reservation systems. For example, Ibiza RTA in Balearic Island with only three lodgings associated is promoted solely through ASETUR. ASETUR web page is one of the most important promotion channels for rural tourism in Spain (www.ecoturismorural.com). According to a survey of RAAR, between March and May 2006, 50% of the 38,000 visits to their webpage came through the link established with the ASETUR web, whereas solely 1% did directly through their own web page. However, on-line commercialisation is still very low developed. There are 48 RTA that have a central booking office but all of them work through telephone calls.

The benefits of being a member of the rural tourism associative movement (RTA and RTF) can be defined as club goods (Capello 1996) and they can be summarised as follows:

- Facilitate the transfer of information (e.g. on market needs and possibilities, potential investors, financing).
- Give advice and support for businesses, projects and development programmes.
- Coordinate individual marketing and training efforts.
- Develop and market the tourism products of a given area.
- Purchase more cost-effective inputs or financing products.
- Representing properly and articulating local interest in tourism development.
- Facilitate the control and uniformity of prices and services offered.

In the next section our objective is to analyse the impact of these benefits or clubs goods on the rural tourism owner turnover.

Economic valuation of the Rural Tourism Associations in Catalonia

The method

To quantify the incidence of Rural Tourism Associations (RTA and RFT) in the rural tourism business, we have compared the net income of rural tourism activity in two different scenarios:

The first one, defined as non networked situation, consists in the calculation of the net income that a rural tourism business generates when the owner is not a member of a RTA. In this situation, all the production factors used by the owner (labour, inputs material, promotion, commercialisation, etc.) are obtained through the market. This market benefit (D) shows the yield of the rural tourism businesses when the promoter does not use the services provided by the RTA and does not benefit of what has been defined as club goods (table 3).

The second scenario, defined as networked situation, is based on the calculation of the net income that a rural tourism business generates thanks to belonging to a RTA. This networked benefit (H) shows the yield of the rural tourism business when the promoter uses the services provided by RTA, which have been defined as club goods.

The most important aspect of the comparison between the two scenarios is the study of the transference of economic benefits that the membership produces on the business net income. In case of this being positive, there is a profit transfer from the RTA towards rural tourism business. In case of it being negative, it would mean that participating in these associative networks is costlier than acting individually. The relations are showed in table 3.

Table 3. Benefits in the situation of network and in the situation of non network

	Incomes	Production Costs	Benefits
Non networked situation	A	B	D
Networked situation	E	F	H
Transfers	I	J	L

Where:

- Market benefit: $D = A - B$
- Networked benefits: $H = E - F$
- Income transfer: $I = A - E$
- Networked rent transfer originated from benefiting of club goods: $J = B - F$
- Net benefit: $L = D - H$ or $L = I - J$

A positive networked rent transfer ($J > 0$) means that for rural tourism owners the cost of producing individually is higher than in the case of being a member of a RTA. When the networked rent transfer is negative ($J < 0$), the opposite situation occurs.

The net transfer (L) is the difference between the market benefit situation and the one of being member of the associative network. If the net transfer is positive ($L > 0$), it means the additional net income of belonging to RTA whereas a negative net transfer means that the costs of being part of RTA are higher than the income that this organisation provides.

From the previous information, it is estimated the comparative advantage that the RTA provides to rural tourism owners networked situation in relation to the non networked scenario. The comparative advantage (CA), estimated as the value that interviewed rural tourism owners give to the advantages of being member of RTA, is defined as:

$$CA = \frac{H}{D} - 1$$

$CA > 0$ indicates that the costs of the services provided by the RTA are lower than the net income that these entities provide to the business. When $CA < 0$, it indicates the contrary situation. If CA takes null value ($CA = 0$), it indicates that the networked benefits have a neutral effect on the generation of net income, so neither positive advantages nor diseconomies of association exist.

The sample

The sample used to valuate the economic impact of RTA in rural tourism business comes from the Spanish data base of the European project "Innovation, Diversification and European Agricultural Situation" (FAIR6-CT98-4228). The objective of the project was to analyse the factors that determine the success of different diversification farm strategies. The survey was made to 125 farms in Catalonia, 36 of which develop rural tourism activities, 25 combine different innovative agrarian activities, 24 diversify into food processing and direct selling and the rest were specialised farms. The criterion of the sample configuration was based on the European Commission agreements. For the selection of agrarian farms, a laborious search work of diversified examples was made in different Catalan rural contexts. The survey contained 72 questions on farm and farmer characteristics, the types of diversification undertaken, the reasons for diversifying and the advantages and resistances to the uptake of diversified business (Viladomiu et al. 2002).

In the analysis of the 36 rural tourism businesses, it was observed a high level of memberships in Rural Tourism Associations as well as the positive valuation that they make to the services provided by these entities. This data led us to elaborate further on this aspect and to undertake a second round of personal interviews with rural tourism owners. In the second interview a more in-depth analysis was made on the role that RTA have had in the beginning and development process of the rural tourism business. In that sense, the owner was asked to estimate which proportion of the total rural tourism net income came from the services provided by the RTA.

The comparison of the net income generated in each scenario (networked situation against non networked situation) was analysed in two different phases of the business cycle: a) the start up of the business (interpreted as the first two years of operation) and; b) the development phase of the business (after two years of operation).

Findings

The sample of the rural tourism businesses is formed in 72.2% of the cases by married couples and extensive families (more than four family members), 19.4% are unmarried entrepreneurs living with their parents, 5.6% are married couples without children and the rest are people living alone. Rural tourism owners tend to be younger (57.8% below 45 years of age compared to 9.4% above 55 years of age). In that sense, 76.9% of them are younger than 16 years. As in other case studies (Getz and Carlsen 2000), it is confirmed that rural tourism businesses are mainly run by women: in 60% of the cases a woman was the operator, in 33.3% the management was shared by the couple and only in 6.7% business was only operated by men. Regarding to agritourism farm characteristics, it is worth to highlight that most of them are, at the Spanish level, medium-sized farms (55.8% above 20 hectares) and specialised in low intensive labour agrarian production (such as cattle breeding, 55.6%, or permanent crops, 30.6%).

The net income related to tourism activities by farm reach an average of € 7,053 in the start up phase, whereas in the development phase increase to € 7,645. By income cohorts, in the start up phase, 47.2% of interviewed farmers declare to have a net tourism income lower than € 3,005, whereas 22.2% declare to perceive more than € 9,015. This distribution is maintained in the development phase: 45.7% perceive less than € 3,005 whereas 22.9% declare to surpass € 9,015 of net income.

Concerning to the impact of RTA services in the income of the business (Table 5), at the start up phase, 80% of the rural tourism owners consider that the services provided by these entities have a positive effect in the increase of tourism income, 17.1% consider this effect null, whereas the rest did not answer. The contribution of RTA during the development phase is also important: 96.4% of the owners pointed out the RTA's positive contribution in terms of the net income generation, although as it is showed in Table 4, the incidence in the income is lower than the one generated at the start up phase.

Table 4. % of contribution of the RTA services in the income of rural tourism business

Phases	Start up phase		Development phase	
	Nº of farms	In %	Nº of farms	In %
From 50% and more	11	31.4	4	11.8
From 25% to less than 50%	10	28.6	11	32.4
From 10% to less than 25%	7	20.0	12	35.3
No contribution	6	17.1	6	17.6
N/A	1	2.8	1	2.9
Total	35	100	34	100.0

Analysing the comparative advantages related to the networked situation and the non networked situation at the start up and development phases of the tourism activity, the results are as follows:

$$CA_{beginning} = \frac{H}{D} - 1 = 0,61$$

$$CA_{development} = \frac{H}{D} - 1 = 0,37$$

According to these results, for rural tourism owners, at the start up phase, the tourism net income generated in the networked scenario is 61% higher than in the case of non networked situation (or non membership of a RTA). As it was pointed out in the in-depth interviews (Frances 2007a), this big difference can be attributed to the benefits that provide the services offered by the RTA movement, especially those related to internet promotion and advice. Meanwhile, in the development phase, the tourism net income generated in the networked scenario is 37% higher than in the case of non networked situation. Although it is a high proportion, the lower impact of RTA membership in the development phase impact is mainly due to the positive “word of mouth” effect and repeated clientele that is generated by satisfied customers.

In any case, the fact that a significant difference exists between the situation defined as non networked and the networked situation reveals the importance role that RTA has in the generation of net income for rural tourism businesses.

Conclusion

This article has focused on explaining the situation of the rural tourism association movement in Spain and the role that these associations play in the development of rural tourism. Due to the high membership level of rural tourism owners in RTA, the second part of this paper has estimated the impact of these entities in the rural tourism businesses income.

Rural tourism associations are highly developed in Spain. RTA are a prominent way for rural tourism business to obtain networking opportunities or club goods (Capello 1996) such as access to information, training and financial support and cheaper and more varied promotion services which could be produced in volume. As it has been seen previously, this is more important at the start up of the business when informal promotion channels (the “word of mouth” effect and customer’s loyalty) are not still very well developed. Marketing through these networks requires less extensive knowledge of market conditions for promoters. In fact, as it has been pointed out by other authors (Bastakis et al. 2004, Evans and Parravicini 2005), in our case, the internet is one of the most effective promotion tools for rural tourism associations because, through them, rural tourism business can communicate directly and in the cheapest manner with consumers and distributors. However, hitherto there is a very small percentage of rural tourism associations that have taken advantage of the internet for on-line booking. Since suppliers are generally not on-line and they are generally reluctant to central bookings through internet systems, actual bookings rely on telephone and traditional payment methods.

The rural tourism association movement is characterized by its high fragmentation, local character and non wage page personnel. Small rural tourism associations have contributed to strengthen community ties and to transfer information between rural tourism entrepreneurs, especially in the most remote rural areas, through organising training and exchanges of experiences among owners. On the contrary, they weakly manage and market, since they lack the resources to employ specialised personnel and promote themselves adequately. In fact, many associations and rural tourism owners are aware of the need of participating in bigger rural tourism organisations or in federations, such as the ASETUR, that can undertake the responsibility to promote rural tourism products more efficiently as well as represent an important collective voice in discussions with public administration or other tourism stakeholders.

In that sense, we consider especially important to strengthen the regional and national structures in Spain. Due to the fact that rural tourism in Spain displays considerably diversity (types of lodgings, locations and natural resources endowments) and, especially, that tourism regulations are defined at regional level (Autonomous Community level), regional structures would allow: a) to optimise marketing synergies within the region to improve its product’s exposure to the market place; b) to provide a local focus on rural tourism needs and operations through the maintenance of close contact with their local communities; c) to build an effective booking system according to each regional regulation while maintaining the proper size to be trustful for rural tourism owners’ perceptions. Whereas national rural tourism organisations, such as ASETUR, would be the optimum level to become the main marketing platform of the Spanish rural tourism. As important as being the node of the regional rural tourism strategies, it is necessary to foster the role of ASETUR as a mechanism to coordinate the creation and implementation

of a uniform system of quality standards in rural tourism business (similar to the system of stars used in hotels) in order to clarify the Spanish rural tourism supply and to have a more competitive position in the marketplace.

Strengthening networks is not an easy task (Jenkins 2000). It implies to mobilize a great number of actors with different goals and to generate the confidence among them in that the joint result will be greater than the result of individualized actions. These actions require a significant effort in terms of time, which are difficult to overcome solely through private initiative, especially if we consider the lack of financial resources and the volunteering nature of most RTA representatives. To overcome these problems, it is necessary that the public administrations plays an active role as facilitators of the integration process while RTA has to become bigger in size and reach more professionalized structures.

This paper suggests the efficacy of RTA for rural tourism business. Future empirical research is needed for a better understanding of the role of RTA in the development of rural tourism and to examine the cost-effectiveness of the RTA services in relation to the rural tourism turnover.

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