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# **FACTORS OF DEVELOPMENT OF COMPETITIVENESS: THE CASE OF ORGANIC-AGRITOURISM**

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## **FACTORS OF DEVELOPMENT OF COMPETITIVENESS: THE CASE OF ORGANIC-AGRITOURISM**

### **Abstract**

Many farmers, in addition to normal farming activities, have already turned to agritourism as a source of additional farm income and opportunities. There are numerous benefits to be gained from the development of agritourism: it may strengthen local economy, create job opportunities and develop and promote training and certification programs to introduce young people to agriculture and the environment. Agritourism helps preserve rural lifestyles and landscape and offers the opportunity to provide "sustainable" tourism.

Organic agriculture is due to demand for healthy foods with a high quality standard and limited use of chemical substances. Organic agriculture is closely connected to agritourism and tourism.

The purpose of this paper is to identify and examine those factors that have helped rural communities to successfully develop agritourism, in particular organic-agritourism, and to discuss its entrepreneurship opportunities. Several focus groups were conducted with local business people and leaders regarding an applicative case of Southern Italy.

**Keywords:** agritourism, organic agriculture, competitiveness

### **Introduction**

Agritourism helps preserve rural lifestyles and landscapes, including strengthening local networks, culture and traditions (Ventura, Milone, 2000). Moreover, it provides additional outlets for the sale of local crafts and food items (typical products). Agritourism also offers the opportunity to provide "sustainable" or "green" tourism or "farm tourism" (Busby, Rendle, 2000). It also includes educational tours, tasting events, agricultural museums, commodity festivals, wildlife, etc. All of these examples can be considered opportunities for consumers and farms to generate a meaningful exchange of values.

In the literature there is a great variety of terminology, sometimes with different meanings, which makes it difficult to define tourism in rural areas (Greffé, 1992; Lane, 1994; Bramwell 1994; Seaton et al. 1994).

According to Lane (1994) rural tourism should: be located in rural areas, (...) functionally rural, (...) rural in scale i.e. usually small-scale; be (...) traditional in character; grow slowly and organically; be connected with local families; and (...) represent the complex pattern of rural environment, economy, history and location.

However the concept of rural tourism is slightly different from the definition used by Lane (1994) who includes farm-based tourism within rural tourism.

Similarly, Maetzold (2002), defined agritourism as an alternative enterprise..“ a set of activities that occur when people link travel with products, services and experiences of agriculture”; Che et al. (2005) state that “agritourism is another consumptive use of farmland and may help preserve farms”. But other authors suggest that agritourism is not necessarily a solution to the problems facing rural areas (Gannon 1994; Sharpley 2002).

Within these definitions, as far as demand is concerned, a new genre of tourists (*eco-tourists*) has emerged. In particular, sustainable tourism refers to every form of tourist activity that respects and preserves the natural, cultural and social integrity of the area in the long-term and contributes in a positive and fair way to economic development and to the well-being of the people who live and work in these areas (WTO, 1998). In the literature, many researchers have written about *ecotourism* (Hunter, 1997; Hultsman 1995; Weaver, Lawton, 2007) but it is necessary to link the meaning of the term within the context in which it is used because it depends on the level of development of each destination, type of supply and target market (Franch et al., 2008). Another related term is *responsible tourism* based on ethical values with attention to the economic, environmental, and social impact of tourist activities (Goodwin, Francis, 2003).

Currently, in Italy agritourism is regulated by a Law (L. 5/12/1985 n. 730 now superseded by art. 14 L. 20/2/ 2006 n. 96; sentence Court of Cassazione 2/10/2008, n. 24430) that defines agritourism as: “accommodation and hospitality activities carried out by farmers..., through the utilization of their own farms in connection with the activities of the cultivation of the land, of forestry, and of the raising of animals”. Italy is the only country in the European Union that has specific laws regulating agritourism, whereas elsewhere this particular type of accommodation is included in the more general sector of rural tourism. In our country, agritourism has managed to carve out a considerable space for itself in the area of so-called “non-traditional tourism” to such an extent that besides being an integral source of income for farms, it represents a valid tool of competitiveness and development of enterprises in rural areas. In fact, in those places agricultural activity is combined with the hospitality industry: a more important synthesis of the multifunctional role of agriculture. The concept of multi-functionality, debated by scholars but also by the most important international institutions (European Commission 1999) is used to indicate the wide and varied range of functions (private, social and public) that agriculture can carry out in addition to the strictly productive one (OECD 2001; Idda and others, 2005).

In Italy, the agritourism sector is closely linked to the agro-food market and is therefore influenced by this trend; in particular, it is linked to the growing success of local products and those food products obtained by sustainable processing and sold directly on the farm. Besides, the evolution and diversification of the market

of tourism services has given a great impulse to the national supply of agritourism, exploiting also the possibilities of technological innovations in order to promote a particular service/product (e.g. websites).

Organic agriculture is a cultural evolution with origins in an environmentalist culture. Furthermore, the focus on these products is due to demand for healthy foods of a high quality standard with a limited use of chemical substances. Organic agriculture and agritourism are closely linked and there is no doubt that gastronomic and natural tourism has a considerable role in the future development of rural areas.

In this paper I will try to highlight what is meant by agritourism and organic-agro tourism and also try to make a general assessment of the Italian phenomenon. I also aim to investigate the role of organic-agritourism, as a tool for development of the landscape and attraction for sustainable tourism. Besides, in an applicative case, in an area of Southern Italy, I have tried to identify the critical factors and the success of the organic agro tourism observed.

### **Analysis of the context: agritourism and organic-agritourism in Italy**

The phenomenon of agritourism has reached a consistent level of diffusion in Italy. The most recent official statistics refer to about 18,000 authorised enterprises nationwide (tab. 1), with an annual increase of 5,7%. In particular, in the five-year period 2003-2007, the entire sector shows an overall growth regarding accommodation, in terms of farms (37.3%), beds (38.2%) and places in campsites (55.4%); catering, regarding farms (37.3%), and the number of seats in restaurants (38.2%); tasting of local products and other activities that concern a growing number of enterprises that offer services that are on the increase (nature watching, courses); some of them have increased considerably.

The analysis of the data shows a development both overall and also in the individual types of activity. The reasons for the constant growth can on the one hand be found in the deep recession that has hit the agricultural sector, leading entrepreneurs to diversify what they have to offer and to take tourism into consideration, and on the other hand can be found in the ever increasing demand by consumers seeking cultural and social traditions, and who want to discover natural places that are little known and also to rediscover the genuine tastes of traditional Italian cuisine.

More than half of agritourism enterprises are situated in hills (51.4%) and more than a third are in the mountains (34.5%); agritourism appears to be an important element for sustaining and developing both human presence and primary economic activity in areas of less specialisation and competitiveness regarding agriculture (ISTAT 2008). 44.5% of all agritourism enterprises are concentrated in the north of the country, 35.6% in the centre and the remaining 19.9% are in the south and islands.

**Table 1 - Kind of agritourism – 2003-2007**

	2003.	2004.	2005.	2006.	2007.	Variation % 2007/2003
<i>Accommodation</i>						
n.° farms	10.797	11.575	12.593	13.854	14.822	37.3
N° beds	130.195	140.685	150.856	167.087	179.985	38.2
N°campsite places	4.540	5.386	5.826	6.935	7.055	55.4
<i>Catering</i>						
n.° farms	6.139	6.833	7.201	7.898	8.516	38.7
Seats at table	249.342	266.654	277.856	298.003	322.145	29.2
<i>Tasting of local products</i>						
n.° farms	2.426	2.737	2.542	2.664	3.278	35.1
<i>Other Activities</i>						
n.° farms	7.436	8.240	8.755	9.643	9.715	30.6
Riding	1.364	1.494	1.478	1.557	1.559	14.3
Excursions	2.452	2.692	2.981	3.131	2.879	17.4
Nature watching	224	265	575	517	558	149.1
Trekking	1.350	1.463	1.426	1.465	1.629	20.7
Mountain bike	2.101	2.422	2.258	2.311	2.347	11.7
Courses	693	812	942	1.025	1.256	81.2
Sport	2.927	3.006	3.474	3.682	3.758	28.4
Other	3.786	4.003	4.288	5.043	5.395	42.5
<b>Total Farms</b>	<b>13.019</b>	<b>14.017</b>	<b>15.327</b>	<b>16.765</b>	<b>17.720</b>	<b>36.1</b>
	<i>100</i>	<i>107.6</i>	<i>117.7</i>	<i>128.7</i>	<i>136.1</i>	

Source: ISTAT 2008

The Italian enterprises are almost all family-run; very few tend to take on employees from outside the family or join co-operatives and associations. By and large, the owners have a low cultural level and do not speak foreign languages, though this does not appear to discourage the flow of tourists. Amongst operators, this sector is considered to be among the tourist activities with the highest potential for development since a particularly attractive countryside together with local wine and gastronomy is especially favourable for this kind of tourism.

Among the agritourism enterprises, one can distinguish between those that carry out a traditional type of hospitality establishment and “organic agritourism establishments” - those that are licensed to produce and sell organic agricultural products (figure 1). The label is given to them by the AIAB, The Italian Association for Organic Agriculture.

Since 1998 it has guaranteed that it deals with regulated enterprises, not only regarding respect for the rules of organic agriculture (according to EC regulations CE 2092/91 and 392/04), but also as regards respecting ethical and ecological regulations

in the running of a hospitality establishment (control by ICEA inspectors – Institution for ethical and environmental certification).

The model of organic agritourism has similar characteristics to traditional agritourism enterprises (figure 1) but is understood also as an instrument of integration between protection of the environment and natural resources, both referring to productive activity and also tourist facilities. The environmental variable takes on a strategic function with reference to the services offered, including educational, tourist, and catering services, and sale of food products. Transport and road networks also have to respect sustainability.

The obligations of the entrepreneur concern actions aimed at the conservation of the environmental, historical and cultural heritage and reclaiming rural areas. In fact, the management of enterprises could be aimed at protection of the environment through energy saving and the rational use of resources with the production and exploitation of alternative energy sources.

Besides, the organic agritourism establishment should put into operation, through the choice of technological solutions, a programme of water saving and purification and recycling of re fluent water, and provide and promote ecological means of transport for guests or direct them towards methods of 'slow' moving.

The organic agritourism establishment stands out also for its educational-ecological function, encouraging awareness of the environment amongst the young, which is vital in order to protect, appreciate and discover nature, landscape and the works and culture of man.

Agro-ecotourism development is based on organic agriculture and combines with ecotourism to provide an acceptable recreation opportunity without destroying the natural environment (Kuo, Chiu 2006).

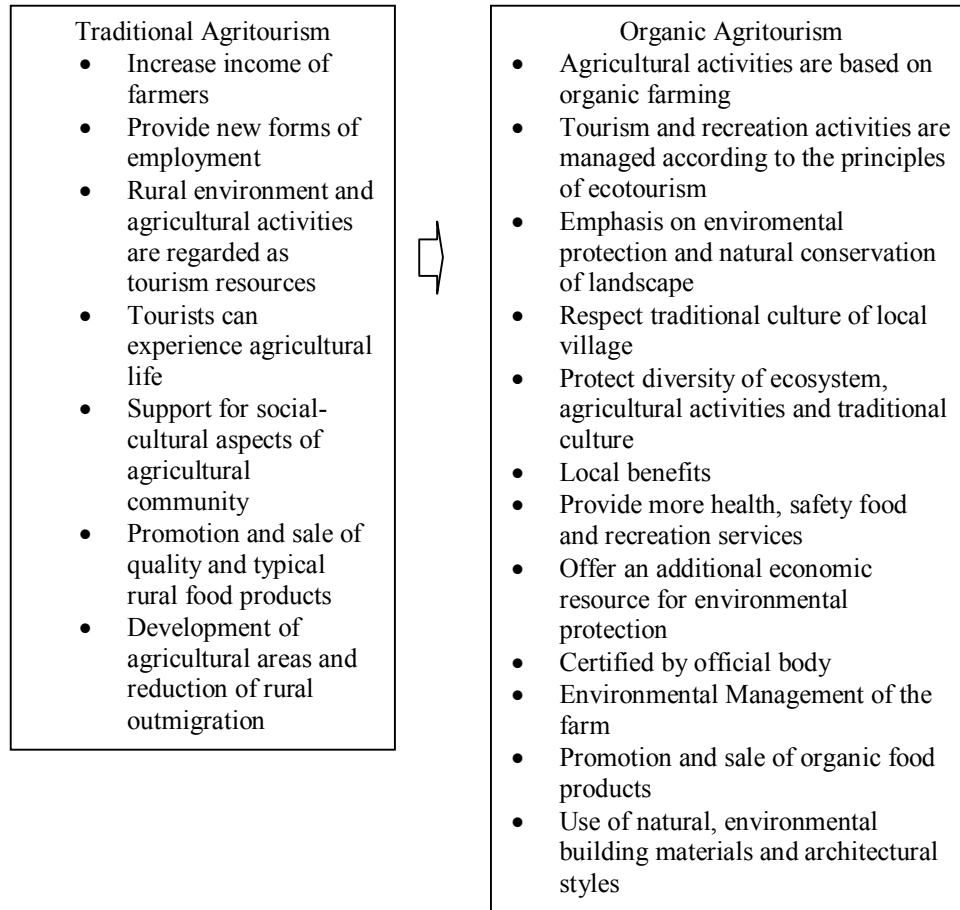
Therefore, organic agritourism comprises an integrated strategy for carrying out tourism activities in rural areas. However, it must be said that many activities and concepts inherent in organic agritourism in Italy derive from traditional ones and more often than not focus mainly on the organic aspect of food products. Regarding the current levels of organic agritourism in Italy, the source BIO Bank reports the existence of 1.002 enterprises registered in 2007 with a rise of 46% compared to 2002.

### **Methodology notes**

The survey was carried out in three stages.

The first phase, regarding agritourism and organic-agritourism definitions specifying the characteristics of organic agritourism enterprises, was mainly cognitive. It was carried out on the basis of official statistics and the available literature, as well as by means of interviews with selected spokesmen. These were chosen in such a way as to represent the points of contact between enterprises and institutions.

**Figure 1** - Characteristics of Traditional agritourism and Organic agritourism (L. 5/12/1985 n. 730; Kuo and Chiu, 2006)



The second stage was substantially an applicative case of organic agritourism in Sicily, a region of Southern Italy, with detailed analysis of what is currently on offer by enterprises connected with agriculture, particularly organic agritourism. Several focus groups were conducted with local business people. Participating agritourism producers were asked about their experience with agritourism and also organic agriculture, general perceptions and knowledge of other agritourism enterprises, potential benefits and disadvantages compared to traditional agritourism, synergy with territory, aspects of marketing, the importance of landscape, etc.. These operators identified key issues regarding the development and the differences between organic agritourism and traditional agritourism (fig. 2). Each operator was asked to assess the importance of each key issue and to rank them in a hierarchy of importance.



As a conceptual framework we chose the study of Wilson et al. (2001). This analysis adopts a qualitative method (in-depth interviews with focus groups) and has a community approach, which means that farm tourism is considered within its local economic context. The implication for policy makers is to support the whole community around the farm facility in order to generate multiple effects and positive externalities (e.g. the preservation of regional traditions and local food variety).

Presence on the Internet was used as criteria to choose the farms. The operators' sites and the information presented were analysed in order to certify the key issues defined. In order to evaluate the usefulness of the key issues chosen were studied 40 organic agritourism enterprises, all certified and with websites. Two assessment scales were used: a binary scale 0/1 to assess the presence or absence of certain information in the sites examined (e.g. communication of the importance of the organic certification, history of the company, etc.) a scale of 0-5 (0 – absence, 1- very bad, 2 – bad, 3- average, 4 – good, 5 – excellent) to assess those variables where it was possible to give a qualitative judgement. Subsequently, the data was re-grouped once more and highlighted on a map that summarises the behaviours of the entrepreneurs regarding the key issues.

<b>Figure 2 - Key Issues</b>
<ul style="list-style-type: none"> <li>• Hydrogeology equilibrium and conservation</li> <li>• Promotion and sale of organic food products</li> <li>• Synergy between farms and territory</li> <li>• Importance of communicating to tourists about organic agriculture</li> <li>• Protecting and improving rural buildings</li> <li>• Increase in biodiversity</li> <li>• Protect diversity of ecosystem, natural conservation of landscape</li> <li>• Work opportunities and reduction of the number of young people who leave rural areas</li> <li>• Rise in popularity and improved image</li> <li>• Animal welfare</li> <li>• Incentive for cultural activities and rural recreation</li> <li>• Environmental and natural wellbeing of rural areas</li> <li>• Development and rise of local tourism</li> </ul>

### **Discussion and results**

The sample analysed 40 enterprises (Table 2) which is purely indicative but representative (in total in Sicily 49 certified as organic agritourism). As far as accommodation is concerned, it appears that more than half the sample can offer 1-25 beds while just 1 farm offers none. 20.0% of the sample falls into the 26-100 bed category. The number of rooms per farm rather than accommodation unit is considered.

**Table 2** - Some characteristics of organic-agritourism in Sicily - 2008

		n°	%
Total Farms		40	100
Accommodation			
	1-25	31	77.5
	26-100	8	20.0
	none	1	2.5
Catering			
	1-30	12	30.0
	31-100	12	30.0
	>100	5	12.5
	none	8	20.0
Open			
	all year	35	87.5
	seasonal	5	12.5

The number of enterprises remaining open all year (almost 87,5%) is significant, considering the fact that one of the main points in the regional tourist development programme is to attract visitors all year round and not just in the summer.

Sicilian organic agritourism (indeed, the entire agritourism sector) is mainly orientated towards catering, and in particular towards offering meals to a large number of clients. This propensity probably arises from the fact that in many farms accommodation is linked to the provision of meals (lunch rather than dinner) as for residential clients it represents an opportunity to visit places that are nearby but at the same time far away from the urban centres. The services offered by the farms appear to be quite varied and include innovative ideas considering the fact that sector is relatively new, such as cookery courses and entertainment for children and adults and sale of organic food products.

Together with the better known activities offered by nearly all the farms, such as nature observation, the possibility to go on excursions or take part in farming practices, and the hiring of bicycles is widespread as is the presence of stables and the hiring of horses. A swimming pool was available on just 10 farms, even though this service is much sought-after. All the farms sell their own certified agro-alimentary products.

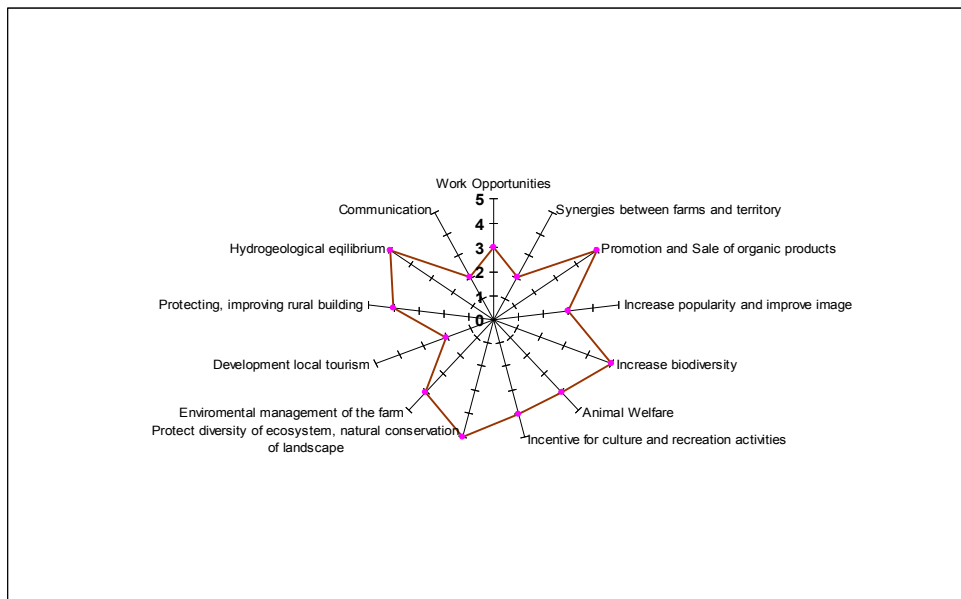
However, the presence of a varied and significant natural and cultural heritage is not enough to make these areas attractive. Organic-agritourism has provided those areas that are not on the coast with the opportunity for an increasing number of agricultural enterprises to supplement their modest income from arable farming and/or raising livestock. Within the study of the comparison of traditional and organic-agritourism and the choice of key issues (see figure 2), the response of these enterprises was represented in a descriptive map (figure 3).

We have identified some critical weak points: in particular we can note the lack of communication and collective promotion, expressed by all private operators, considering the lack of visibility on the market of knowledge of these organic-agritourism establishments (in fact, the value indicator is equal to 2). Initiatives promoted to this regard have been very limiting and generic. They recognize very importance to publicity campaigns by the association AIAB or public institutions.

The synergy between the firms and the region got a low mark, or rather the contribution of local bodies to the definition of regional development plans aimed at increasing the general level of ‘attraction’ of the regional supply, although there is a high level of collaboration and trust between individual economic operators. An optimum management of resources, together with elements characterising the region could therefore lead to the realisation of supply systems that are competitive both for the entire compartment and for the region concerned.

The factors Hydrogeological equilibrium and conservation, Promoting and sale of organic food products, Increased biodiversity, Protection of diversity of ecosystem, natural conservation of landscape, got top marks because according to the entrepreneurs, they best represent the characteristics and aims of organic-agritourism firms.

**Figure 4** – Positioning of organic agritourism enterprises compared to key issues



## Conclusion

The study has brought to light the potential and importance of an integrated development of the supply of organic agritourism. Sicily, the region studied, has been relatively significant for the aims of this study but it was important to highlight the special characteristics of organic agritourism enterprises compared to traditional ones.

Over the years, the need has arisen to consider tourism a strategic means of development to be included in a well defined general programme. The various initiatives leading to public policies should be aimed at the production of a programme outline with clear objectives.

In fact, on one hand, the competitiveness of a tourism supply depends more and more often on the variety and quality of the proposals it can offer an ever more varied and demanding market, while on the other hand, definitive progress towards tourism as an industry necessarily implies a more rational organisation of resources, leading to less temporal oscillation in the amount of tourist traffic and consequently greater economic solidity and more employment stability.

In the light of the above considerations, the development and expansion of an agritourism sector, in particular organic, may be one alternative for improving the incomes and potential economic viability of small farms and rural communities, but it is by no means a remedy for all farms looking for additional income. Nevertheless the scope of our research is reduced to the Sicilian panorama of farm tourism. Further studies, also within a cross-country's approach, could highlight chances and differences of this type of tourism. In any case, these elements provide useful information relative to possible interventions aiming at rural development.

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