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The opportunities of agritourism development in the Republic of Armenia

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ABSTRACT

Agritourism is a type of vacation in which hospitality is offered on farms. The article discusses the essence of agritourism, presents some facts about tourism in Armenia. Some data about number of hotels, their employees and revenues, unemployment rate, average monthly wages and agricultural output in regions are discussed. In Armenia the main tours include some activities of agritourism, but there are not specialized agritourism, the number of agritourists and the sum of money they spend on tours are not available by statistics. To find out the main issues for agritourism development in Armenia, we have conducted SWOT analysis, which helped to explore strengths, weaknesses, opportunities and threats, and determine the strategy of advancement. Our analysis showed that the External factor evaluation and Internal factor evaluation scores were above average 2.5. Placing the weighted scores on SPACE Matrix, we got the best strategy quadrant, which is the aggressive strategy. Based on it some suggestions were made to promote agritourism. The model of agritourism impact on social-economic development was processed. Agritourism promotion is very important for Armenia, as it will contribute to regional economic development, social development, decrease immigration, etc.

Keywords: Agritourism, Rural community, Hotel facilities, SWOT, Aggressive strategy, Direct contribution.

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Introduction

Tourism develops very fast and is considered to be one of the leading sectors of world economy. Agritourism has an important place among the main types of tourism. It contributes to the development of rural places, to the increase of income in regions and villages, to the development of infrastructures, to the decrease of poverty and unemployment, etc. Agritourism, being a part of rural tourism, may be defined as the “country experience” that encompasses a wide range of attractions and activities that take place in agricultural or non-urban areas. Its essential characteristics include wide-open spaces and opportunities for visitors to directly experience agricultural and natural environments [1].

The Republic of Armenia has 10 regions. Agritourism development is very crucial for Armenia. It may offer many interesting activities for tourists like participating at farm activities, harvesting, being in a rural place, etc. However there are many obstacles, that hinder agritourism advancement in

Armenia. The aim of the article is to analyze the essence of agritourism, the possibilities and main issues of its development in Armenia and suggest solutions for that.

Literature review

Here we will briefly present some features of agritourism. Agritourism is the type of tourism when tourists take part in farm or village activities, such as animal and crop care, cooking and cleaning, handicrafts and entertainments [2]. According to Wicks and Merrett, agritourism “is a hybrid concept that merges elements of two complex industries - agriculture and travel/tourism - to open up new, profitable markets for farm products and services and provide travel experience for a large regional market [3]. According to Wall, agritourism is the provision of touristic opportunities on working farms [4].

Privateer states, that agritourism helps preserve rural lifestyles and landscape and also offers the opportunity to provide “sustainable” or “green” tourism [5].

According to Marques, agritourism is a specific type of rural tourism in which the hosting house must be integrated into an agricultural estate, inhabited by the proprietor, allowing visitors to take part in agricultural or complementary activities on the property [6].

Agritourism includes a range of activities, services and amenities provided by farmers and rural people to attract tourists to their area in order to generate extra income for their businesses [7].

Discussion

In Armenia tourism is announced as the main sector of economy. In 2018 1,651,782 tourists visited Armenia (10,5% growth compared to last year) [8].

In Armenia the direct contribution of Travel & Tourism to GDP was USD 477.7mn, 4.4% of total GDP in 2017, and the total contribution was USD 1719.7mn, 15.7% of GDP in 2017. In 2017 Travel & Tourism directly supported 44,500 jobs (3.9% of total employment), and the total contribution of Travel & Tourism to employment, including jobs indirectly supported by the industry was 14.1% of total employment (162,000 jobs). Visitor exports generated USD 1092.4mn, 29.2% of total exports in 2017. Travel & Tourism investment in 2017 was USD 108.9mn, 4.6% of total investment [9]. The travel subindex of the Balance of payments of Armenia was (-149.62 mn USD in 2017 (credit 1120.17 mn USD and debit 1269.80 mn USD) [10], this means that our incoming tourists spent less in Armenia than outgoing tourists abroad. If we divide the sum of credit on the number of incoming tourists, we will get 750 USD, this is the average sum that one tourist spends in Armenia.

The number of hotel facilities in Armenia was 556 in 2017, 320 or 58% of which were in the capital city Yerevan. So, the other 236 were in 10 regions, the most in Tavush, Kotayk, Syunik [11].

Armenia is rich in majestic mountains and plains, meadows, broad-leaved forests, botanic parks, plant and animal life. There are many agricultural festivals and farmer's fairs which attract tourists to Armenian villages. Every year festivals are organized in Armenia such as:

- "Dolma" festival in Musaler, Armavir region,
- "Barbeque (khorovats)" festival in Akhtala, Lori region,
- Wine festival in Areni, Vayots Dzor region,
- "Gata" festival in Khachik, Vayots Dzor region
- "Traditions of Syunik" Festival in Goris, Syunik region,

- Festival "Cultural revival" in Dilijan, Tavush region [12].

Besides, agricultural food fairs are organized and citizens may buy fruits or vegetables from villagers.

In Armenia each urban and rural community consists of one or more settlements. There are 1002 settlements in Armenia, which are unified in 502 communities [13].

Total de jure population in Armenia is 2979.6 thousand people in Armenia, from which rural population counts 1080.8 thousand people [14]. Gross agricultural output by farms counted 907.5 bln AMD in 2016 in the RA (15.9% of the GDP of Armenia) [15], 97% of which was the output of household's plots [16]. At the same time unemployment rate in Armenia was 18%, very high in Kotayk and Shirak. Besides the average monthly nominal wage is the lowest in Aragatsotn and Shirak [11].

There are some tour agencies in Armenia, that include agritourism activities in their tours, such as participating in preparing national dishes or in the preparation of "lavash", the traditional Armenian flatbread, staying in farms, doing gardening with local people, gathering fruits, feeling the village life, etc.

However there is lack of statistical information about the number of agritourists, the sum of money they spend during a tour, and what activities they mostly prefer. Also there are many obstacles for agritourism development.

Agritourism development will contribute to regional development of the RA, as tourism:

- has a direct and total contribution to GDP,
- brings money from visitor expenses and has a multiplier effect,
- creates new jobs and contributes to poverty decrease,
- enables new investments and develops infrastructures,
- contributes to the maintenance of the environment and rational use of natural resources,
- contributes to the development of other sectors of the economy as well (trade and services, education, technologies, construction, agriculture, etc.).

Methods

The objective of the article is to reveal and analyze the main issues of agritourism development in Armenia based on the comprehensive research.

During the research the following methods were

used: analysis and synthesis, internal and external factor evaluation (SWOT - strengths, weaknesses, opportunities and threats) analysis.

The methodology of SWOT analysis is the following: After listing the key internal and external factors as strengths and weaknesses, opportunities and threats, we give each factor a weight that ranges from 0.0 (not important) to 1.0 (very important). The sum of all weights assigned to the factors must equal 1.0. Then we assign a rating between 1 and 4 to each key internal and external factor (rating =1 means that the factor is too weak and rating =4 means that the factor is major strength). By multiplying each fac-

tor's weight by its rating we determine a weighted score. After we sum the weighted scores for each variable to determine the total weighted score, the highest possible total weighted score is 4.0 and the lowest possible total weighted score is 1.0. The average total weighted score is 2.5 [17].

Findings

For conducting SWOT analysis we have explored strengths, weaknesses, opportunities and threats. All those factors are in the tables with the rating and weight scores.

Table 1. *Internal factor evaluation*

N	Factors of internal environment	Weight	Rating	Weighted score
Strengths				
1.	Agritourism assets in Armenia	0.08	4	0.32
2.	Rich historical and cultural heritage in all 10 regions	0.08	4	0.32
3.	Armenian wine and brandy, lavash and apricot are well known in the world	0.06	4	0.24
4.	Armenian big diaspora	0.06	4	0.24
5.	Great number of tourism agencies	0.06	3	0.18
6.	Each region in Armenia has national dishes	0.06	4	0.24
Total				1.54
Weaknesses				
1.	Low number of hotels in some regions	0.06	2	0.12
2.	Agritourism activities are included in classic tour packages and there are almost not specified agritours	0.08	3	0.24
3.	Low level of effectiveness of tourism marketing and branding for attracting international tourists	0.08	4	0.32
4.	There is no concept or strategic plans of agritourism development	0.08	4	0.32
5.	Not complete statistical recording of the sphere	0.08	4	0.32
6.	Not fully developed infrastructures	0.08	3	0.24
7.	Low level of current situation and conservation of the environment and natural resources	0.08	3	0.24
8.	Low level of staff training and a lack of skilled labor	0.06	3	0.18
Total				1.98
Total strengths and weaknesses		1	49	3.52

Thus, the total weighted score of strengths and weaknesses is $1.54+1.98=3.52$

IFE (Internal factor evaluation) = 3.52

Afterwards, the factors of external environment were investigated by dividing them into

opportunities and threats, which were rated from 1 to 4 and weighted from 0 to 1.

Table 2 . External factor evaluation

N	Factors of external environment	Weight	Rating	Weighted score
Opportunities				
1.	Implementation of marketing performance for increasing the number of domestic and incoming agritourists	0.121	4	0.485
2.	The possibility of developing tourism infrastructures	0.121	4	0.484
3.	Elaboration of development strategies	0.121	4	0.484
4.	Improvement of statistical recording of the sphere	0.121	4	0.484
5.	Processing and offering specialized agritours with a wide range of agricultural activities for incoming and domestic tourists	0.121	3	0.363
6.	Formation of a regional agritourism package with neighbors Georgia and Iran	0.091	2	0.182
Total				2.482
Threats				
1.	Unemployment and low income level of the population	0.121	3	0.363
2.	The possibility of not good influence of not fully developed tourism infrastructures on the number of tourists	0.091	3	0.273
3.	Increasing immigration of population, especially in regions	0.091	3	0.273
Total				0.909
Total opportunities and threats		1.00	30	3.391

Thus, the total weighted score of opportunities and threats is $2.482+0.909=3.391$
 EFE (External factor evaluation) = 3.391

As we see, the EFE and IFE are above average 2.5. We have applied IE (internal-external) strategy space matrix to find out the best strategy based on our weighted scores. Our score is in the aggressive quadrant.

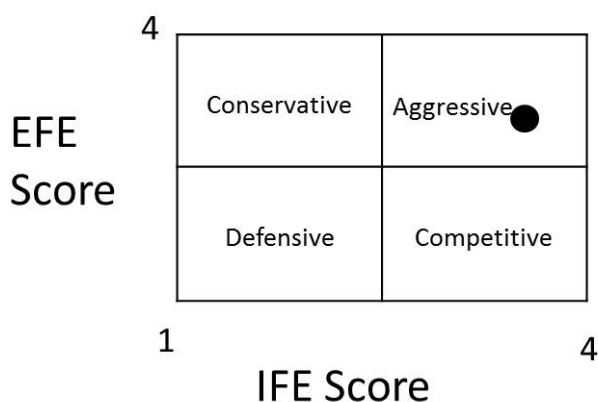


Fig. 1. IE strategy space matrix

Aggressive quadrant of the SPACE Matrix is an excellent position which means that the industry is attractive and stable, the competitive advantage is high. Thus, the position in aggressive quadrant requires taking advantage of external opportunities and overcoming internal weaknesses, trying to minimize threats by using internal strengths. Also, aggressive strategy means to penetrate new markets, or develop the share in existing markets, develop tourism product by using innovations. Therefore, the formation of the strategy should solve these issues by having as a basic goal the increase of social-economic conditions in regions, which main elements are shown in the following model, presenting the impact of agritourism development on economy (figure 2).

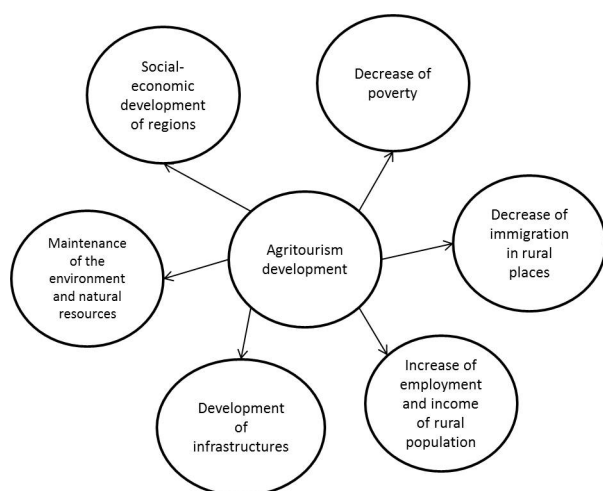


Fig. 2. Main impact of agritourism development*

*The figure was processed by the author.

Conclusion

The conducted analysis in the article shows that Armenia has great opportunities to promote agritourism. Agritourism development will contribute to the advancement of rural areas and regions as well. Armenia is rich in historical, cultural, religious monuments, resort resources, and tourists, while visiting to historical, cultural monuments in the regions of Armenia, are likely to stay at rural places. However, offering specialized agritours with a wide range of agricultural activities is very crucial. Armenian hospitality and rich cuisine may also have a deep impact on agritourism development, as tourists like to taste agricultural food and dishes at rural places, and also participate to the preparation process. Agritourism is considered to be a kind of cheap rest, as hotel facilities (especially B&Bs) in regions cost less. Besides, fresh air and climate, nature and healthy food in Armenia are very attractive factors.

The conducted analysis makes it possible to do some suggestions. First of all it is of high importance to process and implement strategic programs for development of agritourism industry in the RA (aggressive strategy, having as basic goals the model proposed by us).

As now tourism agencies offer inclusive tours which include also some agritourism activities, it is very important to process agritours, developing main routes and plan of activities for few days (from 3 to 7 days).

The marketing policy of tourism should also be aggressive by using a large set of marketing tools (also e-marketing) presenting the country's agritourism assets, agricultural festivals, rich agricultural products and rural hospitality abroad and in the country for attracting not only international but also domestic tourists.

It is of high necessity to organize trainings and workshops for farmers who offer agritourism activities according to international practice. The above mentioned steps will help to advance agritourism in Armenia.

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