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Faculty of Economics and Management

Department of Management (FEM)



Diploma Thesis

Market analysis of agritourism in the Krasnodar territory

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DIPLOMA THESIS ASSIGNMENT

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Economics and Management

Thesis title

Market analysis of agritourism in the Krasnodar territory

Objectives of thesis

The aim of the thesis is to estimate the market of agritourism in the Krasnodar Territory, Russia, in terms of its development potential, external environment, major suppliers and customers' profile. The purpose of the thesis is to propose strategies of the market development and destination marketing, provide marketing and management recommendations for enterprises of the Krasnodar Territory working in the agritourism sector.

Methodology

The thesis is based on secondary and primary research. Secondary research consists of collection, statistical analysis and classification of secondary data on agritourism enterprises of the Krasnodar Territory. PESTLE analysis is carried out in order to estimate external factors having influence on the market. The primary research is based on surveying the customers of agritourism services in the Krasnodar Territory. The survey is aimed to collect data about demographics, socio-economic status, travel behavior of the customers, which is used for the cluster analysis in order to define customer segments. The SWOT analysis sums up the research findings as internal and external threats and opportunities in order to provide recommendations for the strategical development of the market.

The proposed extent of the thesis

60 – 80 pages

Keywords

agritourism, rural tourism, market analysis, customer segmentation, marketing, Krasnodar Territory

Recommended information sources

- FLANIGAN, S., BLACKSTOCK, K., HUNTER, C. Agritourism from the perspective of providers and visitors: A typology-based study. *Tourism Management*, 40. Elsevier, 2014. ISSN: 0261-5177. Pp. 394-405
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Declaration

I declare that I have worked on my diploma thesis titled "Market analysis of agritourism in the Krasnodar territory" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 31.03.2019

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Market analysis of agritourism in the Krasnodar territory

Abstract

This research is focused on the analysis of the agritourism in one of regions of Russia, the Krasnodar Territory. The aim of this thesis is to estimate the regional market of agritourism in terms of its available resources, suppliers, external environment and customers. The study is based on the use of primary and secondary sources of data: statistical information of the Russian State Statistics Office, The Ministry of Tourism of the Krasnodar Territory and the questionnaire research conducted among customers of agritourism services in the region. Practical part of the thesis consists of analysis of agritourism resources of the Krasnodar Territory, PESTEL analysis of external environment of the market, classification of agritourism suppliers and customer segmentation based on the machine-aided hierarchical cluster analysis. SWOT-analysis is used to propose of suitable recommendations for the development of regional agritourism market.

Keywords: agritourism, market analysis, tourist destination management, Russian tourism market, tourism marketing, rural tourism, agritourism resources, agritourism suppliers, customer segmentation, agritourism market

Analýza trhu agroturismu v Krasnodarském kraji

Abstrakt. Tento výzkum je zaměřen na analýzu agroturismu v jednom regionu Ruské federace, Krasnodarském kraji. Cílem této práce je odhad regionálního trhu agroturismu ve smyslu dostupných zdrojů, poskytovatelů, vnějšího prostředí a zákazníků. Studie je založena na použití primárních a sekundárních zdrojů dat: statistické informace Ruského statistického úřadu, informace z Ministerstva turismu Krasnodarského kraje a průzkum provedený mezi zákazníky agroturistických služeb v regionu. Praktická část této práce obsahuje analýzu agroturistických zdrojů Krasnodarského kraje, PESTEL analýzu vnějšího prostředí trhu, klasifikaci agroturistických poskytovatelů a rozdělení zákazníků na základě počítačově vytvořené analýzy hierarchického shlukování. SWOT analýza je použita k návrhu vhodného doporučení pro rozvoj regionálního agroturistického trhu.

Klíčová slova: agroturismus, analýza trhu, management turistické destinace, turistický trh v Rusku, turistický marketing, vesnický turismus, agroturistické zdroje, poskytovatelé agroturismu, zákaznická segmentace, agroturistický trh

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1 Introduction

At present, the problems of rural development associated with outflow of population to urban areas, decreasing business activity, unemployment, low income, changing image of villages etc. provoke concern in the society. The development of alternative forms of business in rural areas is becoming acute. One of possible solutions is agritourism. Agritourism has multiplicative positive impact on the development of rural areas and is able to initiate the process of economic and social revival.

The interest shown towards agritourism is now ubiquitous around the world. In Russia, agritourism appeared not long ago and has developed insufficiently yet.

The thesis analyses the market of agritourism in a region of Russia, the Krasnodar Territory. It is a popular tourism destination, located in Southern Russia. In 2017, the total number of tourists having visited the Krasnodar Territory reached 16 million. Agritourism in this region represents economic potential. At the same time, it remains underresearched, whereas market investigation is important for building successful destination marketing and management strategy. The given thesis is aimed to solve the problem in a consistent way covering internal and external environment of the market.

The analysis of the agritourism market in the Krasnodar Territory is based on primary and secondary sources of data:

- statistical indicators of the market and external factors influencing it obtained via registers and databases kept by national and regional statistical offices and local authorities;
- questionnaire research conducted among customers of agritourism services in the region.

The **object** of the thesis is agritourism market of the Krasnodar Territory studied from the viewpoint of resource potential, external environment, supplier and customer side.

The **subject** of the thesis is the analysis of the agritourism market in the Krasnodar Territory aimed at proposal of management and marketing strategies of the region as an agritourism destination.

The analysis is based on theoretical foundations of the agritourism concept proposed by S. Phillip, S. Flanigan, C. Ayorro, T. Streifender. Theoretical understanding of tourism destination marketing and management system is grounded in conceptual principles proposed by P. Kotler, J. T. Bowen, S. Baloglu, J. Makens. Findings of L. Dwyer and C. Kim highlight the approach for analysis of agritourism resources of a destination. Theory of customer demand in tourism is based on the works of M. Palatková, S. Pike, K. Madden and others.

The thesis consists of literature review, covering theoretical foundations of agritourism as an economic sector and theory of agritourism destination marketing and management. Practical part

of the thesis consists of analysis of agritourism resources of the Krasnodar Territory, PESTEL analysis of external environment of the market, classification of agritourism suppliers of the market, customer segmentation and SWOT-analysis, used for the formulation of suitable strategies of the market development, destination marketing and management.

2 Aims of the thesis and methodology

2.1. Aims of the thesis

The **aim** of this thesis is to estimate the market of agritourism in the Krasnodar Territory, Russia, in terms of its available resources, suppliers, external environment and customers. The practical purpose of the thesis is to provide marketing and management recommendations for agritourism enterprises of the Krasnodar Territory and authorities controlling the region as agritourist destination.

In order to reach the aim of the thesis the following **objectives** should be fulfilled:

- 1) to study theoretical foundations of agritourism as economic sector and agritourism destination marketing;
- 2) to estimate agritourism resources of the Krasnodar Territory;
- 3) to define recent position of the suppliers of agritourism in the Krasnodar Territory;
- 4) to evaluate external environment having influence on the agritourism market of the Krasnodar Territory;
- 5) to identify the profile of customers of agritourism in the Krasnodar Territory and the clusters they form;
- 6) to propose strategies of the market development based on the findings of the research.

2.2. Research questions of the thesis

The thesis is aimed to answer the following research questions:

1. What are the agritourism suppliers in the Krasnodar Territory?
2. How do external factors influence the development of agritourism market in the Krasnodar Territory?
3. What are the customers of agritourism in the Krasnodar Territory? What classes do they fall into?
4. What management strategy can be proposed for the development of agritourism market in the Krasnodar Territory?

2.3 Research methodology

The research is divided into parts according to the study objects: tourism resources of the Krasnodar Territory, regional suppliers of agritourism, external environment of the agritourism market in the region, customers of agritourism in the Krasnodar Territory and management

strategy of the market development. Each study object is connected to the research questions (see Table 1).

Table 1 – Research design of the thesis

Study object	Research question	Research method
Krasnodar Territory suppliers of agritourism	1. What are the agritourism suppliers in the Krasnodar Territory?	Data collection, descriptive statistical analysis, classification
External environment of the agritourism market in the Krasnodar Territory	2. How do the external factors influence the development of agritourism market in the Krasnodar Territory?	PESTLE-analysis
Agritourism customers in the Krasnodar Territory	3. What are the customers of agritourism in the Krasnodar Territory? What are their needs and behavior? What classes do they fall into?	Data collection based on questionnaire research, descriptive statistical analysis, clustering
Management strategy for the agritourism development in the Krasnodar Territory	4. What management strategy can be proposed for development of agritourism market in the Krasnodar Territory?	SWOT-analysis

Source: Author

Research of agritourism suppliers in the Krasnodar Territory is based on collection and descriptive statistical analysis of data on agritourism enterprises in the Krasnodar Territory. **Classification** of the agritourism enterprises is carried out according to three criteria: services provided, location and typology. The data for the analysis is taken from the unified state system "Register of subjects and objects of the tourist industry and tourist resources of the Krasnodar Territory" (www.egis.kurortkuban.ru). The use of the register has the following limitations:

1. Not all agritourism enterprises are included into the list, since it is compiled according to the requests of the enterprises.

2. The register may include outdated information (e.g. closed enterprises).

Assessment of external environment influencing agritourism market in the Krasnodar Territory is carried out through **PESTLE analysis** with the aid of secondary resources: Federal State Statistics Office of Russia (www.gks.ru), Russian Association of Agritourism (www.agritourism.ru) etc. The PESTLE analysis has certain limitations: i.e. subjectivity, lack of competitor analysis, availability of data.

The research of agritourism customers in the Krasnodar Territory is based on collection of primary data via questionnaire concerning customers' travel experiences, tourist behavior,

preferences. The questionnaire is discussed in detail in the next subchapter. The collected data are used for segmentation of customers through clustering analysis and statistical analysis.

Clustering is conducted for the customer segmentation, aimed at dividing the agritourists into specific groups according to their behavior. Cluster analysis is based on hierarchical method, consisting in successively merging smaller clusters into larger ones (i.e. agglomerative clustering). This method of analysis is chosen for several reasons and benefits (IBM Knowledge Center, 2018):

- a) suitability for the dataset size (219 cases);
- b) suitability for binary type of variables;
- c) universality in use;
- d) interpretability;
- e) visual aids, i.e. dendrogram.

Ward's method is used as a sorting strategy. It is based on the methods of dispersion analysis. The distance between the clusters is taken as the increment of the sum of squares of the distances of the objects to the center of the cluster, resulting from their combination. At each step of the algorithm, these two clusters are combined, which leads to a minimal increase in variance. This method is used for tasks with closely spaced clusters (Everitt et al., 2011).

Squared Euclidian distance is used as interval measure. This method has proven to be suitable in marketing research as the most accurate and versatile.

The number of clusters is defined according to the agglomeration coefficient, containing data on the value of clustering criterion at each step of the clustering algorithm, and dendrogram, as well as the degree of interpretability.

Clustering analysis is performed with the aid of software IBM SPSS Statistics 23. Thus, the research is machine-aided.

The **SWOT-analysis** is used to summarize the completed research in order to propose management strategies for the development of the market. It is based on the results of the above mentioned parts of the analysis.

2.4 Questionnaire and data collection

The questionnaire is developed for the estimation of the region's agritourism customers' profile and segments.

The questionnaire was spread in the Russian language as it was distributed among Russian citizens. The original questionnaire with the translation in English is represented in the Appendix 1. The questions are divided into two blocks: demographic data and data on travel experience. Demographic data includes questions on:

- gender;
- age;
- education level;
- monthly income;
- district of residence.

The questions of travel experience are:

1. What types of agritourism services in the Krasnodar Territory did you use?
2. What were your companions during the trip?
3. When did you visit agritourism objects of the Krasnodar Territory?
4. Why did you decide to visit agritourism objects in the Krasnodar Territory?
5. From what sources did you find out about agritourism in the Krasnodar Territory?
6. Are you willing to visit the Krasnodar Territory as an agritourist again?

The target respondents of the questionnaire are tourists who have visited agritourism objects of the Krasnodar Territory in the last three years (i.e. 2016, 2017, 2018). The opening question of the questionnaire (“Have you visited agritourism objects of the Krasnodar Territory in the last 3 years?”) is aimed to narrow down the respondents to the target ones. In case the respondents answer “no” to the opening question, their forms are not included into the data. In order to minimize misunderstanding, definition of agritourism is given in the beginning of the questionnaire.

The questionnaire was distributed through agritourism enterprises of the Krasnodar Territory and travel agencies offering agritourism services via e-mail with the support of the Autonomous Nonprofit Organization "Center for the Development of Agrarian Tourism in the Krasnodar Territory". The agritourism enterprises distributed the questionnaire by any convenient means (e-mail, social media posting, text messaging) throughout client bases.

The questionnaire was distributed among 86 agritourism enterprises and 32 travel agencies offering agritourism services during the period 1 December 2018 – 1 February 2019. 28 agritourism enterprises and 11 travel agencies agreed to spread the questionnaire among their customers. 8 agritourism enterprises responded they are too busy to distribute the questionnaire, other 50 enterprises left no response.

By the end of the response collection, 219 questionnaires were returned, the data was coded and prepared for the following analysis.

With the given number of respondents, the confidence interval is 6.93 with the confidence level of 95% (the population is unknown, and taken as the number of 20,000 people). The reliability of the survey results thus is moderate.

The questionnaire research has the following **limitations**:

1) Not all agritourism enterprises and tourism agencies keep a client base through which a questionnaire could be distributed.

2) The number of questions is limited since complex and long questionnaires are less likely to be returned.

3) Misinterpretation of questions may occur while respondents fill the questionnaire.

4) The time of response collection (i.e. low season) may influence the results.

5) The type of enterprises agreed to distribute the questionnaire among their customers may influence the results.

6) Since there is no data on what means were used by the enterprises for the questionnaire distribution, the results may be biased.

7) The time for the collection of responses is limited.

Taking into account the mentioned limitations, the research can be regarded more as illustrative, however, the research reaches the target audience (i.e. agritourists having experience in visiting the Krasnodar Territory).

3 Literature review

3.1 Theoretical foundations of agritourism as an economic sector

3.1.1 Definition and typology of agritourism

Despite the fact that agritourism is recognized as a special subsector of tourism and researched by scholars all over the world, still there is no common and universally accepted definition of it. The uncertainty and diversity of definitions may be explained by different perception of the concept in different countries and regions, which is influenced by experience of tourists and practices of agritourism providers. It should be also noted that agritourism is still an emerging sector of tourism.

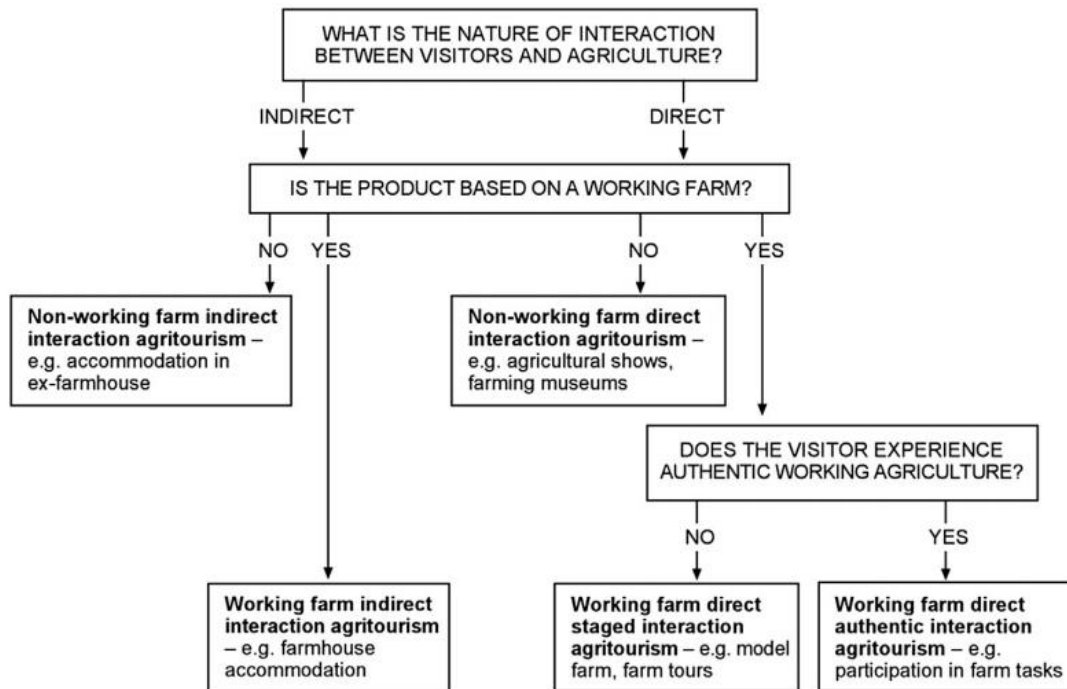
Agritourism joins together two industries of the economy: agriculture and tourism. For that reason, agritourism may emerge only rural territories, where agriculture is the major economic activity. However, not all forms of rural tourism may be considered as agritourism. Rural tourism is connected to the territorial features: European Commission defines agritourism as “tourism in areas with a low density of population” (European Centre for Eco Agro Tourism European Commission, 2000). This gives this type of tourism broader range of activities and forms, in other words, “rural tourism” may be considered an umbrella term for any type of tourism taking place in rural areas.

The researchers proposed multiple definitions of agritourism. S. Phillip et al. identified eight most frequently cited definitions of agritourism (Phillip, et al., 2010). However, they all had similar attributes of agritourism, e.g. interaction of tourists with working farms or enterprises involved into agriculture. The research also worked out typology of agritourism definition, based on three points:

- 1) working farm vs. non-working farm;
- 2) direct vs. indirect contact with agriculture;
- 3) authentic vs. staged activities of tourists.

The concept of “farm” in researches of agritourism also does not have universal definition. Many scholars use the word “farm” to denote providers of agritourism services, which primary operations is devoted to agriculture. Some researchers of agritourism consider farms as family farms, however, this narrows down the concept of agritourism to “farm tourism”, which distinct feature is stay on a farm. However, agritourism should be differentiated from the concept of “farm tourism”, since it may not necessarily take place at family farms, but also ranches, plantations, orchards, feedlots, i.e. enterprises engaged in agricultural production such as vegetable, fruit, dairy, pig, poultry, fibers and other commodities. In this paper, the concept of farm will be used exclusively in this sense.

Figure 1 – Typology for defining agritourism



Source: Flanigan et al. *Agritourism from the perspective of providers and visitors: a typology-based study* (2014)

The typology was improved by Flanigan et al (Flanigan et al., 2014), it differentiated five types of agritourism enterprises (see Figure 1). It divides the agritourism farms into several categories:

- 1) Non-working farm indirect interaction (NWF);
- 2) Non-working farm direct interaction (NWFDI);
- 3) Working farm indirect interaction agritourism (WFII);
- 4) Working farm direct staged interaction agritourism (WFDSI);
- 5) Working farm direct authentic interaction agritourism (WFDAI).

NWFs, i.e. non-working farms, where tourists indirectly interact with the agritourism activities (e.g. accommodation at ex-farm) are controversial, since there is no common opinion if such enterprises should be considered as agritouristic, as, from the tourists’ perspective, it is not required factor, they are attracted by the imagery of a farm.

Non-working farms with direct interaction of tourism with agriculture (NWFDI), are represented by agricultural shows, museums etc.

Services implying working farm and indirect interaction with agriculture (WFII), the enterprises offer accommodation, shops, outdoor and leisure activities, i.e. activities which do not interfere into the farm work. Due to such passive interaction, there are also controversial opinions if this type of tourism should be regarded as “agritourism”. In practice, visitors do not consider direct interaction with agriculture as necessary element of agritourism.

Examples of working farms where the interaction with direct and staged interaction (WFDSI), i.e. the activities are reproduced (e.g. demonstrations, excursions, etc.) in a manner adapted for tourists with the purpose of safety and accessibility.

Activities, performed at the working farm with the direct and authentic interaction (WFDAI) of tourists, could be rather classified as volunteer work at the farm. There is debate among scholars if such type of agritourism may be considered as tourism in all, since it does not have recreational component, which some consider a necessary component of tourism. However, it may be agreed that “ecotourism” is a niche type of tourism.

The typology clarifies the diversity of agritourism concept, however, since criteria and the agritourism types themselves are debatable, it does not give clear attributes and distinctive features of agritourism.

In 2013 an empirical research, carried out by C. Arroyo et al (Arroyo, et al., 2013), used the agritourism typology as theoretical framework in attempt to produce the universal definition. The research was based on the survey conducted among agritourism stakeholders (residents, farmers, extension faculty). The stakeholders decided what elements, according to their opinion, should be included into the accurate definition of agritourism. The results have shown that the words “farm”, “entertainment”, “education”, “working”, and “visitors” should be included into a good definition of agritourism. Notably, the word “agriculture” was not frequently chosen by the respondents. From the stakeholders’ point of view, agritourism major features are the following:

- a) agriculture enterprise (farm) should be working;
- b) entertaining and education component for the visitors;
- c) authentic or staged interaction at the agricultural facilities.

This approach, though based on empirical research and contributing to the issue of defining agritourism, still has some disadvantages: terminological problems (e.g. understanding of concepts “working farm”, “authentic” and “staged” activities), disregard of legal framework, inconsistency. These points were used by T. Streifeneder in criticizing approaches to defining agritourism introduced by other scholars (Streifeneder, 2016). In his article, he clarifies the concept of “authentic” agritourism and distinguishes it from rural tourism, enriching the understanding of agritourism with legal and empirical reasoning. According to the opinion of T. Streifender, authentic agritourism is based on the following assumptions:

1. Tourists visit only working agriculture enterprises. Working farm is the basic requirement for agritourism.
2. The agritourism activities at the farm corresponds to the agricultural functions of the farm.
3. Agricultural activities of the farm is predominant, agritouristic activities are complimentary for the providers.

4. Accommodation is located within the territory of the working farm.

5. Tourist have opportunity to directly interact with a farmer.

I agree with the proposed assumptions, however, some points should be clarified. Accommodation assumption does not require stay of tourists. Agritourism may cover one-day visits, which do not assume any kind of stay. According to the UNWTO (United Nations World tourism Organization), tourism is activity of visitors, who, in their turn are classified as “tourists” (“overnight visitors”) and “same-day visitors” (“excursionists”) (UNWTO, 2008). Therefore, both one-day visits and stays belong to agritourism.

Having regard to the above, *agritourism is a type of rural tourism, involving tourism activities at working agriculture enterprises (farms), during which tourists directly interact with agricultural settings with educational and recreational purposes.* In this paper, the research is based on this definition of agritourism.

3.1.2 Forms of agritourism

Forms of agritourism should be understood as categories of tourism services performed at agritourism objects. These categories may be differentiated according to several criteria (Sznajder & Przezbórska, 2018):

- a) seasonality;
- b) price levels;
- c) purpose of activities.

Certain services of agritourism may be available at whole year, so agritourism services may be seasonal (i.e. available at certain period of time, e.g. flower blooming) or continuously available. In different countries, the same type of services fall into different seasonality categories, since climate is the major factor defining seasonality. It should be also noted, that seasonal services tend to be more expensive.

Apart from seasonality, being an external pricing factor, the price for agritourism services also depends on internal attributes of the agritourism enterprise, i.e. unique offers, products, activities, creating experiences for the tourists. External factors include geographical, natural, cultural characteristics. Reputation, influenced by online ratings and word of mouth, also has impact on the price levels for the agritourism services.

The most common differentiation of services of agritourism is based on the purpose of activities. Several types may be distinguished: accommodation, catering, education, recreation, sales of products, sports, therapy, degustation, workshops, farm work. It should be noted, that according to the accepted definition, agritourism should include activities having educative

recreational component, during which tourists interact with the agricultural settings directly. Thus, such activities as workshops, farm work can be regarded the closes to the concept of “authentic” tourism.

3.1.3 Agritourism and sustainable development of rural territories

Agritourism plays a specific role in sustainable development of rural territories. Sustainable development is understood as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (World Commission on Environment and Development, 1987). Sustainable development implies development in three planes: economic, sociocultural and environmental.

A call for sustainable development was initiated by the United Nations Organization, which adopted 2030 Agenda for Sustainable Development, where 17 Sustainable Development Goals (SDGs) were stated (UN General Assembly, 2015). The SDGs were developed with the aim of eliminating global problems of poverty, inequality, climate change and environmental pollution, and with the aim of partnership, responsible consumption, economic growth.

The UNWTO defined the role of tourism in the established SDGs (UNWTO, 2015). Tourism:

- a) stimulates economic development through the creation of jobs;
- b) reduces poverty by providing income;
- c) contributes to the economic growth and social development through tax income from tourism;
- d) encourages investment into education and stimulates work mobility;
- e) fosters infrastructure construction and infrastructure upgrade;
- f) reduces inequalities between countries, regions, rural and urban areas;
- g) fosters the development of private and public partnerships;
- h) may contribute to reduction of pollution, water waste and other ecological problems, provided a tourism management is based on the principles of ecological restoration and nature conservation.

All these benefits is applicable to agritourism. As agritourism is located in the rural territories, it contributes to rural sustainable development. Rural areas are exposed to such problems as poverty, depopulation, degradation of soil, loss of traditions. These problems have become the cost of the past strategies of economic growth and urged the adoption of new economic policies based on an alternative views.

Agritourism can be an accelerator of rural sustainable development due to interconnections with other sectors of economy: agritouristic enterprises stimulate the activity of other businesses

in rural areas, e.g. food production, restaurants, shops etc. Thus, local population also benefits from the sustainable agritourism development, which considers the needs and interests of both sides: business and residents.

Farmers providing agritourism services benefit from additional income source, diversification of activities and operations on the farm, maximization of farm. Thus agritourism business contributes to the fulfillment of social and ethical goals through creating employment possibilities, investment into cultural and natural resources, promotion of environmental farming practices.

However, agritourism development has several obstacles. Different forms of it can have positive and negative effects on economy and social processes in the rural areas, the impacts depend on specifics of individual area, relations between public and private sectors (Lupi et al., 2017). Some scholars also note that cooperation between farmers, creation of collaborative communities also contribute to the successful development of rural areas (Volpentesta & Ammirato, 2013). Such communities unite different actors of agritourism: visitors, agritourism enterprises, public sector aimed to share their interests, set goals and principles.

Legislative base and political support is an important element for the agritourism development. For instance, in the European Union, the cooperation between the providers of agritourism is supported in the framework of LEADER local development method, encouraging the creation of local communities, setting development strategies based on their socio-economic interests. The LEADER method is financed by the EAFRD (European Agricultural Fund for Rural Development) and may be also supported by the EMFF (European Maritime and Fisheries Fund), ERDF (European Regional Development Fund) and ESF (European Social Fund) (Official Journal of the European Union, 2013). Development of agritourism is also fostered by specially created national or regional agritourism associations, which set and control service standards, consult and assist farmers in management and marketing strategies, promote local agritourism brands.

So, the success of agritourism development depends on internal and external factors. Internal factors are organization of business in terms of management, marketing, collaboration with local residents and public sector. The external factors are economic, geographic, cultural resources, legal, political, technological, social, economic environment.

3.2 Theory of agritourism destination marketing

3.2.1 System of agritourism destination marketing

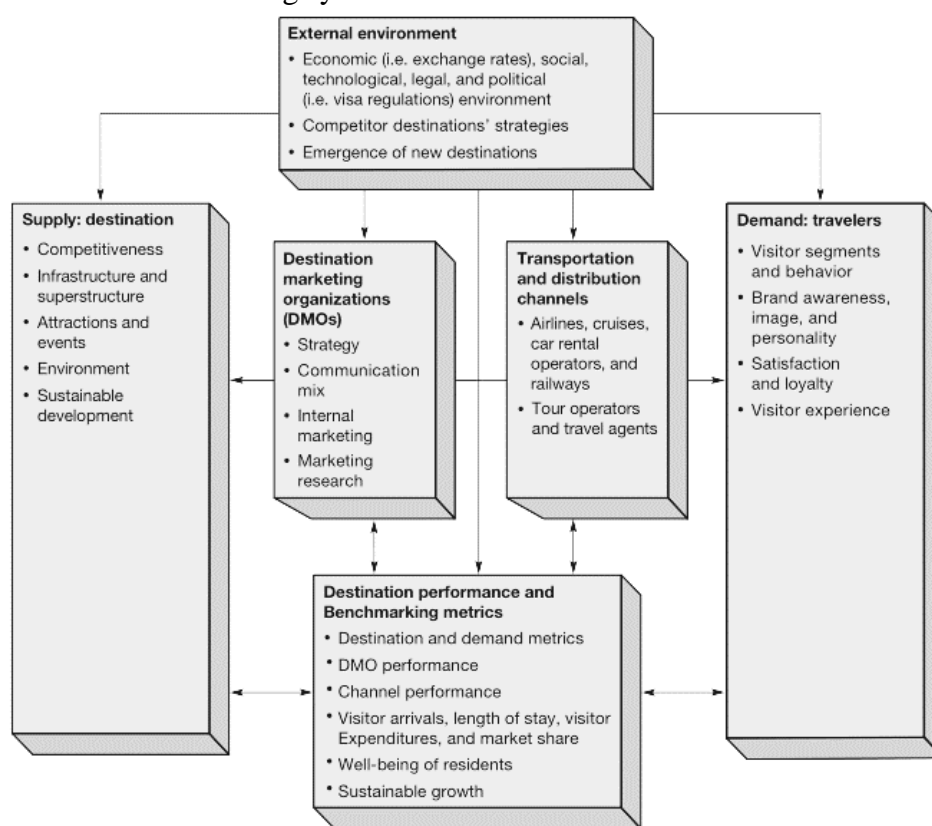
Since the research of this paper deals with the agritourism market analysis at the regional level, the focus of theoretical review will be concentrated at tourism destination marketing. A

region in this case may be considered as macrodestination, i.e. cluster of destinations of smaller scale (i.e. individual villages, enterprises, places of interest).

Tourism destination is a geographical area where multiple tourism services are provided to visitors (Pearce, 2014). Any tourism destination interconnect different sectors of economy, e.g. recreation, accommodation, catering, entertainment, transportation. Destinations differ in natural, geographical, cultural resources, and enhance their competitiveness through developing infrastructure and improving services.

System of tourism marketing, presented by P. Kotler et al. (Kotler et al., 2016) represents linkages between supply and demand side (see Figure 2).

Figure 2 – Destination marketing system



Source: Kotler P. et al. *Marketing for Hospitality and Tourism* (2016)

Supply side consists of tourism and infrastructure capital, competitiveness. Authors’ understanding of competitiveness is close to the definition of competitiveness proposed by J. Crouch and B. Richie: destination competitiveness is ability to “increasingly attract visitors while providing them satisfying experiences, and to do so in a profitable way, while enhancing the well-being of residents and preserving the natural capital” (Crouch & Richie, 2003). So, competitiveness covers economic, marketing, community-building and sustainability elements.

Demand side concerns the consumers’ needs and wants, branding, satisfaction and loyalty of consumers.

Distribution channels (i.e. tour operators and travel bureaus) and transportation carry an important role in selling as they play the role of information providers and can influence tourists' decision making. In the view of current technological development, another element could be added to this group: social media. Social media is used as platform for promotion among tourism enterprises and sharing tourism experiences among travelers, thus, linking the providers of tourism services and consumers.

Destination marketing organizations (DMO), usually represented by official bodies (such as tourism ministries), tourism associations, and national or local organizations, developing policies of tourism development and destination marketing strategies. DMOs initiate marketing research, enhance cooperation and communication between tourism enterprises, encourages exchange of knowledge etc.

In case of agritourism, cooperative destination marketing is especially important as it leads to long-term success and provides the sources for regional cooperation. The motives of inter-destination marketing collaboration is the reduction of risks. D. Berlando et al. claim, that agritourism risks correspond to risks of other value-added enterprises. These risks, according to the authors, are (Bernardo et al., 2004):

- a) opportunity costs, since agritourism requires investment of time and capital, which distracts farmers from their major business (agriculture);
- b) retail and service business is a venture of high risk;
- c) lack of management expertise and skills;
- d) legal risks, as agritourism enterprise should be officially registered.

Other motives for destination marketing collaboration could be strategic and related to transaction costs. The examples of strategic motives are access to external resources, awareness of new trends and changes in the industry, dealing with financial issues, swift market entry, sharing risks with farmers partners. Transaction cost motives include recusing production costs and using economy of scope.

Benchmarking, being an element of destination marketing system, is an important tool for tracing development of a destination and measuring its performance. F. Kotler et al. (Kotler et al., 2016) define three types of benchmarking:

- a) internal (metrics of a destination used to analyze dynamic changes of performance);
- b) external (metrics of major competitors used for comparison);
- c) generic (the use of international standards for comparison).

Finally, tourism destination marketing is influenced by multiple external factors, which should be taken into account in accessing of the market state.

3.2.2 Agritourism and external environment

External environment, including economic, social, political, legal, technological and environmental factors, may have significant impact on destination marketing and destination competitiveness. The analysis of external environment for agritourism destination may be carried out via several methods, such as: PESTEL (Political, Economic, Social, Technical, Environmental, Legal), STEEP (Social, Technological, Economic, Environmental, Political), and others. Each external factor brings both opportunities and barriers.

Political factors are determined by functioning policies, which are set by national or local authorities. These policies are based on the certain political ideology which implies the use of certain methods of state aid (or lack of it). Certain policies reflect the attitude to particular business element and pursue definite aims. For example, regulations on agritourism support in Italy differ from regulations of rural tourism support: evidently, Italian authorities make distinction between these terms, and set farming as the key attribute for an agritourism enterprise (SgROI et al., 2018). So, non-working farms cannot get financial aid for the business development.

Other positive political factors are facilitation of cooperation between agritourism providers and local residents, encouragement of community based strategical development. The example of such political policy is the EU rural development regulations.

Negative political factors include political instability, deterioration of foreign relations (though in case of domestic tourism this may be a positive factor), bureaucracy, corruption etc.

Economic factors concern inflation, population income, exchange rates, tax rates, interest rates, aggregate economic growth. Each element may be associated with positive or negative impact on agritourism sector. For instance, taxes increase tourism costs, whereas tax cuts and subsidies can stimulate supply. However, the necessity of taxation is commonly recognized. Money obtained through taxation can be reinvested into public services, which will create beneficial environment for the businesses.

Inflation and population income, as well as interest rate, has strong impact on customer demand: in case of rapidly increasing inflation customers are likely to stop purchasing tourism services or find cheaper alternatives, in favor of more essential expenditures: food, healthcare, education. Such factors increase commercial risks of tourism enterprises.

Social factors include demographic characteristics of population, consumer behavior, education, lifestyle etc. Global trend of population ageing makes agricultural businesses retarget their services to older audience (Oriade & Robinson, 2017). In agritourism, beneficial lifestyle trend is observed, i.e. growing interest to consumption of organic food. This gives farmers a competitive advantage, since they are able to provide authentic experiences to the visitors, who

can witness the production process, participate in agricultural work, purchase farm goods. Rural environment is also appealing for the people who want to spend holidays closer to nature.

Environmental factors hold special position in external environment of agritourism. Since this type of tourism requires ecologically free and non-polluted rural areas in order to provide proper image and experience for the visitors. Environmental problems thus can become a significant obstacle.

It should be noted that both agriculture and tourism create harmful effects to natural resources, i.e. degradation of soil, water contamination (and excessive use), air pollution. Tourism contributes to such problems as fuel consumption, carbon oxide emissions, water and land use.

The negative ecological impact can be reduced thorough sustainable agriculture and ecotourism. Sustainable agriculture is based on the methods of long-term preservation of biodiversity and natural ecosystems, e.g. soil, microorganisms, flora and fauna. Ecotourism implies responsible use of the natural resources, consisting in environment conservation and improving wellbeing of rural residents.

Technological factors reveal new methods of tourism service promotion through internet websites and social media. Social media enables direct contact to target customer groups and has impact on demand, since the victors rely on reviews and internet destination image when choosing a travel destination.

The problem of using ecommerce in agritourism may be constrained by availability of broadband internet in rural areas. Lack of good internet connection stifles the development of agritourism business, and this creases a divide between rural and urban areas.

Technological advancements (such as special software) can also be used by tourism product providers in order to effectively solve many problems in the following areas: development of the necessary documentation; ensuring proper document flow; preparation of contracts and agreements; accounting the results of economic activity; analysis of the results of economic activity, marketing research of the external and internal environment; creating databases on customers, sales, personnel, etc. However, such software and its maintenance cause extra costs for the tourism business.

Legal factors is an important element in agritourism, since legislation defines regulation on how the business should be regulated. Since agritourism unites two industries of the economy, agriculture and tourism, its special legal status should be recognized and defined by the local or national government. There is also the need of consistent agritourism development planning, which is reflected in the official development strategies worked out by ministries or other governmental bodies.

A lack of sufficient legislation in the area of agritourism is a problem for the countries where agritourism is still a new tourism form and receives not enough attention from the authorities. In contrast, countries where agritourism was successfully developed, enjoy a rich legislative base. Such countries are Italy, Spain, the United States. For instance, in Italy, agritourism was officially recognized as a special form of tourism in 1985. The legislation on agritourism since then was enriched and provided regulations on criteria and definitions of agritourism enterprises, agritourism activity, drew a distinction between “countryside tourism” (“rural tourism”) and “agritourism”. Italian authorities not only provide legislation for the tourism sector but also control the misuse of the legal terms of agritourism. In Spain, the agritourism legislation is provided not nationally, but regionally. In the USA, some states regulate agritourism through legal acts (Streifeneder, 2016).

Since agritourism may be viewed from the national and local view, competition may be observed between different destinations. For instance, lower prices for services and diverse tourism products, provided by competing destinations, will attract more customers, and thus decrease demand for other destinations. Therefore, **strategies of competing destinations** should also be taken into account when assessing the external environment. The competition between destinations may be based on: service diversity, marketing techniques, customer service, pricing, etc. Destinations acquire comparative and competitive advantages through comparison of these factors. Comparative advantage consists in possessing resources essential for the tourism development of the destination, e.g. natural, cultural, historical resources, human capital, infrastructure. Competitive advantage refers to the efficient and successful usage of the possessed resources (Kotler et al., 2016).

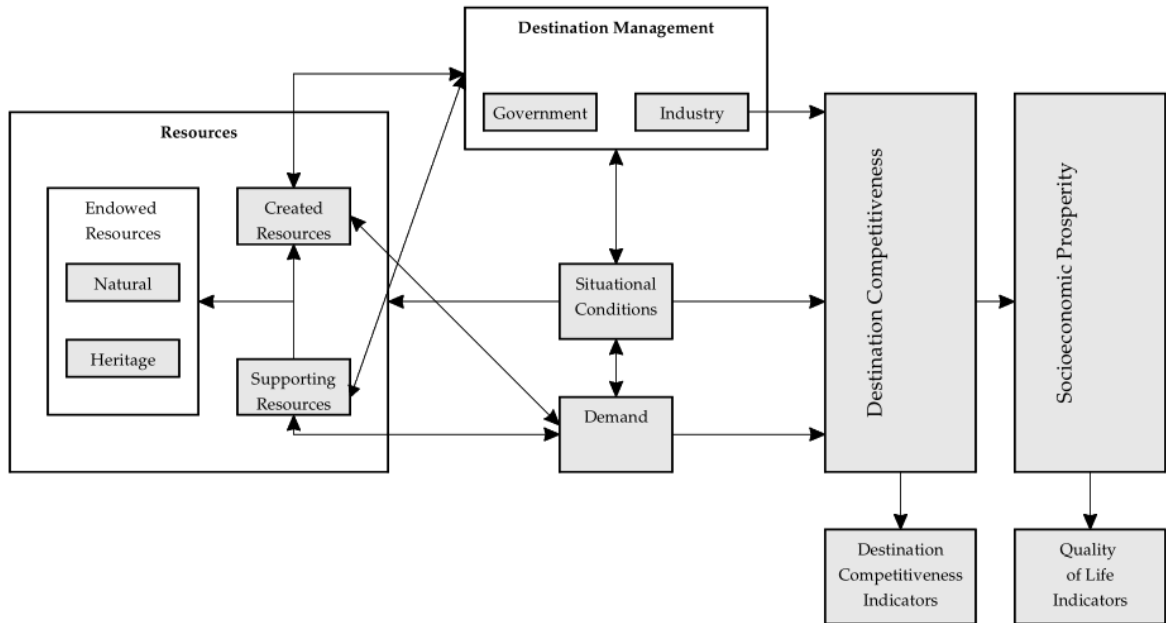
Cumulative impact of all external factors defines the potential development of the agritourism market and obstacles hindering this development.

3.2.3 Agritourism resources

In the system of destination marketing, proposed by P. Kotler, the supply component is related to the competitiveness, based on comparison of tourism resources and their use, and refers to the destination’s attributes and features. This understanding of supply is different from the conventional definition of supply, implying the amount of product or service available at a specific point of time and at a specific price. According to P. Kotler’s model, a destination’s supply is represented by all benefits which it provides to the consumers.

The system of destination competitiveness was consistently explained by L. Dwyer and C. Kim (Dwyer & Kim, 2003). It lays theoretical foundation for the differentiation of tourism resources and other elements of the tourism destination competitiveness (see Figure 3).

Figure 3 – Elements of tourism destination competitiveness



Source: L. Dwyer and C. Kim. *Destination Competitiveness: Determinants and Indicators* (2003)

The authors grouped the factors of competitiveness as:

- a) resources (endowed, created and supporting);
- b) destination management, i.e. actions involving marketing and management policies;
- c) situational conditions, i.e. uncontrolled external factors;
- d) demand, i.e. awareness, preferences and inquiries of the consumers.

According to the authors' opinion, destination competitiveness is linked to socioeconomic prosperity, which stands as a fundamental aim of the economic processes.

Despite the fact that the subject of the authors' research was competitiveness of tourism destinations, the theoretical division of tourism resources into groups systematically describes the supply side of the tourism, and can be applied to the investigation of agritourism supply, where the specifics of the agritourism business will be taken into account. The demand element will be excluded from the proposed system as it will be analyzed separately. The component "situational resources" corresponds to the concept of external environment which was reviewed in the previous subchapter. Destination management is carried out by DMOs, the work which was represented in the P. Kotler's model of destination marketing system.

The resource cluster, according to the proposed system, is divided into three groups: endowed resources, created resources and supporting resources.

The group of **endowed resources** includes natural and cultural (heritage) resources. This cluster represents the core motivation for tourism among visitors. Endowed resources also can be considered as a potential of successful tourism destination development. Natural resources consist of climate conditions, biodiversity, landscape characteristics (lakes, mountains, valleys, rivers).

Cultural and heritage resources provide educational experiences for the agritourism consumers. As it was already noted, educational component of agritourism is essential for the stakeholders. Learning culture and traditions of rural life may take place in such activities as harvesting, farm animal care, workshops at production farm units (creameries, wineries, apiaries, fisheries, etc.). The heritage traditions may be related to national or local ethnic culture, in this case, agritourism connects to ethnic tourism and facilitates the preservation of cultural heritage.

Although endowed resources are the core of tourist attraction for a destination, tourism development is hardly possible without created and supporting resources.

Created resources consist of tourism infrastructure: accommodation places, catering enterprises, travel agencies and tour operators, and other tourism-related businesses. In agritourism, most of the tourism services are provided by farms (accommodation, catering, excursions, workshops etc.). However, agritourism industry creates relations with transportation companies, travel and excursion agencies.

Distinctive feature of agritourism consists in adding agriculture to the group of created resources. This point is derivable from the essence of the concept of agritourism: tourism activities for the working farms is an additional source of revenue, whereas the agricultural functions of such enterprises remain unchanged.

Tourism-related industries include small-scale trade, trade in food products, gasoline service, car rental and maintenance. The need for such diversity is explained by the fact that tourists prefer the services of the destination to be abundant, which also increases visitors' satisfaction. The availability of tourism-related services in rural areas may be a problem, for that reason agritourism may be not attractive to certain segments of tourists, and the development of the agritouristic destination may be obstructed.

A destination should also provide diversity of services in order to enhance attractiveness for the visitors. For small agritourism enterprises, diversification of services can be challenging due to financial, operational, spatial and other restrictions. In this case agritourism enterprises can establish partnership and so create destination clusters. Diversification can also be reached through arranging festivals and events (e.g. harvest festivals), which also can increase demand for the services at the destination.

The group of **supporting resources** consists of background infrastructure and communication systems of the destination, i.e. roads, water and electricity supply, public transport, telecommunications, public services (such as healthcare, security) etc.

L. Dwyer and C. Kim also included into the supporting resources the quality of services, accessibility of destination as well as hospitality (meaning attitude and friendliness of the destination's local population). The concept of quality in tourism industry is subjective and relies on the perception of the visitors. Accessibility of destination is determined by transportation possibility, communication systems (e.g. broadband internet) etc. The attitude of locals to the tourists is based on negative and positive impacts of the agritourism in particular area. Such impacts largely depend on the tourism destination management and cooperation of local communities.

In the view of the foregoing, agritourism supply is represented by agritourism resources, divided into endowed, created and supporting. The diversity and plentitude of each resource group contributes to the enhances competitive position of the agritourism destination and leads to better satisfaction of the visitors.

3.2.4 Agritourism demand

Analysis of tourism demand is related to the analysis of tourists concerning their behavior and segments, brand awareness, formation of loyalty, satisfaction. Investigation of the tourism demand enables efficient development of agritourism sector, since it provides better understanding of consumers' behavior and preferences, improves promotion targeting, and thus leads to larger customer capture, better satisfaction of visitors, increased revenues and profit, which may be reinvested in improvement of services.

Tourism consumers' behavior may be researched from the point of view of motivation factors, preferences, decision making, cultural differences etc. The analysis of consumers' behavior is carried out through marketing, but also psychology, sociology, anthropology. Such disciplines contribute to fundamental understanding of the behavior mechanisms.

I consider the behavior of tourism customers as a dynamic process, consisting of several stages associated with the pre-purchase, purchase, and post-purchase. These stages are followed by the successive formation of awareness, perceived destination image, travel motivation, satisfaction (dissatisfaction), loyalty.

Before acquiring motivation to travel, potential customers should be aware of agritourism destination or agritourism as a form of travelling option in general. **Awareness** may be built through different ways: i.e. different ways of advertising (banners, radio- and TV- commercials,

online advertising), word of mouth. Word of mouth, in case of agritourism, plays an important role, and also influences the customers' perceived destination image and decision-making. Word of mouth tends to prevail among other promotion options (Bernardo et al., 2004).

Once awareness is built, potential customers go through the process of decision-making. This process is based on perceived **image** of a destination. Image is understood as a multidimensional concept, encompassing a set of perceptions and feelings concerning destination attributes. S. Pike viewed destination image is in 3 planes: cognition, affection and conation (Pike, 2004).

Cognition is understood as knowledge or beliefs, which person has about the destination. Cognitive image of a destination can be based on the information acquired through promotions, friends' and relatives' recommendations, etc. It can also be formed by the customer's previous experience. Affection is a set of individual's feelings about destination, which can be positive, negative and neutral. Affective image, along with the cognition, exercise evaluating function in decision-making process. Conation is the element of destination image that facilitates the customer's motivation to travel and expresses to the likelihood of destination visit.

So, if the destination provoked positive image in the view of a potential customers, they find themselves in the stage of pre-purchase. At this stage, **motivation** for travelling appears, which pushes potential customers into the search of a holiday destination that would satisfy their preferences.

Motivation factors of tourist behavior are commonly divided into push and pull (Palatková, 2012). Push motivation factors are the core motivation element which encompasses negative perceptions of the context where individuals find themselves. Pull factors are related to a destination's positive attributes. Combined together, push and pull factors possess motivational power based on the model of escaping negative perceptions and seeking positive ones.

Pull motivation factors may be classified as static, dynamic, and current (Madden et al., 2016). All these types contribute to the overall motivation, and the strength of their impact may vary.

Static motivation factors refer to unchanging (or slowly changing) attributes of a destination (i.e. landscape, climate conditions, natural and historical heritage). In case of agritourism, image of countryside may play an important role in formation of motives. It is believed that the majority of the visitors come from urban areas (Flanigan at al. 2015). Agritourism choice preference of urban residents becomes quite evident, since they are motivated by escaping from polluted and overcrowded cities to more peaceful countryside. Such motive of choosing agritourism out of plenty of other options of travelling is related to personal perceptions of countryside image. This perception may be connected to personal memories, friends' or relatives' experiences they share, advertisements, online reviews, etc. Personal negative perceptions of countryside will more likely provoke a person to avoid agritourism or particular agritourism destination.

Dynamic pull factors consists of unstable attributes of destination or its environment, i.e. services it provides, infrastructure, etc. Services provided by a destination provoke certain motives connected to the purpose of travel: i.e. in case of agritourism these motives are education, leisure, recreation. Educative element is important element in agritourism, and agritourism enterprises usually provide various educative activities, i.e. excursions and workshops, during which the visitors learn details of rural life, crafts, etc. Such agricultural demonstrations appear to be the most appealing to children. The motives of parents in this case are giving their children understanding what agriculture is like based on real visual examples.

Current motivation factors refer to the current position of a customer in relation to the destination: i.e. prices, marketing strategies, remoteness etc.

The price for agritourism services is lower comparing to mass tourism services, which also contributes to the push motivation factors. For example, in Poland, average price for one night at a farm is around 10 Euro, or 12 US dollars (Bórawski et al., 2015). Thus, the motives of choosing agritourism may be related to income. However, low price of the services may not compensate transportation costs, that is why the closer an destination to a particular customer, the more attractive it will be.

So, the motives of travelling may be attached to the customers' demographic characteristics (age, for instance), income level, remoteness to the destination, personal preferences. Motivation leads to the next stage, i.e. purchase.

During vacation, tourists satisfy (or do not) their needs. **Satisfaction** in tourism does not have commonly accepted definition, but can be understood as pleasure or disappointment perceived by tourists resulting from comparing their trip experience with their expectations (Kotler et al., 2016). Satisfaction is determined by several factors, many of them is related to service quality.

Several attempts were made to define attributes of service quality. Among them service measurement scale is found, consisting of such quality dimensions as reliability, responsiveness, assurance, empathy, and tangibles (Su et al., 2016). It is argued that service quality generally depends personal perceptions and priorities of a tourist. Apart from service quality, satisfaction can be defined by perceived money cost and value, since tourists expect to gain certain value from the travel experience, comparable to expenditures spent on the trip.

Since satisfaction is related to travelers' expectations, destination image perceived by the tourists changes before and after the travel experience. Therefore, if the destination image formed by a visitor before the trip corresponds to the expectations, the consumer is satisfied, and vice versa. Any component of destination image described above undergoes re-evaluation, and can involve any aspect of the tourism destination: accommodation, attractions, environment, events

etc. Comparison of each of these elements to the expected perceptions contribute to aggregate satisfaction of the tourism experience.

Satisfaction is linked to the concept of consumers' **loyalty**. In tourism, loyalty is measured by travels back to the familiar destination. The choice of the same destination is determined by several motivational factors (Pike, 2004):

- a) higher probability of satisfying experience;
- b) emotional attachment;
- c) possibility to explore previously unvisited details of a destination;
- d) introduce other people to new traveling experiences and destinations.

Scholars (Kline et al., 2016) argue, that in agritourism, customer loyalty may be built on the economic and social value of purchasing agritourism services and products. This loyalty is related to “green satisfaction” (satisfaction of environmental desires) and “green trust” (convictions that a product is environmentally friendly) (Chen, 2013). However, it may be argued that not all farms practice organic or sustainable food production, the concept of which maybe still vague.

Consistent understanding of demand for agritourism by the DMOs and farms providing agritourism services is the key for developing successful marketing strategy. This understanding should cover the demographic and socio-economic features of the customers, motives of their trips and behavior during the trips, their needs, preferences and interests, intentions to revisit a destination. This goal is achievable through carrying out marketing research, enabling setting up customers' profile and segmentation.

4 Practical part

4.1 Agritourism resources of the Krasnodar Territory

In Russia, agritourism appeared in the mid-1990s. Since the country at that time had no private farming, there was no base on which agritourism could emerge. With the development of farming and tourism industries, agritourism market had gained stimulus for growth. Comparing to the foreign markets of the agritourism (e.g. Italy, the USA, Spain, Germany etc.), agritourism in Russia is at the emerging stage. For that reason, exploring agritourism resources of the agritourism market is essential for understanding the position of the market and prospects of its development.

Endowed tourism resources of a destination are divided into natural and cultural. Geographic position, climate, landscape, flora and fauna constitute natural endowed resources.

The Krasnodar Territory is a federal subject of the Russian Federation located at the South-Western part of the country (see Figure 4) and occupying the area of 75,485 square kilometers.

Figure 4 – Location of the Krasnodar Territory on the map of Russia



Source: www.wikipedia.com

The major part of the region is located in moderately continental climatic zone, a part of the Black Sea coast belongs to the subtropical zone. Average temperatures in winter and summer are 3-5°C and 22-24° respectively. Average amount of precipitation equals 141 mm in July and 63 mm in January. The region is generally characterized with mild winters and hot summers. The Krasnodar Territory is the warmest region of Russia, the average length of time when sunny weather is observed on the territory of the Territory in the daytime is 2300 hours per year.

Due to the combination of favorable climatic conditions and the presence of mineral water and therapeutic mud Krasnodar Territory is the most popular resort tourist region of Russia.

Wind and water soil erosion are typical for the Krasnodar Territory. Despite that, climatic conditions create beneficial conditions for the agricultural sector development, coupled with the fertile soil structure.

The region faces the Black and Azov seas. It is mainly occupied with plain, while the Southern coastline is covered with mountains, a part of Greater Caucasus range with the highest peak of 3,345 m. It should be mentioned that Western Caucasus is included into the list of UNESCO natural heritage sites, such as Caucasus Nature Reserve belonging to the area of the Krasnodar Territory.

The region is rich in a variety of water bodies, valuable for fisheries. These include more than 500 rivers with a total length of about 14 thousand km, 6 reservoirs with an area of 59.1 thousand hectares.

The flora and fauna of the region is diverse. At its territory more than 400 species of animals and 30,000 species of plants are included, among of which there are those belonging to the “Red book of Russia”, an annotated list of rare and endangered animals, plants and fungi (Bukvić, 2014).

Apart from natural resources, the region possesses cultural heritage connected with Cossack history and traditions. The region is also notable with ancient monuments and digging sites, as well as cultural property objects of Bronze Age, dolmens. The region has remained the only territory of the Russian Federation, having in its archaeological heritage monuments of monuments of the medieval period with the influence of the Byzantine cultural tradition. In 2016, the number of archaeological heritage sites in the region amounted to 4,989, while the sites of cultural heritage amounted to 3,433. 6 settlements of the region (the cities of Krasnodar, Anapa, Armavir, Yeisk, Sochi, the village of Taman) are classified to historical settlements of Russia.

The created recourses are represented by tourism infrastructure: places of accommodation, public catering, tourism services and other relating industries. However, since the major activity of agritourism enterprises is agriculture but not tourism, agritourism enterprises represent the base of agritourism resources.

As of the 1st January 2019, 4,419 enterprises of agriculture, forestry, hunting, fishing and fish farming are working on the territory of the region. In 2017, the production of regional agricultural enterprises and farms amounted to 236,427 and 68,431 million rubles¹ respectively.

Agricultural enterprises of the region produce cereal crops, sugar beet, sunflower, soybeans, rice, potatoes, vegetables, tea, grapes, citrus fruit. Animal production of the region includes meat and dairy cattle, horses, poultry, fish farming, rabbit breeding, beekeeping, aquaculture.

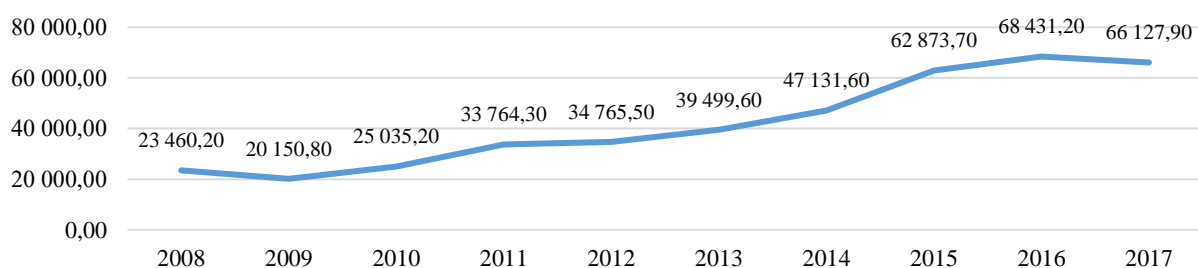
¹ 100 rubles = 1.45 USD (on 01/01/2019), *Source: Central Bank of The Russian Federation*

Since agritourism related to small businesses it is reasonable to take into the analysis farms, being the dominant provider of agritourism services. According to the 2016 All-Russian Agricultural Census, 6,650 farms are found in the Krasnodar Territory. Along with that, there are 2,404 individual entrepreneurs engaged in agricultural production and 757 small agricultural enterprises, which may also be potential agritourism providers.

Production of farms and individual entrepreneurs has increased over 10 year period of 2008-2017 (See figure 5). The increase of production is influenced by the increase of area under crops. Sown area in 2014 compared to 2010 increased by 14.96%, and in 2015 - by 88.75%. Another factors of production growth are investments and introduction of new technologies.

Crop production over the past years had a positive trend in almost all types of products. As for animal farming, it is more diverging: in 2015, the livestock of pigs was completely eliminated by the manifestation of a viral disease (African plague) in the period under review, which required the reorientation of existing or newly opening animal farms, i.e. increase in the number of cattle, sheep and goats.

Figure 5 – Production of farms and individual entrepreneurs on the Krasnodar Territory 2008-2017, million rubles



Source: Federal State Statistics Office of Russia (www.gks.ru)

Although farms and other small-scale agricultural enterprises are the key suppliers of agritourism, conventional tourism infrastructure is also important for the development of regional agritourism market. In 2018, the resorts of the Krasnodar Territory received more than 17 million tourists. This is for 1 million people more last year's tourist traffic in the region. The region's tax revenues from the tourism business has amounted 6.5 billion rubles in 2016. This dynamic is due to the intensive development of the infrastructure base of tourism and the creation of a modern tourist service in the region. Popularity of the Krasnodar Territory as a tourism destination can be a beneficial for agritourism development, in particular, for creating awareness among conventional tourists visiting the region.

Most of the tourism resources of the Krasnodar Territory are located on the coast of the Black and Azov seas, however, the tourism in the region is not limited to beach holidays but also includes cruise travels, gastronomic tourism, mountain skiing, balneology, camping, and Olympic tourism,

involving visiting objects of the Olympic village in Sochi. Agritourism is one of the non-conventional tourism types represented at the Krasnodar Territory.

Hospitality sector of the region is characterized by uprising trend: from 2015 to 2017 the number of accommodation enterprises has increased, as well as hotel room capacity, revenues and number of nights spent in by visitors at accommodation facilities (see Table 2). However, the latter indicator was decreased in 2016. It may be explained by the repeal of a ban on charter flights to Turkey, competing destination of the Krasnodar Territory being the extremely popular among Russian travelers.

Table 2 – Performance indicators of accommodation enterprises² of the Krasnodar Territory, 2015-2017

	Measure	2015	2016	2017
Number of accommodation enterprises	Unit	2 922	3 106	4 641
Hotel room capacity	Unit	135 829	142 034	166 433
Revenues of accommodation enterprises, VAT excluded	Thousand rubles	60 292 160.8	75 958 430	80 666 219.7
Number of nights spent by visitors at accommodation facilities	Unit	40 751 910	37 607 095	44 346 172

Source: Federal State Statistics Office of Russia (www.gks.ru)

Travel agencies, tour operators and excursion agencies become the linchpins in provision of touristic services since they take the role of intermediary between customers and service providers. From 2005 to 2017 the number of tourism enterprises has increased in 2.3 times and totaled 518, among which 60% are travel agencies, 4% are tour operators, 12% combine tour agent and tour operator's functions, and 24% provide excursion services.

Tourism information centers play an important role in building awareness of tourism destinations and services, which is especially needed for the development of emerging markets such as agritourism in Russia. By 2017 in the Krasnodar Territory there are 4 such centers are working, which organized 7 exhibitions and fairs aimed at the presentation of tourist resources.

Among the tourism information centers, the Autonomous Noncommercial Organization (ANO) "Center for the Development of Agrarian Tourism in the Krasnodar Territory" aimed to conduct informational support for heads of rural settlements and heads of farms on development

² including hotels, hostels, motels, health resorts, holiday vacation centers, camping centers, public transport facilities i.e. railroad cars and cruises

of agritourism, legal and organizational framework, accounting foundations in the organization of agritourism activities, etc.

The number of museums, contributing to the attractiveness of the region as a tourism destination, amounted to 60. In 2017, 2.08 million people have visited museums of the Krasnodar Territory, i.e. 372 visits per 1000 residents.

Transportation industry plays a significant role in the tourism development. The most popular type of passenger transport in the region is surface (cars, buses), passenger traffic of has been growing for the period of 2013-2017 (see Table 3). Water transport traffic is also increasing, whereas railroad transport traffic is uneven: up to 2015 it was growing with the maximum number of passengers 27.6 million. In 2016, it has significantly dropped to 19 million and slightly increased in 2017 by 700 thousand. The reasons for such decrease may be the cutting of train composition and increased prices for tickets. These processes were caused by increase of fees maintenance of railroad infrastructure.

Table 3 – Passenger transportation in the Krasnodar Territory 2013-2017, million people

Type of transport	2013	2014	2015	2016	2017
Railroad	15.8	17.2	27.6	19.0	19.7
Car/bus	254.8	295.1	293.3	301.5	310.1
Water transport	0.3	0.2	1.7	1.1	3.1

Source: Federal State Statistics Office of Russia (www.gks.ru)

Festivals, fairs, competitions taking place at the region also attract tourists to the destination and belong to the factor group of created resources. Cultural life of the region is supported with various events, forums and festivals, the number of which equals to three to four hundred annually. International festivals also take place in the region, such as "Young ballet of the world", "Opera without borders", "GG-jazz". International competitions such as the Olympic Games, FIFA World Cup 2018 and Formula One World Championship, attract new visitors from all over the world.

Tourism-related industries such as catering also contributes to the tourism infrastructure. The amount of public canteens in the Krasnodar Territory from 2011 to 2017 increased by 29%, while the amount of restaurants, cafes and bars increased by 19%. The turnover of public catering enterprises in 2017 in the region reached the amount of 73,148 million rubles. The turnover of the public catering industry is growing every year, and it should be noted that this market is developing quite actively, which is explained by growth in purchasing power, change of food culture, appearance of new types of food and beverages.

Another type of tourism-related industry is retail trade. In the Krasnodar Territory, according to the data of 2017, the shopping space of modern types equaled 162.7 square meters per 1000

inhabitants. By modern shopping spaces are understood self-service shops (usually supermarkets) selling wide range of commodities, occupying area of more than 600 square meters and providing additional services such as ATMs, parking, cafes, drug stores, points for photo printing etc. By 2017, total area of shops in the region reached 4,293,154.4 square meters, comparing to 2011 data, this indicator increased by 35%. According to the retail trade turnover per capita in 2017 the region takes 8th place (233,909 rubles).

Created agritourism resources of the region represent favorable conditions for the market development due to performance growth of the small scale agriculture enterprises (farms, individual entrepreneurs, small businesses). Touristic attractiveness and rich tourism infrastructure of the region also contributes to the potential of the market. Tourism-related industries of the region (public catering, retail trade) support the tourism infrastructure development.

The group of supporting created resources consists of background infrastructure and communication systems of the destination, i.e. roads, water and electricity supply, public transport, telecommunications, etc. Special attention should be taken to the development of these indicators in rural areas, since agritourism is a part of rural tourism.

In 2017, the area of land covered with roads in the region was equal to 195.8 hectares. The length of the hard-surface roads was 34,287.9 km. From 2015, the road infrastructure is supported and controlled within the state program “Development Of The Network Of Automobile Roads Of The Krasnodar Territory”. This program acknowledges the high quality of the regional and intermunicipal roads compared to the rest of Russia and points out several problems, which the program is aimed to diminish:

- insufficient traffic capacity, causing traffic jams especially in large transport hubs,
- landslide areas and erosion in the mountainous part of the region
- destructibility of the public roads, characteristic problem for the rest of Russian regions.

The availability of public utility services such as water supply and electricity is also important for tourism functioning. In 2017, the Krasnodar Territory possessed 3,482 objects providing water that meets the established hygiene standards and 1,481 water conduits, systems of devices and pipelines intended for collection, preparation, storage, provision to places of consumption of drinking water. As for electricity supply, 81 power station were functioning in 2016 in the region, the summed electric output of all power generations equaled 2741.4 megawatt. However, the problem of electricity deficiency and overcharge of the power facilities in the region becomes prominent. Growth rates of consumption exceed the power supply, this is connected with intensive house construction and reconstruction of functioning hotel complexes.

4.2. PESTLE analysis

Political factors. Agritourism as a special form a tourism is recognized by the regional authorities and receives support and encouragement for development.

The Ministry of Resorts, Tourism and Olympic Heritage of the Krasnodar Territory the region has developed the Strategy of development of rural (agrarian) tourism in the region for 2017-2020 (www.min.kurortkuban.ru). The purpose of the Strategy is to substantiate one of the priority directions of development of rural territories of the Krasnodar Territory by organizing a new specific sector of the local economy, as well as creating a competitive tourist product allowing the most efficient use of the recreational potential of rural areas as a factor influencing the stabilization of the economic development of rural areas.

The development of competition at the agritourism is supported through regional annual competition "The best object of rural (agrarian) tourism in the Krasnodar Territory". The competition has been organized since 2015 and has four nominations:

- the best small object of rural (agrarian) tourism;
- the best medium object of rural (agrarian) tourism;
- the best large object of rural (agrarian) tourism;
- the best investment project in the field of rural (agrarian) tourism.

Also since 2015 annually Kuban exhibition-fair of rural tourism "AgroTUR" is held, the participants of which are enterprises of rural (agrarian) tourism, objects of folk art, operating in the Krasnodar Territory. In the framework exhibition-fair information tours are organized around the objects of the tourist objects for tour operators and travel agencies, as well as media representatives. Such activity encourages increase in tourist traffic and interaction between tour operators and agritourism objects.

Agritourism is being developed not only at region but also local level: for example, in the Seversky district the NGO "Agency for the Development of Rural Initiatives" carries out comprehensive program for the development of small forms of rural (agrarian) tourism through the promotion and support of private initiatives of rural residents. The program has already shown high efficiency and has great potential for replication in other areas of the region.

Education support is also provided for the agritourism enterprises. So, a specialized tour operator, ANO "Center for the Development of Agrarian Tourism in the Krasnodar Territory", studies interest in creating new economic direction among the leaders of peasant-farmer and private farms, and provides information and consulting assistance in the creation and promotion of agricultural tourism in the market through the annual "School of tourism", which is created with the aim of popularization and involvement of the business community in the sphere of agritourism,

demonstration of the best practices of implementing projects in the field, training in the use of new tools and methods of work in tourism, exchange of experience.

Also, the Ministry of Resorts, Tourism and the Olympic Heritage of the Krasnodar Territory launched the project “School of Agritourism” in 2017. It is annual conference during which the participants receive knowledge and study successful cases on the organization of objects of agritourism. Mentors of the conference are tourism product promotion experts, tour operators, travel industry leaders and scientists.

Taking into account the efficiency of measures provided by the regional authorities, the practice for the development of the industry, implemented by the Ministry of Resorts of the Territory, entered the final in the nomination “Development of the Tourist Potential of the Region” of the All-Russian Competition of Best Practices and Initiatives of Social and Economic Development of Russian Regions.

Despite the success of the implemented practices, there exist some constraining factors of the market development from the political side:

1. The existing long-term interdepartmental regional programs do not sufficiently cover the directions of development of rural (agrarian) tourism as an integrated sphere of social and economic activity;

2. Rural (agrarian) tourism is not always perceived as a priority of development at the level of municipalities;

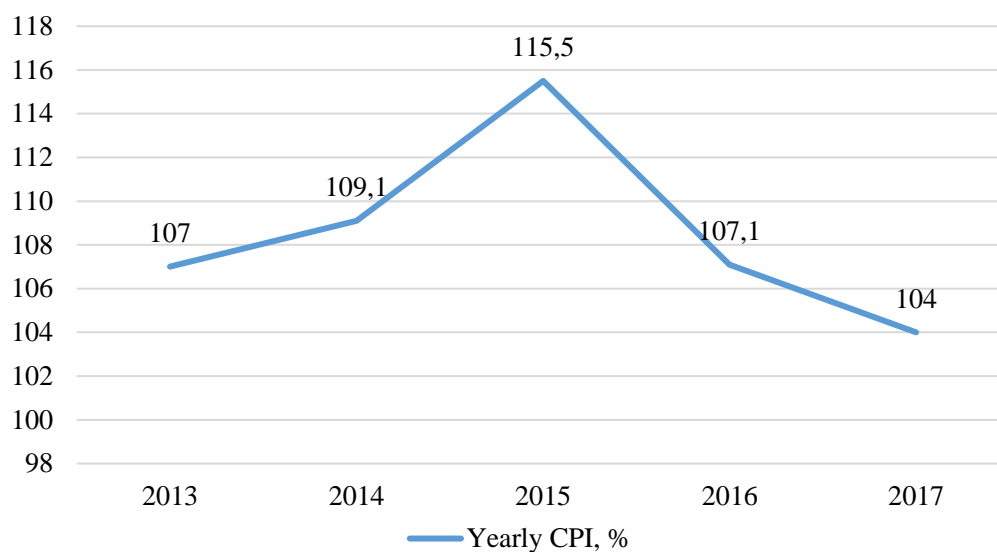
3. Insufficient number of activities to attract tourists to the countryside.

Also, the political stability of the region is violated by the business corruption. According to the “Report on the perception of corruption in the Krasnodar Territory in 2016”, every third entrepreneur of the Krasnodar Territory admitted that he had ever faced in a corruption situation. It should also be noted, that representatives of the business community were likely to call officials rather than entrepreneurs as the initiators of bribery. The corruption of the region represents a threat for balanced development of agritourism and other business forms in general, as it undermines sustainable development of entrepreneurship.

Economic factors. Economic environment of the region is characterized with positive and negative processes.

The inflation rate (expressed as consumer price index) in the region for the period 2016-2017 has decreased after the peak in 2015 (see Figure 6), which might contribute to the increase of tourist demand. During the same period the tourist traffic to the region has increased from 15.8 million to 16 million.

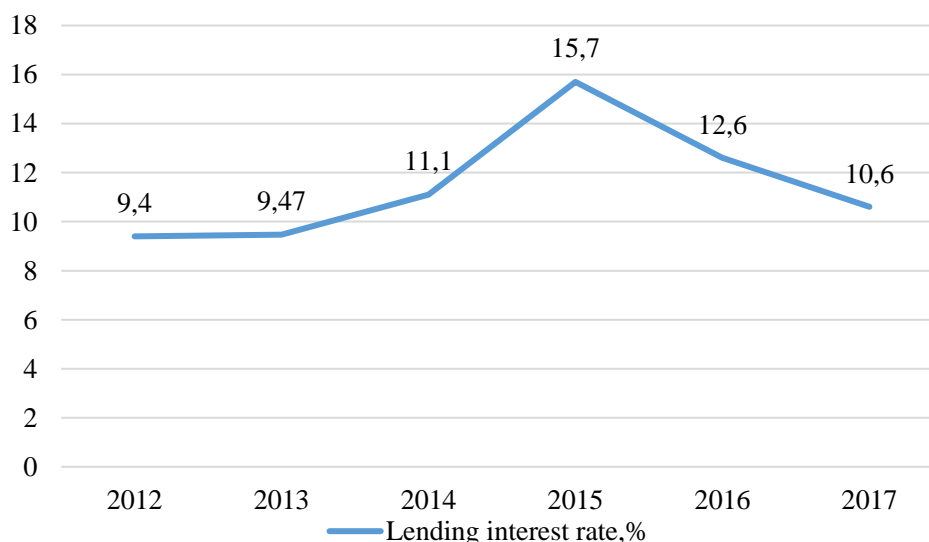
Figure 6 – Consumer price indices for goods and services in the Krasnodar Territory³, 2013-2017



Source: Krasnodar Statistics Office (www.krsdstat.gks.ru)

Interest rate (in particular, lending interest rate charged by banks on loans) has similar dynamics (see Figure 7). The peak in 2015 is explained by the depreciation of the ruble exchange rate during 2014-2015, which happened on the background of dramatic fall in oil prices in June 2014. Dependence on the ruble exchange rate makes the economy of the country unstable and thus create risks for the business sector, including agritourism market.

Figure 7 – Lending interest rate in the Russian Federation, 2012-2017



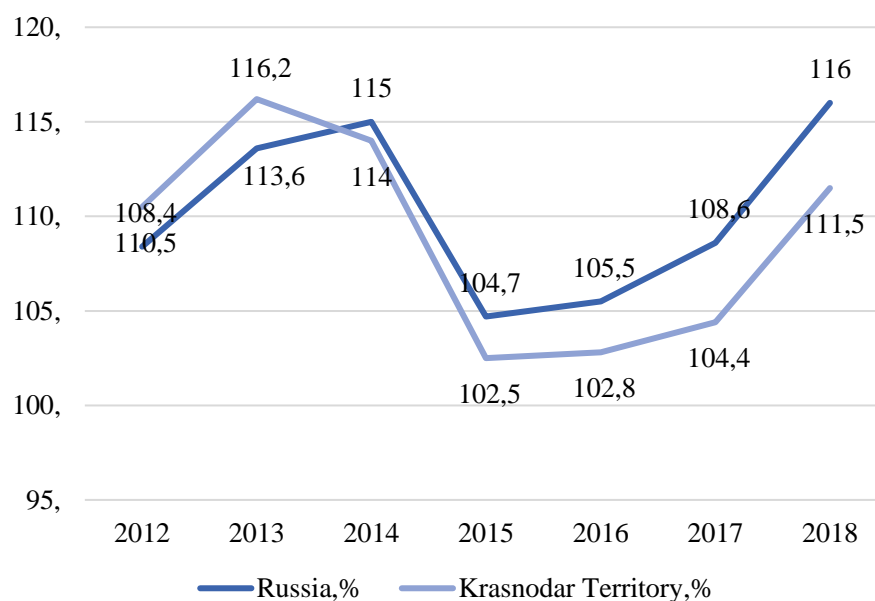
Source: World Bank Open Data (www.data.worldbank.org)

The economic crisis of 2014-2015 had negative impact on the level of real wages (see Figure 8). The growth of the real wages has significantly dropped during this period, stagnated in 2016

³ relative to the previous year

and started recovery since 2017. Decrease in real wages negatively influences the level of consumers' demand, and this creates a threat for the agritourism market development.

Figure 8 – Growth of real wages in Russia and the Krasnodar Territory compared to 2011



Source: Federal State Statistics Office (www.gks.ru)

Despite the fact that the economic situation is recovering at the present stage, the economic crises of 2014-2015 shows instability of the national economy due to the dependence on such factors as exchange rate and oil prices. Such instability is an obstacle for the agritourism development.

At the same time, the unemployment rate in the region is decreasing every year. In 2017, unemployment rate of the region has fell to 5.7%. Such rate can be regarded as natural unemployment rate and increases opportunities of the region for the development.

Social factors. In order to secure development of the market, agritourism suppliers should take into account the changes in the society. In 2019, the following tendencies can be observed:

1) The number of Russians increased moderately during nine years (in 2009–2017) after a 14-year period of continuous decline and reached 144.5 million (www.gks.ru). Since 2018 the decline in population appeared.

2) The population of Russia in the age above 65 years in 2018 exceeded 37 million people, i.e. 25% of the total population. Thus, the agritourism enterprises should be able to re-orientate their services for the elderly consumers.

3) The average age of a woman who becomes a mother for the first time has risen up to 26 years in 2018 in Russia. This is five years later compared to the data of 1990s. This might indicate

that the number of young consumers travelling without kids is increasing, and the age group above 25 years is likely to have kids.

4) By the 2018, the share of rural population of the Krasnodar Territory amounted 45%. The number of rural population of the region is decreasing, however with minimal growth rate (from 2011 it has decreased at 4%). Thus, the population of population in the region is being moderately urbanized, rural territories are not exposed to the high risk of population outflow.

Changes also happen in the lifestyle and habits of the Russian population. Since agritourism is generally associated with the organic production, and farmers usually include degustation or sales of organic products, the increase of interest in buying organic products has positive influence on agritourism. According to the 58% of Russians would like to buy organic products, 21% of Russians “know in detail what organic food is” and try to buy them (National Organic Union, 2017).

Since agritourism is a new tourism type in Russia, the problem of recognition of this tourism type by consumers is an important problem. The Strategy of development of rural (agrarian) tourism in the Krasnodar Territory notices insufficient attention to preserving traditional values and the heritage of the countryside, changes in the way of traditional village and rural culture, the lack of enthusiasm for rural (agricultural) tourism in society. Such attitude obstructs the development of the agritourism development.

Technological factors. Since agritourism is only emerging in Russia and the Krasnodar Territory, the technological possibilities of it are now limited. The development of the market depends on the communication such as mobile systems and the broadband Internet.

Communication ensures better distribution of tourism products, takes part in destination image formation, provides access to information about prices and details of travelling. In the information age, developed communication becomes a necessity in each sector of economy, tourism not being an exception. Nowadays, the greatest significance in communication is granted to mobile systems and Internet access. The number of Base Station Systems in the Krasnodar Territory has reached 14,307 in 2017. From 2010, this number has increased in 3.5 times.

As for the use of Internet in the business sphere, 79.8% of enterprises of the Krasnodar Territory had access to broadband Internet with the speed of not less than 256 Kbit/s in 2017. 41.6% of enterprises used websites for promotion of their services or goods. At the same time, 49.3% of the Russian population are Internet users.

Legal factors. One of the common problem in the legal sphere concerning agritourism is the definition of agritourism. Documents, regulating the agritourism in the Krasnodar Territory, give several definitions of agritourism, however, it does not distinguish rural and agritourism, so these terms are used interchangeably. This contradicts the concept of authentic agritourism. However,

agritourism industry might be still too small to distinguish it as a separate market, for that reason, it is viewed by the authorities as a part of rural tourism.

In 2014, the Law of the Krasnodar Territory "On Tourism Activities in the Krasnodar Territory" was introduced the concept of rural (agricultural) tourism and changes were made to create favorable conditions for the development of rural (agrarian) tourism.

The ANO "Center for the Development of Agrarian Tourism in the Krasnodar Territory" had proposed several changes in the legal documents which should be done in order to improve the position of the agritourism in the legal sphere:

1) Inclusion of agritourism land in the definition of "agricultural land", i.e. and that is located outside the boundaries of a settlement and created for the needs of agriculture.

2) Permission of use of agricultural land for agricultural production, the creation of protective forest plantations, research, educational and other purposes related to agricultural production, and development of rural (agricultural) tourism.

3) Recognition of development of rural (agricultural) tourism as a principle of turnover of agricultural land.

Environmental factors. The natural resources of the region are being depleted due to several ecological problems of the region:

- a) water pollution and depletion of water resources;
- b) soil erosion and reduction of their fertility, especially in coastal areas;
- c) air pollution in big cities such as Krasnodar, the capital city of the region;
- d) pollution of the environment with production and consumption waste.

The control over preservation of natural resources is carried out by the Ministry Of Natural Resources of the Krasnodar Territory. In 2017, the region had 376 protected natural areas, which constitute 10.7 % of the total territory of the region. In 2017, the investment into protection and rational use of land in the region totaled 585,552.67 thousand rubles, 11,755 million rubles were spent on the current environmental protection costs.

According to the research of All-Russian Public Organization "Zeleny patrol" ("Green patrol") of the autumn 2018, establishing National Environmental Rating Of The Regions, gave the Krasnodar Territory 16 place (out of 85 regions of Russia) (Green Patrol, 2018). The data for the rating is received from various sources, including the media, authorities, public organizations, expert organizations, business entities and initiative groups of citizens. The rating takes into account Environmental index, Industrial Ecological Index and Socio-Ecological Index, which are combined into the Composite index, according to which regions are compared.

4.3 Suppliers of agritourism in the Krasnodar Territory

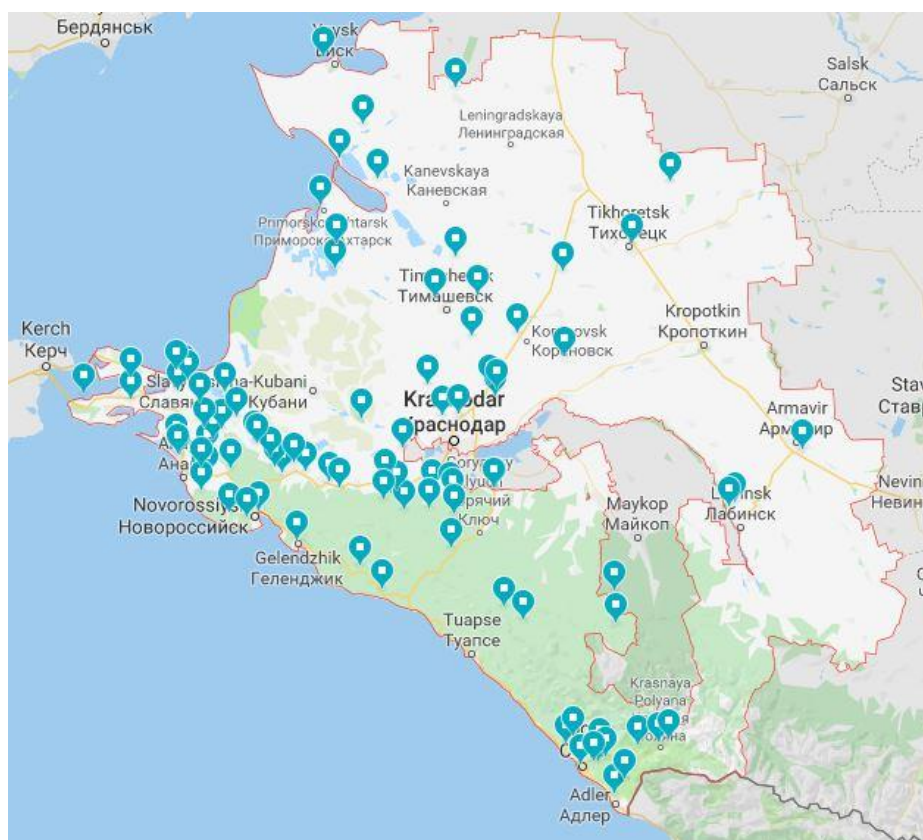
According to the Unified state system "Register of objects of the tourist industry and tourist resources of the Krasnodar Territory" (www.egis.kurortkuban.ru), by January 2019, the number of agritourism objects in the Krasnodar Territory amounted to 117.

The location of enterprises on the map is represented at the Figure 9. The map demonstrates several patterns according to which the enterprises take place:

1) Closeness to the cities. Many objects are located near cities and towns or in their suburban areas: the capital city Krasnodar, and municipal capitals such as Timashevsk, Tikhoretsk, Korenovsk, Goryachiy Kluch etc. To some extent, undermines their status of “rural” tourism destinations. However, remoteness from the urban areas would become an obstacle for the customers (who mostly come from urban areas), and thus indirectly decrease the demand.

2) Closeness to transportation routes. Big number of the agritourism objects are located close to the federal highways. Such location is explained by the same motive to contract transportation obstacles.

Figure 9 – Location of agritourism enterprises of the Krasnodar Territory



Source: www.google.com/maps, author

3) Closeness to resort areas. The majority of the agritourism objects are located next to the main resort cities (Sochi, Anapa, Gelendzhik, Novorossiysk) and coastal areas. Such position gives

the agritourism suppliers opportunity to obtain more visitors, as the majority of tourists coming to the region are concentrated in resort areas.

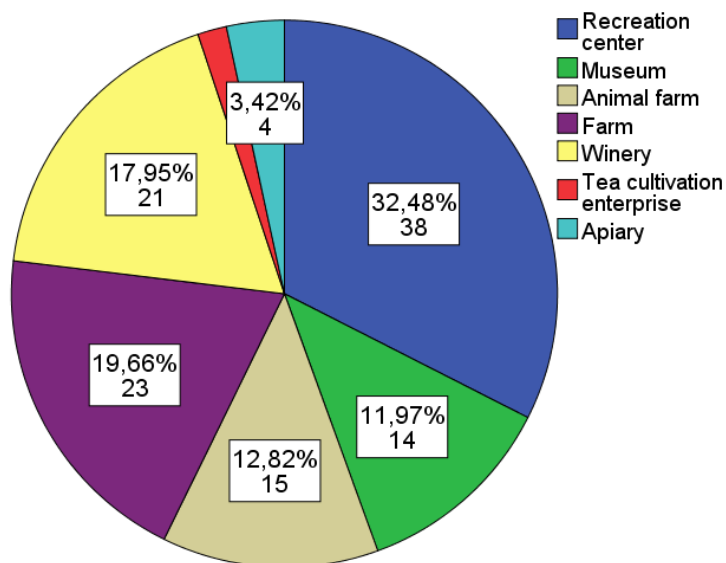
It should be noted that the register does not distinguish rural and agritourism. The register itself is titled “Rural (agricultural) tourism”, thus, it is reasonable to single out agritourism enterprises from the rural ones. It can be done according to the agritourism typology proposed by K. Flanigan (Flanigan et al., 2014) and described previously above.

The classification of agritourism enterprises according to the chosen typology can be carried out through the criteria of services provided by an enterprise and type of enterprise (according to its major operation). Both criteria can be found in the register of agritourism (rural) objects of the Krasnodar Territory.

According to the type of major operation of an enterprises, the register distinguishes the following classes are distinguished:

- a) plant-growing farms, i.e. agricultural entities owned by an individual and used for growing products;
- b) animal farms, i.e. agricultural enterprises owned by an individual and intended for raising livestock and producing;
- c) recreation centers, i.e. it is privately owned house of hotel type;
- d) wineries, i.e. enterprise which produces wine or participates in the production of wine;
- e) apiaries, i.e. a specially equipped place where honeybees are kept;
- f) tea cultivation enterprises, i.e. enterprises keeping tea plantations and producing tea;
- g) museums, i.e. institutions engaged in the collection, storage and exhibition of objects of rural and ethnic culture.

Figure 10 – Types of agritourism enterprises in the Krasnodar Territory (percent, frequency)



Source: www.egis.kurortkuban.ru

Recreation centers, despite the fact that they may provide farm-like atmosphere, cannot be regarded as agritourism enterprises, however they cannot be regarded as agritourism suppliers. Museums (concerning rural life, local traditions, crafts), though not being an agricultural enterprises, can provide closer interaction with the farm setting for the visitors. Wineries, apiaries, tea cultivation enterprises are included into the concepts of rural tourism, however, their service range is limited: typically, their services are excursions and degustation, rarely such enterprises provide accommodation facilities for the visitors. Thus, farms can be regarded as authentic agritourism enterprises.

The Figure 10 shows, the bigger part of the enterprises in the register are recreation centers (32,48%), however, farms follow after them (19,66%), as well as wineries (17,95%) and animal farms (12,82%). Such occurrence of wineries at the territory of the region is not surprising since the region has favorable climate for wine growing. The well-known wineries are Abrau-Durso, Fanagoria, Kuban-Vino. However, small wineries also provide tourism services. In 2014, at the territory of the region appeared the first cooperative of farmers-winemakers “Wine Village”, in 2018 the 54 members joined the cooperative.

The region also has many agricultural museums (15 according to the register), which are related to the local culture and history of Cossacks. The most known museum “Ataman” is an ethno-tourist complex of a life-size Cossack village in the open air on the Taman Peninsula. The total area of the museum is 60 hectares. The museum was opened in 2009, and in the first month and a half after the opening, “Ataman” was visited by over 200 thousand people. The museum stills stays popular among visitors of the region and its residents. This is not only ethnic open-air museum in the region, at least five other museums of this type all over the region.

Other museums included in the register are dedicated to the rural culture, agriculture and traditional crafts. For example, “Muzey chleba i vina” (“Museum of bread and wine”), “Dom chaya” (Tea house), pottery of Poman Mushkalov.

The number of apiaries and tea cultivation enterprises is not significant, however it shows the diversity of agritourism enterprises of the region. The significance of tea cultivating in the region is undeniable: before 2012, tea produced in the Krasnodar Territory was considered the most northerly industrially grown tea in the world. The two tea cultivating enterprises of the register are “Solokhauiskiyy chai” and “Khosta chai”. “Solokhauiskiyy chai” has opened its own museum in 2007, which is opened for visiting all year round. The visiting of the museum may include excursions with degustation of tea and tea ceremony or without it. The enterprise “Khosta chai” organizes production excursions for the visitors with degustation, and also invites them to participate in the harvesting of tea.

The uniqueness of the region as an agritourism destination to a certain degree is revealed in the two unique attractions: wineries and tea cultivation enterprises. The uniqueness of these services can be used in the destination marketing. The only Russian region which can compete with the Krasnodar Territory in this niche market is Crimea, which has similar climate conditions, enabling wine and tea growing.

The services, provided by the agritourism suppliers in the Krasnodar Territory are defined in the register as:

- | | |
|-------------------|----------------------------|
| 1) accommodation, | 5) fishing; |
| 2) degustation; | 6) visiting petting farms; |
| 3) workshops; | 7) farm work; |
| 4) horse riding; | 8) excursions. |

The Table 4 shows the distribution of services provided by agritourism enterprises of the region.

Excursions are the most frequent type of services, however, not all excursions can belong to agritourism (i.e. excursions to nature attractions, which are often provided by recreational centers). Since the enterprises fill the form themselves, they may include “non-agritourim” excursions in the register. Degustation is second most popular service provided by the agritourism enterprises, accommodation follows. Fishing, horse riding, farm work, workshops are offered less frequently. The occurrence of such services as farm work and workshops is important for the distinguishing the agritourism, as these activities provide direct and staged interaction with the farm setting. The rarest service is petting farm - facility for keeping animals that do not pose a direct danger to humans, such as farm animals. In a petting farm a person can touch an animal and feed it. Such attraction is generally targeted at children.

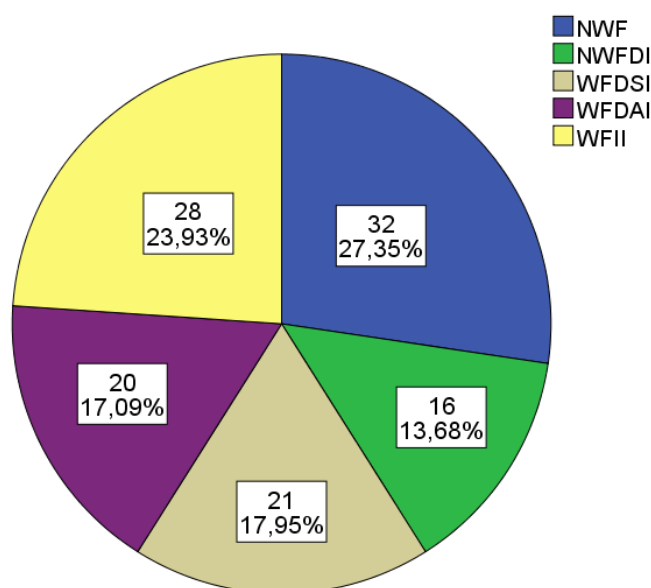
Table 4 – Services of agritourism providers

	Frequency	%
Accommodation	49	41,9
Degustation	52	44,4
Workshop	21	17,9
Horse riding	27	23,1
Fishing	40	34,2
Petting farms	13	11,1
Farm work	25	21,4
Excursions	68	58,1

Source: www.egis.kurortkuban.ru

Combining the type of the agritourism enterprises with the range of services they offer enables classification of them according to agritourism typology.

Figure 11 – Typology of the agritourism enterprises of the Krasnodar Territory (frequency, percentage)



Source: Author

The base for the classification provide the types of agritourism enterprises. So, for example, recreation centers are considered as non-working farms with indirect interaction by default (NWF), museums are regarded as non-working farms with direct interaction (NWFDI). Wineries, apiaries, tea cultivation enterprises fall into the category of working farms with indirect interaction (WFII) in case they provide excursion and degustation services. Plant-growing farms providing workshops and animal farms offering horse riding services or visiting petting zoo are classified into the group of working farms with direct staged interaction (WFDSI). Farms organizing farm work for the visitors are included into the group of working farms with direct interaction (WFDAI).

The Figure 11 demonstrates the distribution of each typology group. The largest group is NWF (32). This class can be excluded from the analysis as it does not correspond with the concept of agritourism, but suits the category of “rural tourism”.

The second largest group is WFII (28) which may be explained by the large number of wineries and other enterprises, providing excursions and degustation, the prevailing service groups. 21 enterprises belong to the group WFDSI, 22 enterprises to the group WFDAI. Together, these groups represent the core of agritourism enterprises. Thus it can be concluded that out of 117 enterprises represented in the register 71 belong to agritourism with varying extent of “authenticity”.

4.4 Customer segmentation

4.4.1 Survey results

Socio-demographic profile of the respondents is represented in the Table 5. The following findings may be indicated:

1. The number of female respondents exceeds the number of male respondents, which reflects the imbalance of population distribution by gender in Russia (in 2017, 46% of Russian population is male, 53% is female).

Table 5 – Socio-demographic profile of the respondents

<i>Answer</i>	<i>Frequency</i>	<i>%</i>
Gender		
male	94	42,9
female	125	57,1
Age		
18-29	43	19,6
30-49	128	58,4
50-64	39	17,8
65 and more	9	4,1
Education		
general secondary	8	3,7
secondary vocational	37	16,9
higher	164	74,9
science degree	10	4,6
Monthly income		
12,000 RUB and less	22	10,0
12,000-20,000 RUB	41	18,7
20,000-30,000 RUB	67	30,6
30,000-60,000 RUB	55	25,1
60,000-90,000 RUB	22	10,0
90,000-150,000 RUB	10	4,6
150,000 RUB and more	2	,9
Residence (according to the Federal Districts of Russia)		
Central	18	8,2
North Western	18	8,2
Southern	130	59,4
North Caucasian	24	11,0
Volga	9	4,1
Ural	6	2,7
Siberian	6	2,7
Far Eastern	2	,9
Abroad	6	2,7

Source: Author

2. The largest age group of the respondents is 30-49, the age groups of 18-29 and 50 and more are similar by size.

3. The majority of respondents have higher education.

4. By income, 30% of respondents have the income within the range 20,000-30,000 rubles, the range of 30,000-60,000 follows. It should be noted that significant number of respondents (10%) have income below 12,000 rubles (i.e. average minimum subsistence level in Russia), at the same time, than 14% of the respondents have the income above 60,000 rubles. It can be concluded that the income range of the population is diverse.

5. According to the residence region, the majority of respondents come from Southern Federal district, where the Krasnodar Territory is located. The neighboring district, North Caucasian follows. Only 2 respondents come from the Far Eastern district (the farthest one). Lack of visitors from far regions of the Russian Federation may be explained by the fact that travelling to remote territories require additional transportation costs for the customers, which, in some cases, they are unable to pay (59.3% of the respondents have the income below 30,000 rubles).

The evidence to the assumption that the transportation cost represents significant obstacle for the visitors could be the fact that the respondents coming from the remote regions tend to have higher income than the regions of the neighboring regions (see the Table 6). The income range of the residents of the Far Eastern federal district is 60,000-150,000, for the residents of the Ural federal district this range is 30,000-90,000 rubles. The number of such visitors is low and can be regarded as insignificant, however, this also indicates the observed obstacle of transportation costs.

In order to determine behavioral characteristics and preferences of the agritourists, the respondents were asked what types of the services they consumed during their agritourism experience in the Krasnodar Territory. This data allows to determine what agritourism forms are most demanded by the consumers.

Table 6 – Income of the respondents according to the residence, frequencies

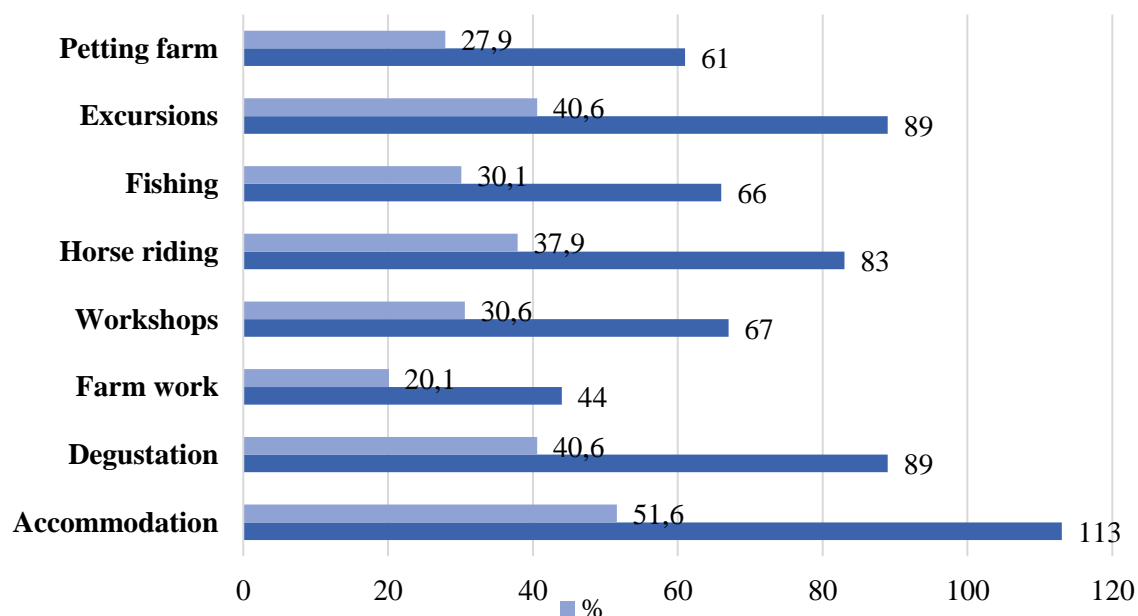
		Income						
		<i>12000 RUB and less</i>	<i>12000-20000 RUB</i>	<i>20000-30000 RUB</i>	<i>30000-60000 RUB</i>	<i>60000-90000 RUB</i>	<i>90000-150000 RUB</i>	<i>150000 RUB and more</i>
Residence	<i>Central</i>	0	3	4	8	0	3	0
	<i>North Western</i>	0	0	6	7	5	0	0
	<i>Southern</i>	10	31	47	28	8	4	2
	<i>North Caucasian</i>	10	2	4	8	0	0	0
	<i>Volga</i>	0	5	2	0	2	0	0
	<i>Ural</i>	0	0	0	4	2	0	0
	<i>Siberian</i>	0	0	4	0	2	0	0
	<i>Far Eastern</i>	0	0	0	0	1	1	0
	<i>Abroad</i>	2	0	0	0	2	2	0
Total		22	41	67	55	22	10	2

Source: Author

The most frequent services according to the respondents' answers appear to be accommodation, degustation and excursions (see Figure 13). Horse riding, workshops, fishing and petting farms have moderate popularity. Farm work appears to be the service in which the customers are least interested in. This may be explained by the fact that the majority of Russian citizens might not associate farm work with a recreational activities, but rather hard toil, explained by the culture of having summer houses (“dachas”), where people dedicate themselves to growing fruit and vegetables. For that reason, for certain part of Russian population farm work is also not new type of leisure activity, and their “connection” to the countryside life, being one of the integral part of agritourism, is not completely lost. This also might explain why the customers prefer choosing alternative activities during tourism, being more attractive to them, i.e. excursions, degustation, horse riding etc., which are associated with indirect or staged interaction with the farm environment.

Thus, “genuine” agritourism presupposing farm and livestock work, may not be commonly accepted among Russian population. However, the occurrence of such tourism type indicates that the interest for it exists and may be developed in the future, taking into account the fact that the global process of urbanization affects Russian population. The role of urban population is important in agritourism, since urban residents create major demand for agritourism services.

Figure 12 – Services used by the respondents*



Source: Author

* Multiple response question

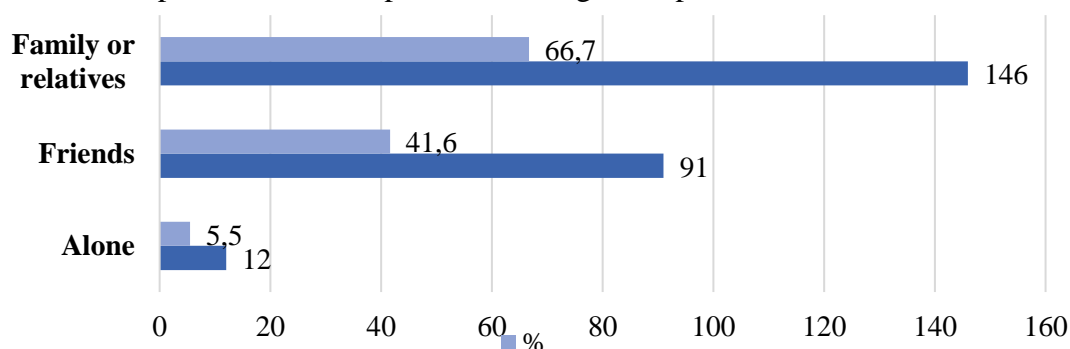
Accommodation is a special service type, according to which it may be judged how long the trip of the respondents was. Longer trips usually require accommodation, and, thus, last longer. Shorter trips (i.e. one-day trips) may not require long stay, as, for example excursions with degustation. Such types of trips are unavailable for the tourists from the remote areas, but may be popular among the residents of the Krasnodar Territory. 113 or 51.6% of the respondents required accommodation during their trip, at the same time, the share of respondents coming from other regions (excluding the Southern federal district) amounts to 40.6%.

Another indicator estimating behavioral characteristics of the consumers is covered by the question defining what persons accompanied the respondents during their agritouristic trip to the Krasnodar Territory.

Small number of people travel to the Krasnodar Territory as agritourists alone (see the Figure 14), 12 responses (5.5%) out of total number of respondents. On this evidence, provision of services for groups of people may be more reasonable for the agritourism suppliers. However, services for lone travelers could be used as the base for the creation of niche market.

Trips with friends are quite frequent: 91 respondents have travelled with friends as companions. However, the majority of respondents have had agritourism trips with family members or relatives (146 responses). Herewith, trips with family members or relatives are more frequent. This may be explained by the characteristic educational features of agritourism and popularity of this tourism type among children, as it was discussed in the literature review.

Figure 13 – Companions of the respondents during the trip*



Source: Author

The table 7 demonstrates what kind of services are consumed by each group of the agritourists travelling with different companions. Respondents travelling with friends prefer

* Multiple response question

such services as horse riding, excursions, degustation. Agritourists understating trips family members and relatives are interested in the wide range of the services, most popular are degustation, excursions, horse riding, visiting petting farms. The most significant evidence that can be found is the exceptional frequency of visiting petting farms by the respondents with family and relatives, compared to other respondent groups according to travel companionship. This proves the assumption previously discussed concerning the popularity of visiting animal farms among families with children. Parents and their children are attracted by this type of services since interaction with animal farms teaches kids basics of countryside life, nature and agriculture.

Table 7 – Services used by the respondents according to the companions of the respondents during the trip

	Alone		Friends		Family and relatives	
	<i>Frequency</i>	<i>%</i>	<i>Frequency</i>	<i>%</i>	<i>Frequency</i>	<i>%</i>
Degustation	2	17%	39	43%	67	46%
Farm work	5	42%	20	22%	24	16%
Workshop	2	17%	25	27%	49	34%
Horse riding	3	25%	41	45%	58	40%
Fishing	6	50%	26	29%	44	30%
Excursions	3	25%	43	47%	64	44%
Petting farm	0	0%	25	27%	51	35%

Source: Author

The question concerning the time of travel allows to define the seasonality pattern for the agritourism in the Krasnodar Territory. According to the results of the respondents' responses, the seasonality of agritourism in the Krasnodar Territory has the following periods (see Figure 15):

1) low season: December, January, February – the agritourism trips are rare, however, in January they are more frequent (the explanation for that could be the fact that citizens of Russia have long New Year holidays lasting for almost one week, which creates opportunity for people to arrange travelling activities during this this time);

2) pre-season: March, April, May, June – frequency of the agritourism travels is increasing;

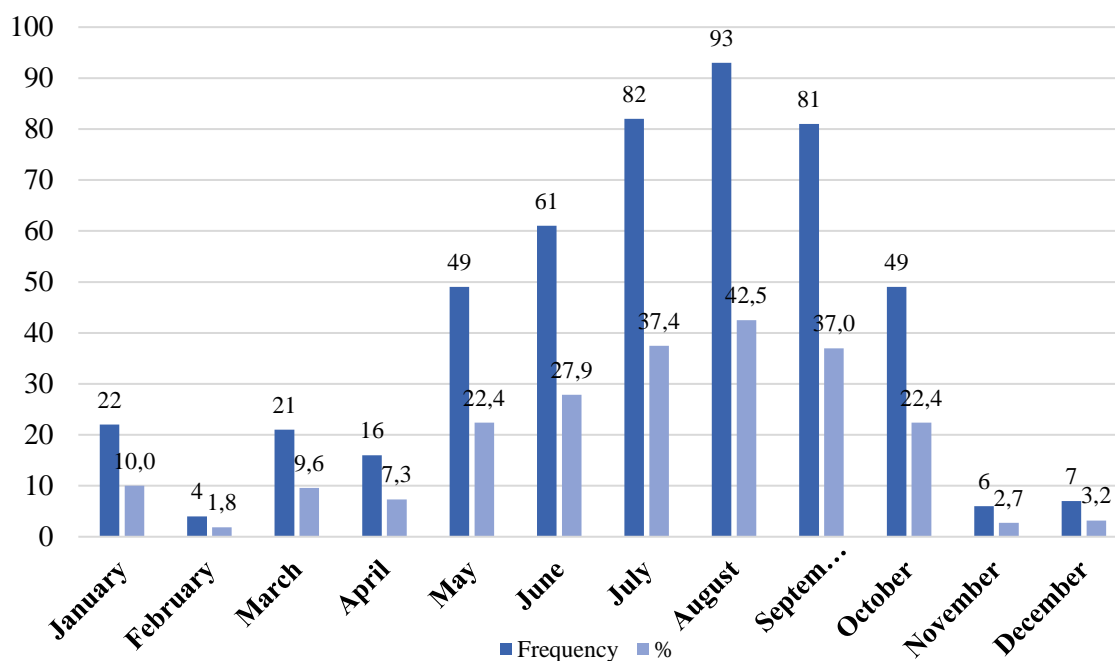
3) peak season: July, August, September – the agritourism trips are most frequent at this time;

4) post-season: October – agritourism travelling is decreasing.

The seasonality of the agritourism in the region generally corresponds with intensity of agriculture activities in the Krasnodar Territory and resort tourism seasonality. Climate

conditions of the territory allows to start the agritourism season in March and extend it up to October. Agritourism suppliers can use higher frequency of tourist flow in January for offering special New Year programs for tourists. Such activities would ensure additional income for the enterprises during the “low season”, however, before introducing such services, enterprises should take into account additional costs, in order to avoid negative profit.

Figure 14 – Respondents’ time of travel*



Source: Author

The strongest motivator among the respondents is closeness to nature (see Figure 16), which is indirectly related to agritourism. However, educational motives (i.e. learning local and national traditions, crafts, production technologies) are also strong, which emphasizes the educative orientation of agritourism.

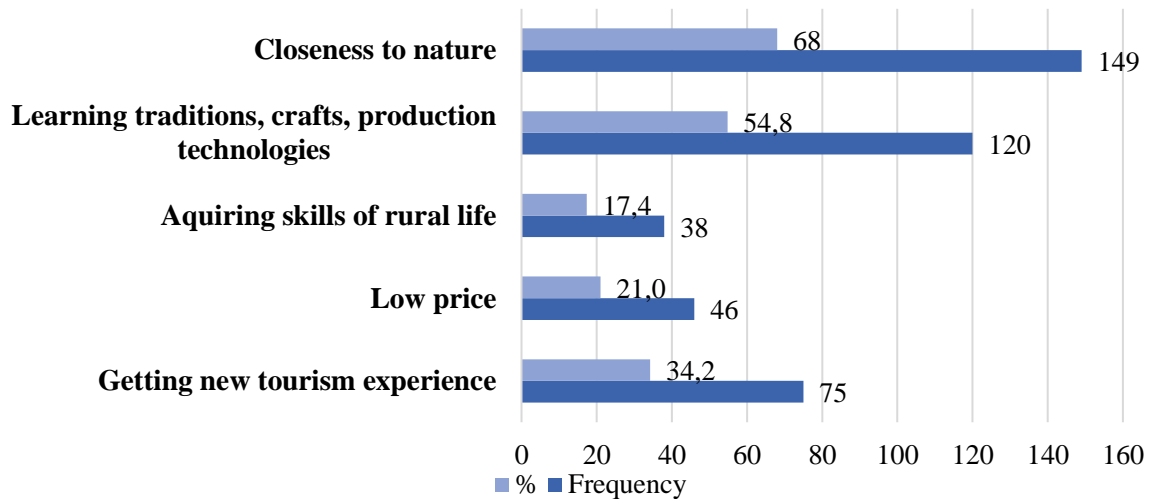
Respondents are also interested in getting new tourism experience. Since agritourism is not conventional and new tourism type in Russia, the frequency of this response is predictable. The attractiveness of agritourism as a non-conventional tourism type is beneficial for the market development.

Weakest motivators appeared to be low price and acquirement of skills of rural lifestyle. Low price does not motivate the respondents despite the fact that 40.6% of the respondents have monthly income lower than 30,000 rubles.

* Multiple response question

The respondents are insufficiently motivated by the opportunity of acquiring skills of rural life, which proves that the customers did not lose the connection with countryside and aspects of rural lifestyle are not unfamiliar to them. Such attitude may create obstacle for the agritourism development in the region, however, only at present stage. In dynamics this motivator may increase its impact on the background of urbanization and outflow of population to cities from the villages.

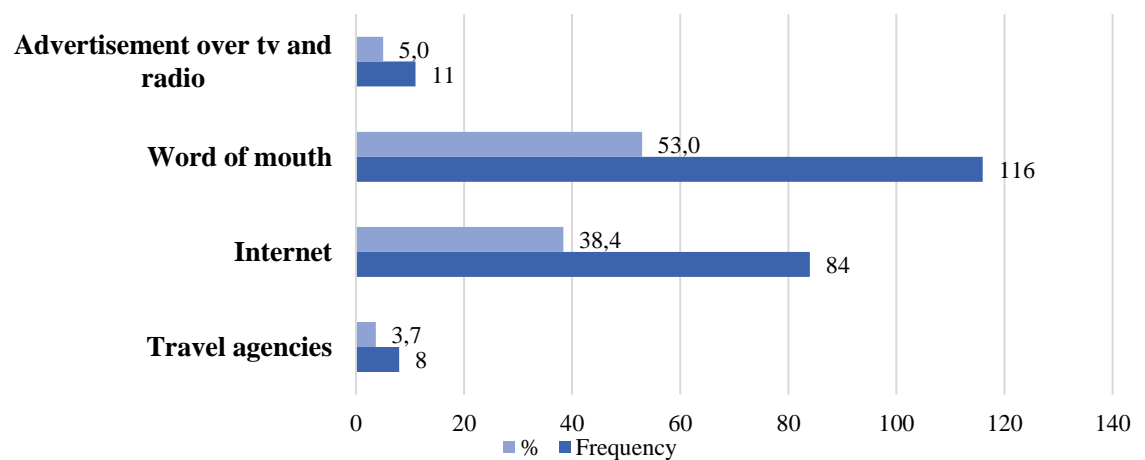
Figure 15 – Motivating factors of choosing agritourism by the respondents*



Source: Author

Defining the source through which the customers become aware of agritourism as a travelling option allows to determine what means of promotion of services are most effective at present.

Figure 16 – Sources of awareness of agritourism



Source: Author

* Multiple response question

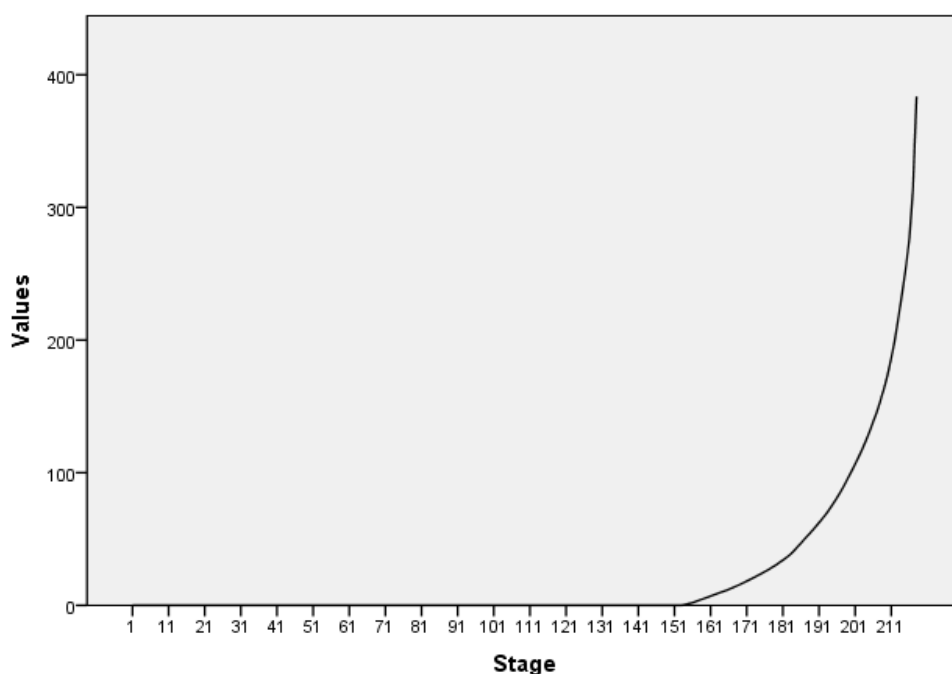
The majority of the respondents found out about agritourism via word of mouth (see Figure 17). Internet is another popular source of getting information about agritourism. Advertisement over TV and radio as well as travel agencies (being mediators between tourism suppliers and customers) are less effective. However, the results of this question might be skewed, since the source through which the respondents were reached by the agritourism is unknown, the Internet is one of the easiest distribution methods to use.

95% of respondents (or 208 in frequency) answered that they are willing to visit the Krasnodar Territory as agritourists again. This indicates that generally agritourists are satisfied with their travel experience, which gives the base for the development of customers' loyalty.

4.4.2 Clustering and customer segmentation

According to the agglomeration coefficients schedule produced during the clustering analysis (see Figure 18), the sudden increase occurs at the stage 154. Since the optimal is the number of clusters is equal to the difference in the number of observations and the number of steps to a increase in the coefficient, in the present case the number of clusters is 59.

Figure 17 – Agglomeration coefficient schedule



Source: Author

Such number of clusters is however inappropriate for two reasons:

- 1) interpretability of so many clusters is extremely low;

2) the clusters have small size and thus are insignificant (out of 59 only 4 clusters exceed 10 members).

According to the dendrogram (see Appendix 2), showing distance levels at which respondents are joined into clusters, 4 clusters were chosen as optimal. The cut-off distance of level for clustering is chosen as 8.5.

The obtained clusters are balanced to certain degree, however the largest cluster exceeds the smallest one in about 2,8 times (see Table 8). Neither of clusters exceeds 50% out of total respondents.

Table 8 – Sizes of the clusters according to cluster membership

	<i>Frequency</i>	<i>%</i>
Cluster 1	29	13,2
Cluster 2	83	37,9
Cluster 3	48	21,9
Cluster 4	59	26,9

Source: Author

Socio-economic profiles of each cluster is given in the in the Appendix 3. It should be noted that cluster 1 includes more of respondents of younger age group, consequently, the members of this cluster have lower income. In other clusters the age group of 30-49 years prevails. The cluster 2 and includes members with low income (less than 12,000 RUB per month), whereas in the clusters 3 and 4 number of such member is minimal. The majority of respondents in cluster 2 have monthly income of 12,000-20,000 rubles. The cluster 4 has members with the highest income (150,000 rubles and more per month). For the members of the cluster 3, income of 30,000-60,000 is more typical, for the cluster 4 it is 20,000-30,000 rubles.

The majority of respondents in each cluster come from the Sothern Federal district, however, approximately half of the cluster 2 are residents of other regions: most frequent are North Caucasian, Central⁸, North Western⁹. The minimal number of members coming from other than Southern Federal district has the cluster 3 (less than 30%).

For the clusters 1 and 4 the number of such members is similar (about 40%), however, the members of the cluster 4 more frequently come for further not Central regions (i.e. Far Eastern, Ural, abroad). This could be explained by the fact that the members of the cluster 4 generally have higher income than others, which covers transportation costs. This, however,

⁸ Includes Moscow and surrounding regions

⁹ Includes St. Petersburg and surrounding regions

shows that there are significant obstacles in visiting the region for the residents of regions remote from the Krasnodar Territory.

Table 9 – Types of services according to cluster respondents

	Cluster 1 Nature tourists	Cluster 2 Agritourists	Cluster 3 Rural tourists	Cluster 4 Gastronomic tourists
Accommodation				
Frequency	13	50	29	21
%	45%	60%	60%	36%
Degustation				
Frequency	2	6	32	49
%	7%	7%	67%	83%
Farm work				
Frequency	2	32	8	2
%	7%	39%	17%	3%
Workshop				
Frequency	0	24	23	20
%	0%	29%	48%	34%
Horse riding				
Frequency	29	8	46	0
%	100%	10%	96%	0%
Fishing				
Frequency	13	24	22	7
%	45%	29%	46%	12%
Excursions				
Frequency	0	0	44	45
%	0%	0%	92%	76%
Petting farm				
Frequency	5	19	29	8
%	17%	23%	60%	14%

Source: Author

The interpretation of clusters is done according to the types of services typical for each cluster. The Table 9 shows distribution of the services used according to the cluster groups. According to this criterion the clusters were characterized as distinctive customer segments. Thus, the segmentation is carried out according to the behavior characteristics of the customers.

Cluster 1 “Nature tourists”. This cluster consists of tourists mostly interested in activities presupposing closeness to nature: i.e. horse riding, fishing. The cluster respondents also frequently use accommodation services. Such tourists are not interested in such services as excursions, workshops, degustation, petting farms and farm work. For this reason, such tourists can hardly be regarded as agritourists, this cluster is closer to the concept of ecotourism.

Cluster 2 “Agritourists”. The major serviced used by the members included into this cluster is accommodation. Other services may be considered as side activities, from which

farm work is the most frequent. Other side activities are: workshops, fishing, visiting petting farms. Thus, the interaction with farm settings in this case more frequently indirect or staged. The members of this cluster are not generally interested in excursions and degustation services, as well as horse riding.

Table 10 – Companions of cluster respondents during the trip

	Cluster 1 Nature tourists	Cluster 2 Agritourists	Cluster 3 Rural tourists	Cluster 4 Gastronomic tourists
Alone				
Frequency	2	7	1	2
%	7%	8%	2%	3%
Friends				
Frequency	15	27	22	27
%	52%	33%	46%	46%
Family or relatives				
Frequency	20	50	36	40
%	69%	60%	75%	68%

Source: Author

Cluster 3 “Rural tourists”. The members of this cluster have the most versatile interests. Unlike cluster 2, services like degustation and excursions are frequent. The members of this cluster also do not avoid interaction with nature, e.g. horse riding, fishing. The interest to genuine agritourism activities (farm work, workshops) has the weakest strength, however, it occurs. Thus, indirect integration with rural settings prevails within this cluster, so it should be referred to rural tourism, covering wider range of services and not supposing frequent direct or staged interaction with farm settings.

Cluster 4 “Gastronomic tourists”. This cluster is characterized by prominent interest of tourists to excursions and degustation. Compared to other clusters, the use of accommodation services is the lowest, which is capable of explanation, as excursion and degustation activities do not require long stays. Occasionally, travelers of this clusters participate in workshops. The interest to other services (farm work, horse riding, fishing, visiting petting farms) is low.

According to the companionship, taken as another characteristic of travel behavior, all clusters follow the common pattern when travels alone are least frequent, trips with friends are moderately frequent, and ones with family are the most frequent (see the Table 10). The highest percentage of family travels has the cluster “rural tourists”, where visiting petting farms was frequent, being popular attraction for children.

Major motivation factor for the cluster “Nature tourists” is closeness to nature (see Table 11), educative motivator also has significant impact. It is notable that compared to the

clusters the motivator related to low price has the largest weight, this is explained by the relatedly low monthly income characteristics for the whole cluster.

Table 11 – Motivating factors of choosing agritourism by cluster respondents

	Cluster 1 Nature tourists	Cluster 2 Agritourists	Cluster 3 Rural tourists	Cluster 4 Gastronomic tourists
Getting new tourism experience				
Frequency	14	18	19	24
%	48%	22%	40%	41%
Low price				
Frequency	10	12	15	9
%	34%	14%	31%	15%
Acquiring skills of rural life				
Frequency	5	17	10	6
%	17%	20%	21%	10%
Learning traditions, crafts, production techniques				
Frequency	14	42	26	38
%	48%	51%	54%	64%
Closeness to nature				
Frequency	21	57	36	35
%	72%	69%	75%	59%

Source: Author

For the cluster “Agritourists” closeness to nature is also the strongest motivator, after which follows the factor of learning traditions, crafts, production techniques. For the cluster “Rural tourists” these factors are also strong, as well as the motivator “getting new tourism experience”. The factor of low price is also high for this cluster compared to other ones, despite the fact that this cluster has low frequency of low income members. The explanation for this could be the fact that the members of this cluster tend to participate in big number of activities, for this reason, low prices for the services might allow them to economize and still satisfy their customer interests. The cluster “Gastronomic tourists” is the only member group for whom the strongest motivator is educative, closeness to nature takes the second place.

The described clusters show the customer profile of agritourists of the Krasnodar Territory. The results illustrate that the number of customers taking part in “genuine” agritourism is low: the cluster “Agritourists”, despite comparatively higher frequency in farm work and workshops, still has insufficient number of tourists choosing this type service, and at the same time, side activities, having indirect relevance to the concept of agritourism. The customers generally participate in activities presupposing staged or indirect integration with farm life. Thus, the understanding and perception of agritourism by the customers is insufficient at present.

4.5. SWOT-analysis

In order to develop recommendations and propose strategies for the agritourism market in the Krasnodar Territory, all factors of external and internal environment should be taken into account. Accordingly, SWOT-analysis of the market was conducted. The SWOT-analysis is used to define major obstacles in the regional agritourism market development. The results of it are given in the Table 12.

Table 12 – SWOT analysis of the agritourism market in the Krasnodar Territory

	Positive	Negative
Internal	<p style="text-align: center;">Strengths:</p> <ol style="list-style-type: none"> 1) Unique climatic conditions being attractive to the tourists; 2) Favorable geographical position and transport accessibility; 3) Presence already functioning objects agritourism; 4) Versatility of agricultural production and thus, diverse range of the services offered by the agritourism enterprises; 5) Unique cultural and historical potential; 6) Provision of education support for the agritourism enterprises; 7) Potential loyalty of the agritourism customers (95% of the respondents are willing to return to the region as agritourists). 	<p style="text-align: center;">Weaknesses:</p> <ol style="list-style-type: none"> 1) Lack of clear definition of agritourism; 2) Insufficient number of enterprises offering “genuine” forms of the agritourism. 3) Poor marketing of the destination, few local brands and their weak recognition; 4) Weak interest to the “genuine” agritourism forms among customers; 5) Low number of agritourists from remote regions of Russia; 6) Lack of cooperation between the tourism business, community organizations and villagers;
External	<p style="text-align: center;">Opportunities</p> <ol style="list-style-type: none"> 1) High share of rural population in the region; 2) Low unemployment rate in the region; 3) Support of the market development from the side of regional and local authorities; 4) Developed system of tourism resources in the region; 5) Existing high tourist flow to the region; 6) Low number of competitors on the national level; 7) Increasing interest to organic production among population. 	<p style="text-align: center;">Threats</p> <ol style="list-style-type: none"> 1) The imperfection of the legislation related to the allocation of land for tourist and recreational needs; 2) Risks of decrease in population income due to instability of the national economy; 3) Poorly developed transport infrastructure and insufficient traffic capacity; 4) Environmental degradation of the region; 5) Corruption in business. 6) Lack of financial support for the agritourism enterprises.

Source: Author

The SWOT-analysis is based on the findings discovered previously in this research and takes the market of agritourism as the analysis object, covering the following aspects:

– endowed, created, background resources of the agritourism market of the Krasnodar Territory;

– external factors influencing the agritourism market of the region, covering political, economic, socio-cultural, technological, environmental, legal aspects (i.e. results of the PESTEL analysis);

– structure of the agritourism supply of the region in terms of services provided by the agritourism enterprises of the Krasnodar Territory, their location, and relatedness to the concept of “genuine” agritourism;

– customers’ profile of the regional agritourism market, their behavioral characteristics, preferences, travel motivation factors, loyalty, etc.

The SWOT-analysis shows that from the internal side the Krasnodar Territory has a rich natural, agricultural and recreational resource potential for the development of agritourism. So, the region enjoys favorable climate conditions and geographical position as a tourist destination. The region has already established enterprises of agritourism, which offer versatile services for the customers. The market receives support and attention from the authorities by means of training among suppliers, developing strategy, increasing competition through organizing awards.

However, the number of agritourism enterprises belonging to “genuine” agritourism is rather low at present, as well as the interest of tourists to this type of travelling. The region is rarely visited by agritourists from remote regions of the Russian Federation. Despite the presence of educational support from the side of authorities, the market development strategy lacks financial support for the enterprises, especially starting ones. The strategy also lacks cooperation between the market stakeholders (suppliers, regional and local authorities and local residents), which is an essential component of the agritourism development, since it unites different spheres of economic and social life in the rural areas. The region has insufficient number of local agritourism brands, which are rarely recognized on the national scale.

For the improvement of the market, favorable aspects of the external environment. So, sufficient number of rural population in the region can be used as labor resources and business activity for the agritourism market development. At the same time, the employment rate of the region is high. Significant tourist flow and already developed tourist infrastructure can also contribute to the agritourism market development, provided the marketing strategy is built on the basis of existing demand for conventional resort tourism.

As agritourism is a new tourism type in Russia, the competition at this market on the national scale is low, especially in such agritourism subtypes as visiting tea cultivation farms,

wine producers, due to the unique climate conditions. The only destination competing with the region could be the Crimea region, having similar climate and geographic location.

Despite the presence of some opportunities of external environment, external threats for the development of this type of tourism are rather acute and systemic. They concern, first of all, economic risks related to the instability of the national economy, which depends on such uncontrollable factors as currency exchange rate and oil prices. Such instability can lead to inflation and the decrease of population income, which, in its turn decreases the tourism demand. Economic risks are formed on the background of corruption in business being a significant problem of the region.

Another significant problem is imperfect legislation controlling the agritourism sphere (in particular, regulations, concerning the land allocation). The obstacle for the agritourism development is also insufficiently developed transport infrastructure: destructibility of the roads and traffic overload. Environmental degradation of a region can potentially inflict serious casualties to the agritourism, in case the ecological problems are not dealt with proper attention from the authorities, business and population.

The mentioned negative and positive points can be agglomerated into the general problems of agritourism market development. The following strong problems can be identified:

- 1) Confusion of the concepts “rural tourism” and “agritourism” in the marketing monitoring and destination management, conducted by regional authorities and other regional organizations dealing with agritourism;
- 2) Lack of joint cooperation between the market participants, including regional or local authorities, suppliers and rural residents;
- 3) Lack of definite marketing strategy of the region as an agritourism destination;
- 4) Risks to which the enterprises are exposed to, covering the internal characteristics of the market (seasonality, low demand, lack of financial support or subsidies) and external (economic instability, ecological problems, poor transport infrastructure).

According to these problems recommendations should be developed, which would be created on principle of using positive aspects of internal and external market environment in order to decrease the external and internal problems.

5 Recommendations

Taking into account the results of the practical analysis, the recommendations can be divided into the following groups, representing the problem areas of the market development: conceptual framework, cooperation, marketing, economic risks.

The following recommendations could be proposed for the solving the problem of **conceptual framework**:

- division the definitions of “rural” and “agritourism” in the legal documents of regional authorities concerning agritourism;
- formulation the definition of agritourism in the legal documents on the regional or levels, corresponding to the major attributes of agritourism, i.e. visiting working agriculture enterprises (farms), educational and recreational motives of the visitors, direct interaction of visitors with the agricultural settings;
- formation of registers of agritourism enterprises in accordance with the definition of agritourism.

The solution of the problem concerning the conceptual framework will provide the base for investigation, support, monitoring and marketing of this definite tourism type.

The problem of **cooperation** could be solved in the following ways:

- creation of public-private partnership projects in the sphere of agritourism enabling joint collaboration in strategic planning, improvement of infrastructure environment, destination management, sustainable development of the region;
- involvement of the rural residents into the agritourism market and creation of local communities contributing to the development of the market development strategy;
- involvement of successful foreign experience in creation of local communities and agritourism development;
- increase of awareness and education concerning agritourism among rural population, agricultural enterprises and local authorities controlling the sphere of agritourism;
- creation of local agglomerations of agritourism suppliers, e.g. co-ops, similar to the already existing cooperative “Wine Village”;
- joint decision making on resolving such problems as improvement of transport infrastructure and environment preservation, which presupposes cooperation of authorities, businesses and local communities.

Cooperation is an important element in agritourism since it unites two sectors of economy and its development depends on many market members. Creating the collaboration hubs can solve the problems of insufficient interest to agritourism (both from suppliers’ and

consumers' side), weak transport infrastructure, imperfection of agritourism legislation, presence of execution risks, ecological problems, corruption in business sphere.

Marketing strategy of the agritourism destination could be built according to the following principles:

- endowing a particular body with the role of destination manager, e.g. joint organization including member of authorities, agritourism suppliers and members of local community;
- promotion of a region as an agritourism destination to other Russian regions in order to increase the demand;
- promotion of agritourism services for the resort tourists, who represent the majority of the region's tourist flow through outdoor advertising (billboards, road signs) and local excursion agencies;
- development of local agritourism brands (e.g. farms, wineries, apiaries, etc. or agglomerations of them);
- emphasis on the organic production due to the customers' elevating interest to organic food;
- adaptation of service range for diverse customer groups: young people, families with kids, elderly people;
- increase of cooperation between the agritourism suppliers and travel agencies and tour operators in the region and all over the Russia for better distribution of the services and increase of tourist flow.

Elaboration of marketing strategy is a complex task, taking into account the fact that it should be adapted for the region as a whole tourist destination. At the same time, the agritourism is a complex combination of a tangible product and an intangible service, and features intangibility, impossibility of storage, dependence on seasonal fluctuations. For that reason, marketing in agritourism should also cover its development, planning, and decision-making regarding the agritourism assortment. Herewith, when developing the concept of an agritourism product, an effective promotion strategy is needed that would help create a competitive tourist facility that attracts and meets the needs of both Russian and foreign tourists.

Elimination of **economic risks** could be overcome through:

- provision of financial support for the beginning agritourism enterprises;
- creation of subsidized loans for the agritourism enterprises;
- introduction of tax advantages for the agritourism enterprises, e.g. tax holidays, tax cuts.

- stimulation of the agritourism demand through marketing tools, especially in the period of low demand season;
- development of the agricultural sector in the region;
- continuous educational support for the suppliers of agritourism from the point of view of the financing, marketing, management.

The proposed recommendations would contribute to the balanced development of the agritourism market in the Krasnodar Territory, decrease the external threats of the market and weaknesses of the internal environment, simultaneously preserving the favorable agritourism resources of the destination.

6 Conclusion

Major theoretical foundations of agritourism as an economic sector were described and overviewed in the thesis, including the definition of agritourism, its forms and typology. Special attention is given to the role of agritourism in sustainable development of rural development. The knowledge was combined with the representation of agritourism destination marketing system, and external environment influencing the development of agritourism market, classification and analysis approaches of agritourism recourses, major attributes of agritourism demand.

Comprehensive market analysis of agritourism in the Krasnodar Territory was conducted in the practical part of the thesis, including the analysis of the recourse base, external environment, supplier profile and customer segmentation.

Analysis of the agritourism resources has shown that the region has rich natural and cultural agritourism potential, developed tourism. The findings also identified weak points in background infrastructure (i.e. transportation system), creating obstacles for the market development.

Analysis of the external environment carried out through PESTLE analysis estimated major political, economic, social, technological, legal and environmental factors having influence on the agritourism market. This part of the thesis is aimed to answer the first research question of the thesis. The results has shown that the influence of each factor is complex and includes positive and negative aspects. Nevertheless the analysis uncovered such market threats as economic instability, environmental degradation, imperfection of legislation framework in the sphere of agritourism. The positive impacts were also found, i.e. high share of rural population in the region; low unemployment rate in the region; support of the market development from the side of regional and local authorities.

Analysis of the supplier side was based on the classification of suppliers according their location, offered services, enterprise type and agritourism typology, thus, this part of the study is answering the second research question of the thesis. For this task, Register of objects of the tourist industry and tourist resources of the Krasnodar Territory was used. The analysis of the location has shown that the agritourism enterprises tend to be located closer to cities, transportation routes and resort coastal areas of the region. The bigger part of the enterprises in the register are recreation centers, growing farms, wineries and animal farms. Excursions are the most frequent type of services offered by the agritourism enterprises, degustation is second most popular service, accommodation follows. Fishing, horse riding, farm work, workshops are offered less frequently. Classification according to the agritourism

typology has shown that out of 117 enterprises represented in the register 71 belong to agritourism with varying extent of “authenticity”.

Customer segmentation was based on the questionnaire research, conducted among agritourism customers visited the Krasnodar Territory. The number of respondents participating the survey amounted to 219. Since the number of the respondents is sufficient for extrapolation to larger population and other limitations the results of the questionnaire should be regarded as illustrative. The results of the survey has shown that the majority of the agritourism customers in the region come from the Krasnodar Territory and the neighboring territories, the demand level over the year has particular periods with peak (July, August, September) and low season (December, January, February); the strongest motivation factor among the respondents is closeness to nature and educational motives; the majority of the respondents found out about agritourism via word of mouth and the internet. The findings of this part of the research allowed to identify several general problems concerning regional agritourism marketing.

The segmentation of customers was carried out through hierarchical cluster analysis according to the behavioral characteristics of the customers (services they used in their agritourism experience). The analysis and description of the defined clusters answers the third research question of the research. The cluster analysis has defined four clusters: “nature tourists”, “agritourists”, “rural tourists” and “gastronomic tourists”. The described clusters show the customer profile of agritourists of the Krasnodar Territory. The results illustrate that the number of customers taking part in “genuine” agritourism is low: the cluster “Agritourists”, despite comparatively higher frequency in farm work and workshops, still has insufficient number of tourists choosing this type service, and at the same time, side activities, having indirect relevance to the concept of agritourism, are chosen frequently by the respondents. The customers generally participate in activities presupposing staged or indirect integration with farm life. Thus, the perception of agritourism by the customers is low at present.

The SWOT-analysis summed up the results of the practical part of the thesis answering the last, fourth research question, and helped to formulate the strategies for development of agritourism market in the Krasnodar Territory. The SWOT-analysis identified four general problems inherent to the agritourism market of the region. The proposed recommendations are aimed to solve the problems of ambiguous conceptual framework in agritourism, cooperation between market participants, marketing and economic risks to which regional agritourism suppliers are exposed to.

Thus, the tasks of the diploma thesis were completed, research questions answered and the aim reached.

The possible option of further research on the given subject may include:

1) surveying larger number of agritourism potential and actual customers concerning not mentioned behavioral characteristics (i.e. duration of travel, transportation means, expenditures during the travel), as well as preferences, attractiveness of the agritourism services, psychological characteristics;

2) comparison of the agritourism market of the Krasnodar Territory to other regions of the Russian Federation, e.g. Crimean region (due to similar geographic position and climate conditions), as direct competitor;

3) microeconomic analysis of the agritourism enterprise(s) of the region covering the management, marketing, finance.

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<p>Посещали вы объекты агротуризма* Краснодарского края последние 3 года? да <input type="checkbox"/> нет <input type="checkbox"/></p> <p>* Агротуризм – направление сельского туризма, включающий отдых на действующих сельскохозяйственных предприятиях (фермах), во время которой туристы напрямую взаимодействуют сельскохозяйственными объектами в образовательных и рекреационных целях</p>
<i>Демографические данные</i>
1. Укажите ваш пол: <input type="checkbox"/> мужской <input type="checkbox"/> женский
2. Укажите ваш возраст: ___ лет
3. Укажите уровень вашего образования: <input type="checkbox"/> среднее общее <input type="checkbox"/> профессиональное среднее <input type="checkbox"/> высшее (бакалавр, магистр, специалист) <input type="checkbox"/> ученая степень (кандидат наук, доктор наук)
4. Укажите ежемесячный уровень своих доходов: <input type="checkbox"/> 12 000 рублей и меньше <input type="checkbox"/> 12 000 - 20 000 рублей <input type="checkbox"/> 20 000 - 30 000 рублей <input type="checkbox"/> 30 000 - 60 000 рублей <input type="checkbox"/> 60 000 - 90 000 рублей <input type="checkbox"/> 90 000 - 150 000 рублей <input type="checkbox"/> более 150 000 рублей
5. Укажите регион вашего проживания <input type="checkbox"/> Центральный федеральный округ <input type="checkbox"/> Северо-Западный федеральный округ <input type="checkbox"/> Южный федеральный округ <input type="checkbox"/> Северо-Кавказский федеральный округ <input type="checkbox"/> Приволжский федеральный округ <input type="checkbox"/> Уральский федеральный округ <input type="checkbox"/> Сибирский федеральный округ <input type="checkbox"/> Дальневосточный федеральный округ <input type="checkbox"/> Я живу за рубежом
<i>Questionnaire</i>
1. Какими услугами агротуризма в Краснодарском крае вы пользовались? <input type="checkbox"/> проживание в частной усадьбе/гостевом доме <input type="checkbox"/> дегустация местной кухни, продуктов и напитков <input type="checkbox"/> участие в сельскохозяйственных работах (например, сборе урожая) <input type="checkbox"/> участие в мастер-классах <input type="checkbox"/> катание на лошадях <input type="checkbox"/> рыбалка <input type="checkbox"/> производственные, винные, чайные экскурсии <input type="checkbox"/> контактный зоопарк с сельскохозяйственными животными

<input type="checkbox"/> другое: _____
2. Вы посещали объект(ы) агротуризма в Краснодарском крае... <input type="checkbox"/> один (одна) <input type="checkbox"/> в компании друзей <input type="checkbox"/> со своей семьей или родственниками
3. В каком месяце вы посещали объект(ы) агротуризма в Краснодарском крае? <input type="checkbox"/> январь <input type="checkbox"/> февраль <input type="checkbox"/> март <input type="checkbox"/> апрель <input type="checkbox"/> май <input type="checkbox"/> июнь <input type="checkbox"/> июль <input type="checkbox"/> август <input type="checkbox"/> сентябрь <input type="checkbox"/> октябрь <input type="checkbox"/> ноябрь <input type="checkbox"/> декабрь
4. По каким причинам вы решили воспользоваться услугами агротуризма в Краснодарском крае? <input type="checkbox"/> получение нового туристического опыта <input type="checkbox"/> относительно невысокая стоимость услуг <input type="checkbox"/> приобретение знаний и навыков сельской жизни <input type="checkbox"/> ознакомление с традициями, ремеслами, технологиями производства местной сельскохозяйственной продукции <input type="checkbox"/> близость к природе <input type="checkbox"/> другое: _____
5. Откуда вы узнали об агротуризме в Краснодарском крае? <input type="checkbox"/> через туристические агентства <input type="checkbox"/> через интернет <input type="checkbox"/> от друзей/знакомых <input type="checkbox"/> из рекламы на местных радио- и телеканалах <input type="checkbox"/> другое: _____
6. Планируете ли вы еще раз посетить Краснодарский край как сельский турист? <input type="checkbox"/> да <input type="checkbox"/> нет

Translated questionnaire

Have you visited agritourism objects of the Krasnodar Territory in the last 3 years?

yes no

* Agritourism is a type of rural tourism, involving tourism activities at working agriculture enterprises (farms), during which tourists directly interact with agricultural settings with educational and recreational purposes

Demographics

1. **Gender:** male female

2. **Age:** ____

3. **Education level:**

- secondary general
- secondary professional vocational
- higher (bachelor, master, specialist)
- science degree (candidate of sciences, doctor of sciences)

4. **Укажите ежемесячный уровень своих доходов:**

- 12 000 rubles and less
- 12 000 - 20 000 rubles
- 20 000 - 30 000 rubles
- 30 000 - 60 000 rubles
- 60 000 - 90 000 rubles
- 90 000 - 150 000 rubles
- более 150 000 rubles

5. **Residence district**

- Central Federal District
- Northwestern Federal District
- Southern Federal District
- North Caucasian Federal District
- Volga (Privolzhsky) Federal District
- Ural Federal District
- Siberian Federal District
- Far Eastern Federal District
- I live abroad

Questionnaire

1. **What types services of agritourism in the Krasnodar Territory did you use?**

- accommodation at a farm/guest house
- degustation of local cuisine, products and beverages
- participation in farm work (e.g. harvesting)
- participation in workshops
- horse riding
- fishing
- production, wine, tea excursions
- petting zoo with farm animals
- other:

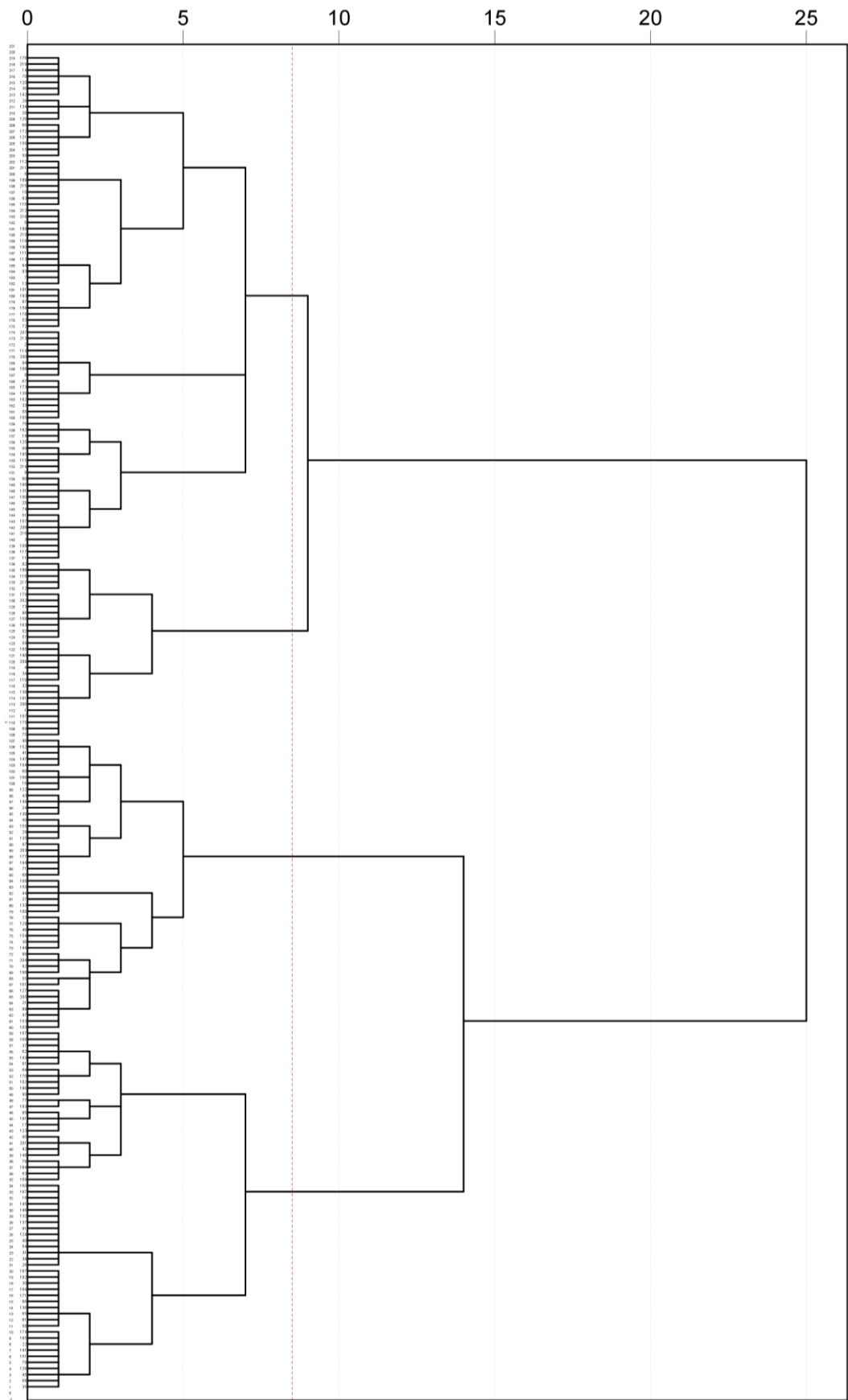
2. **Who were your companions during the trip?**

- I travelled alone
- my friends

<input type="checkbox"/> my family members or relatives
3. When did you visit agritourism objects of the Krasnodar Territory? <input type="checkbox"/> January <input type="checkbox"/> February <input type="checkbox"/> March <input type="checkbox"/> April <input type="checkbox"/> May <input type="checkbox"/> June <input type="checkbox"/> July <input type="checkbox"/> August <input type="checkbox"/> September <input type="checkbox"/> October <input type="checkbox"/> November <input type="checkbox"/> December
4. Why did you decide to visit agritourism objects in the Krasnodar Territory? <input type="checkbox"/> getting new travel experiences <input type="checkbox"/> relatively low price for the services <input type="checkbox"/> acquiring knowledge and skills of rural lifestyle <input type="checkbox"/> getting to know traditions, crafts, technologies of local agriculture production <input type="checkbox"/> closeness to nature <input type="checkbox"/> other: _____
5. From what sources did you find out about agritourism in the Krasnodar Territory? <input type="checkbox"/> tourism agencies <input type="checkbox"/> Internet <input type="checkbox"/> word of mouth <input type="checkbox"/> advertisement over radio or TV <input type="checkbox"/> other: _____
6. Are you willing to visit the Krasnodar Territory as an agritourist again? <input type="checkbox"/> yes <input type="checkbox"/> no

Appendix 2

Clustering dendrogram



Source: Author

Appendix 3

Socio-demographic profile of clusters

		Cluster 1 Nature tourists	Cluster 2 Agritourists	Cluster 3 Rural tourists	Cluster 4 Gastronomic tourists
Gender					
Male	frequency	9	44	21	20
	%	31%	53%	44%	34%
Female	frequency	20	39	27	39
	%	69%	47%	56%	66%
Age					
18-29	frequency	12	15	10	6
	%	41%	18%	21%	10%
30-49	frequency	9	51	33	35
	%	31%	61%	69%	59%
50-64	frequency	8	14	5	12
	%	28%	17%	10%	20%
65 and more	frequency	0	3	0	6
	%	0%	4%	0%	10%
Education					
General secondary	frequency	2	4	0	2
	%	7%	5%	0%	3%
Secondary vocational	frequency	8	8	9	12
	%	28%	10%	19%	20%
Higher	frequency	15	69	37	43
	%	52%	83%	77%	73%
Science degree	frequency	4	2	2	2
	%	14%	2%	4%	3%
Monthly income					
12,000 RUB and less	frequency	5	11	2	4
	%	17%	13%	4%	7%
12,000-20,000 RUB	frequency	6	23	2	10
	%	21%	28%	4%	17%
20,000-30,000 RUB	frequency	14	18	15	20
	%	48%	22%	31%	34%
30,000-60,000 RUB	frequency	2	19	18	16
	%	7%	23%	38%	27%
60,000-90,000 RUB	frequency	2	7	11	2
	%	7%	8%	23%	3%
90,000-150,000 RUB	frequency	0	5	0	5
	%	0%	6%	0%	8%
150,000 RUB and more	frequency	0	0	0	2
	%	0%	0%	0%	3%
Residence					
Central	frequency	2	10	2	4
	%	7%	12%	4%	7%
North Western	frequency	2	7	5	4
	%	7%	8%	10%	7%
Southern	frequency	17	43	34	36
	%	59%	52%	71%	61%
North Caucasian	frequency	4	12	4	4
	%	14%	14%	8%	7%
Volga	frequency	2	3	0	4
	%	7%	4%	0%	7%
Ural	frequency	0	2	2	2
	%	0%	2%	4%	3%
Siberian	frequency	2	2	0	2
	%	7%	2%	0%	3%
Far Eastern	frequency	0	0	1	1
	%	0%	0%	2%	2%
Abroad	frequency	0	4	0	2
	%	0%	5%	0%	3%

Source: Author

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