

Evaluating Diversification of Agritourism in Italy: Facility-based or Local culture-based?

Abstract

Agritourism has grown steadily as a substantial new income source for farmers and has diversified not only in Italy, but also in other industrial countries. The effects of the diversification, however, have not been fully investigated despite its importance for prognosis of the evolutionary direction of agritourism. Thus, this paper focused on how and what diversified activities influence the rate level of agritourism. A hypothesis that contrasts two directions was examined: facility-based and local culture-based activities. The facility-based direction is supposed to eventually converge with the operation category of hotels in general while the local culture-based direction will maintain the rural identity of agritourism. First, from the conceptual consideration, we defined local cultural resources have positive externality based on the concept of cultural capital and indicated that the rate increase effect of facility-based evolution without local cultural resources is apt to be overestimated due to the lack of an internalization process of externalities that activities based on local culture resources have. Second, a rate determinant ordered logit model was employed for estimation at three regional levels. Data were obtained from ‘Agritourist 2005’, a catalogue annually issued by the largest Italian agritourism organization, which contains information on the rate level, offered services and size of tourism business of 1857 agritourism farms. The result of estimation clarified that owning a swimming pool was the most common and influential factor for the enhancement of the rate level while operating restaurants, the number of world heritage sites and DOC wines worked differently from region to region. These facts indicate that hardware-based evolution is more effective in the short term than software aspects. Nevertheless, this hardware-based evolution is implicitly based on the assumption of continuously growing demand and sufficient financial capability for the fixed investment, which raises farmers’ hurdles for agritourism diversification.

Keywords: agritourism, local cultural heritage, farm diversification, internalization of externalities, cultural capital, ordered logit model, hedonic pricing

Introduction

Agritourism has been recognized as an effective measure toward diversification of farm activity (Sharpley, 2005). Due to its soft-tourism character based on endogenous resource utilization, farmers can reflect diverse local characteristics including agriculture in the evolution of their agritourism activities and therefore the evolution of agritourism will result in diversity from one region to another. On the other hand, it has been pointed out by those people concerned that facility-based evolution has progressed and agritourism is emerging that is almost identical for the tourist as staying in a hotel in a rural area (Ohe and Ciani, 2003). Agritourism in Italy has enjoyed steady growth, which, we can say, presents an