IS AGRICULTURE AN IMPORTANT COMPONENT OF RURAL TOURISM?

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Background
In many rural regions, tourism is accepted as a natural part of the socio-economic fabric juxtaposed with agriculture. It is clear that rural tourism is based on rural amenities; however, it is not clear how this relates to agriculture. Are these inter-relationships of mutual benefit, in the sense that while rural tourism provides the farmer with auxiliary funding to continue his/her agricultural activity, the latter is an important or even necessary component of rural tourism? Do active farms with rural tourism enjoy economies to scope and run their businesses more efficiently than firms with only a single activity? The focus of this paper is on these inter-relationships and their impact on the supply and demand for rural tourism accommodations.

Key questions/issues addressed
The objective of this paper is to investigate whether rural tourism enterprises base in an active farm differ from those without agricultural activity and how the agricultural activity affects the enterprise.

Research methods and data sources
The analysis is based on a face-to-face survey of 200 operators of B&B enterprises in Israel. About 40% had an active farm, which allowed us to compare between the two types of rural tourism businesses - with and without agricultural activity. The demand side of the rural tourism market was analyzed using Hedonic prices method. The supply side was analyzed by using Cobb-Douglas production estimation for rural accommodations.

Indicative findings
In the case researched in here, we found that the active farm does not have any value for the visitors. However, on the production side, farmers seem to benefit from the existence of an active farm. A farm producing agricultural goods and tourism services appears to use its production factors more efficiently in producing tourism than firms managed by non-farmers. This means that although it seems that rural accommodations are divorced from agriculture a farmer will still benefit from his/her hours per square meter active farm.