



# When distinction does not pay off - Investigating the determinants of European agritourism prices<sup>☆</sup>



Giampaolo Viglia<sup>a</sup>, Graziano Abrate<sup>b,\*</sup>

<sup>a</sup> University of Portsmouth, Department of Marketing and Sales, Portland Street, PO13DE, United Kingdom

<sup>b</sup> University of Piemonte Orientale "A. Avogadro", Department of Economics and Business, Via Perrone 18, 28100 Novara, Italy

## ARTICLE INFO

### Keywords:

Agritourism  
Pricing strategies  
eWOM  
Third-party ratings

## ABSTRACT

Agritourism aims to deliver a particular kind of travel experience when compared to more mainstream types of hospitality, calling for the development of a specific model to design pricing strategies. This research examines the impact of three groups of factors on price: (i) internal attributes, classified as common or distinctive to other hospitality categories, (ii) external attributes, in terms of natural environment or cultural attractiveness and (iii) reputation, in the form of online and offline ratings.

The proposed methodology, which provides a possible solution to collinearity among attributes, is the Shapley Value Regression. The database consists of 1268 agritourism establishments in five European countries. The findings show the relevance of the services that are common to mainstream types of hospitality and of the cultural attractiveness of the area. Managerial and policy implications build on the threat to the exclusivity of agritourism establishments with respect to traditional hotels in rural areas.

## 1. Introduction

Agritourism brings visitors in a place where a private landowner offers recreational opportunities with an entrepreneurial purpose (Barbieri, Xu, Gil-Arroyo, & Rich, 2015; Gao, Barbieri, & Valdivia, 2013). The main factor for the success of this market is the guests' desire for relaxation, freedom, peace and the sense of authenticity. The activity is often complemented by accommodation services so that visitors can stay overnight and experience an area rich in natural resources and environmental quality (Sharpley & Jepson, 2011). Despite a general interest in this market, agritourism has increased only in the last decade, with a sustained revenue growth both in United States and in Europe (Khanal & Mishra, 2014). Agritourism is not a new phenomenon. Since the early twentieth century, there is evidence that farmers have enriched recreational opportunities with tourism and hospitality accommodation services to diversify their entrepreneurial portfolio (Busby & Rendle, 2000). As highlighted by Vanslebrouck, Huylenbroeck, and Meensel (2005), building a solid reputation with guests is of paramount importance, as agritourism accommodations appear to have a more loyal customer base compared to hotels.

Apart from locating the accommodation in a rural area rich in natural resources and environmental quality, agritourism entails organizing dedicated leisure activities (Barbieri & Mshenga, 2008), investing

substantially on farming to enrich the accommodation offer (Noev, 2013), and even designing personalized websites to advertise own products and farming experiences (AgriMarketing, 2016). Agritourism relates to eco-tourism — in that it mainly involves travelling to relatively uncontaminated areas with the specific objective of admiring and enjoying the scenery, food and any existing cultural manifestations (Hultman, Kazeminia, & Ghasemi, 2015; Kazeminia, Hultman, & Mostaghel, 2016). All this calls for a specific framework to understand if those distinctive aspects increase consumers' product valuations and favor pricing strategies that maximize sellers' profits (Kim, Natter, & Spann, 2009).

The current study proposes a conceptual framework of the main determinants of the price charged for an over-night accommodation in an agritourism accommodation service by discussing the relevance of several groups of factors over the final price: (i) internal attributes, either common or distinctive to hotels, (ii) external attributes, either in terms of natural environment or cultural attractiveness and (iii) reputation, in the form of online and offline ratings.

To validate the proposed framework, the empirical part analyses data of more than 1200 agritourism accommodation services, distributed around the top five European countries in terms of rural accommodation (Noev, 2013).

The methodology - based on the Shapley Value Regression (Shorrocks, 2013) - measures the relative contribution of each group of

<sup>☆</sup> This research did not receive any specific grant from funding agencies in the public, commercial, or not-for-profit sectors.

\* Corresponding author.

E-mail address: [graziano.abrate@uniupo.it](mailto:graziano.abrate@uniupo.it) (G. Abrate).

variables over the final price. In particular, the adopted approach goes beyond some intrinsic limitations of traditional hedonic pricing models, since it is robust to multicollinearity issues that usually arise when including reputation with other attributes of the product.

Based on a unique cross-national sample, the study has rich implications for the construct itself of agritourism and offers a new methodological contribution to the extant hedonic pricing literature on hospitality services (Espinete, Saez, Coenders, & Fluvia, 2003; Monty & Skidmore, 2003; Santana-Jimenez, Sun, Hernandez, & Suarez-Vega, 2015; Thrane, 2007; Vanslebrouck et al., 2005; Zhang, Ye, & Law, 2011).

## 2. Conceptual framework

In scientific literature, the meaning of agritourism has been heterogeneous across geographical areas. In the US there is a lack of a legislative framework. Nonetheless, Gil-Arroyo, Barbieri, & Rozier Rich, (2013, 45) offer a tentative scholarly definition of agritourism as “a farm-related activity carried out on a working farm or other agricultural settings for entertainment or educational purposes.” In Europe, the definition tends to be comparable, as there are policies governing agritourism incentives. As an activity that generally takes place in the countryside, agritourism falls under the umbrella of rural tourism. Nonetheless, while rural tourism also encompasses side activities that do not necessarily require over-night accommodation, such as river rafting or other adventure tourism activities (Santana-Jimenez et al., 2015), an agritourism establishment generally offers accommodation services (Busby & Rendle, 2000). For this reason, in Europe the term agritourism is frequently overlapped with rural accommodation (Noev, 2013). Based on the heterogeneous definitions above, this article uses the term “agritourism” to refer to rural accommodation with different degrees of farming activity involved and specifically refers to the study of accommodation service in agritourism.

Despite the existence of a few empirical studies analyzing price determinants in agritourism, a systematic approach is still missing. Building on Elliot and Papadopoulos (2016), this study proposes a comprehensive framework incorporating internal attributes, external attributes and reputation.

### 2.1. Internal attributes

Internal attributes are a solid baseline in determining the premium price applicable to tourism and hospitality services (Abrate & Viglia, 2016; Roubi & Litteljohn, 2004; White & Mulligan, 2002). There is a lack of literature in regards to the relative contribution to the price of the services and the facilities common to hotels with respect to the ones that are distinctive to agritourism. In this second group there are the different farm-related activities, such as menus offering the farm's own products, the possibility for the guest to directly buy the seller's products, the presence of taste experiences as well as other recreational activities.

White and Mulligan (2002) were among the first authors to investigate the impact of internal attributes on the implicit prices of hotels with a hedonic pricing approach. In the subsequent years, other studies have found a strong price impact of several internal attributes: the number of rooms (Coenders, Espinete, & Saez, 2003; Roubi & Litteljohn, 2004), the room size (Monty & Skidmore, 2003) and the presence of beauty center or a swimming pool (Espinete et al., 2003; White & Mulligan, 2002).

Vanslebrouck et al. (2005) transferred this approach to the agritourism market and showed, interestingly, that many of those attributes are still valid. Contrasting evidence concerns only the number of rooms available in the accommodation service, which presents a negative effect on the price level. The explanation of the authors for this finding is that, compared to the traditional hospitality industry, people visiting an agritourism venue are looking for a quiet and relatively small place that provides intimate interactions with nature. However, this negative

relationship between number of rooms and prices is not supported by Ohe and Ciani (2011).

The picture becomes more puzzling when considering the attributes that are distinctive to the accommodation service in agritourism. Despite the specific product differentiation requires consistent investments (Sharpley, 2002), farming and educational activities present weak effects on prices (Fleischer & Tchetchik, 2005; Ohe & Ciani, 2011).

In sum, the traditional attributes related to hotels show a more consistent effect on prices than the distinctive attributes of accommodation services in agritourism. Therefore, when assessing the impact of common versus distinctive attributes, the study portrays that:

**H1.** In accommodation services in agritourism the presence of internal distinctive attributes has a weaker effect on price levels compared to the internal attributes that are common to accommodation services in hotels.

### 2.2. External attributes

The environment that guests look for in agritourism is generally quite different compared to that found in traditional hotels. For the mainstream hospitality industry, some decisive variables are the number of competitors with available rooms and the proximity to central districts and to airports (Lee & Jang, 2011). In contrast, guests seeking-out an agritourism experience tend to prefer less crowded environments in areas with close relationships to nature and with easy access to cultural resources (Santana-Jimenez et al., 2015). The external environment combined with cultural landscape elements have been shown to be the main driver for the sense of spirituality that travelers are looking for while visiting these types of accommodation (Sharpley & Jepson, 2011).

While each country might have a different power in attracting tourists on the basis of many factors, such as a better climate (Zhang & Jensen, 2007) or a proper national brand (Fan, 2006), the countryside, with its combination of undisturbed nature and culture, best exemplifies the intimate relationship between man and nature (Short, 1992). This represents a fundamental requirement in successful accommodation services agritourism.

On the one hand, the value of the geographical environment can be considered in its morphological elements (i.e., mountains, hills, plains, distance from seas and lakes). On the other hand, past literature has already operationalized the cultural environment as the sum multiple elements, World Heritage sites, protected designations of origin (PDO) and protected geographical indicators (PGI) for wines and foods (Ohe & Ciani, 2011). By dealing with the attractiveness of the area, Massidda and Etzo (2012) added also another variable, the number of incoming tourists into the region.

These contributions regarding external attributes suggest that price determinants include the geographical features of natural rural areas and several specific cultural attractions to be discovered in the area. In light of the previous rich evidence on the role of the different cultural elements, we portray that:

**H2.** When measuring the impact of external attributes on the price of accommodation services in agritourism, cultural elements explain a higher proportion of price compared to the natural geographic environment.

### 2.3. Reputation

Consumers often use numerical ratings to evaluate the reputation of tourism and hospitality services. Ratings tend to be quite influential in product choice because they provide a quick and easy way to assess and evaluate a product (Chen, 2008; Tsang & Prendergast, 2009).

For hotels, the traditional form of measuring reputation is the star rating, which is a measure that remains important for overall

Download English Version:

<https://daneshyari.com/en/article/5109347>

Download Persian Version:

<https://daneshyari.com/article/5109347>

[Daneshyari.com](https://daneshyari.com)