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MASTER THESIS

**DEVELOPMENT OF WINE TOURISM WITHIN AGRITOURISM
IN PIEDMONT. THE CASE OF LA BIOCA.**

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ABSTRACT

This paper is a result of 4-month internship spent at La Bioca S.r.l agricola. It explores the potential of wine tourism development within a small winery and agritourism in Piedmont region.

Both qualitative, such as increasing the tourists flow, and quantitative goals, like improving brand image, offering new services, improving facilities, were addressed. A research was made on agritourism definitions and the role of wine tourism within it. Interviews and surveys were conducted among local stakeholders and agritourism guest to find out their motivations and perspective on the potential offer of the product.

The result is a wine tourism development and marketing plan with offers on diversifying products and services.

A huge challenge in reaching these goals were regional restrictions. Italy, despite having the most developed agritourism system in the world, also has developed formalities and bureaucracy that limit small businesses in enriching their offer.

KEYWORDS: Wine tourism; Agritourism; Piedmont; Italy; Agritourism activities, Diversification of offer

LIST OF ABBREVIATIONS:

CRM- Customer Relationship Management

KPI- Key Performance Indicator

OTA- Online Travel Agency

PMS- Property Management System

ROI- Return of Investment

SMM- Social Media Marketing

SWOT- Strengths, Weaknesses, Opportunities, Threats

INTRODUCTION

The Master Thesis has been developed during the final fourth semester of WINTOUR Master program based on an internship experience at La Bioca S.r.l. Agricola, Serralunga d'Alba, Italy. The purpose of this paper is to develop a proposal for La Bioca's wine tourism development based on the knowledge received during the education with wintour.

Agritourism in Piedmont has its own peculiarities of development that affects wine tourism operation of the wineries. The tasks of this paper are:

- To do a macro and micro analysis of La Bioca's potential;
- To explain the phenomenon agritourism in general and in Piedmont in particular;
- To evaluate the place and role of wine tourism within agritourism;
- To come up with a plan to develop wine tourism in an agritourism context;
- To explore the possibilities of diversifying the offer.

The paper starts with an introduction of the company and description of duties and responsibilities carried out during the internship by the author. A justification of the relevance of master thesis proposal is provided next followed by literature review and methodological approach. Further on the results of the research done is presented with their thorough discussion.

1.1 Company description

La Bioca (*La Bioca S.r.l. agricola*) is a limited partnership agricultural company founded in Serralunga d'Alba (Piedmont, Italy) by Russian entrepreneur Andrey Kulichkov. The project started as a winery in 2012, and in 2016 an agritourism facilities were added. The team is multicultural, it consists of 7 employees from Russia, Italy, Moldova, Romania, North Macedonia. In terms of work organization there are no distinguished departments, most of the employees have flexible schedules and combine various types of responsibilities.

"The word "biòca" comes from Piedmontese language and is used to describe a decisive person with a "tough head", a character that is strongly relatable to the founders of the project.

La Bioca owns 16 hectares of vineyards in Langhe among them several famous crus of Barolo and Barbaresco. The winery has a large production facility, 2 spacious warehouses and an underground cellar. 90.000 bottles per year of red, white, rosé and sparkling wines, as well as some experiments with fermentation and ageing in amphorae are made. The range of wines consists of traditional wines of the Langhe, like Dolcetto, Barbera, Nebbiolo, Arneis and Muscat, as well as selections. The latter are made of rare indigenous varieties (such as Favorita, Freisa or Pelaverga), from old vineyards (Barbera d'Alba Superiore, Barolo Riserva), as well as several crus of Barolo and Barbaresco. Many of the wines have been

recognized by leading wine critics or journals. The relation of international and Italian sales is roughly 50/50.

In the same building La Bioca runs an agriturismo consisting of 6 rooms among them 4 twins, 1 triple and 1 family apartment. The rooms are modern, clean, comfortable with balconies overlooking vineyards. The staff does not work 24/7 which means late arrivals are given self-check-in instructions. Most of the reservations come from Booking.com, less from phone calls and Expedia.com, very rarely by emails.

In terms of wine tourism La Bioca has a tasting room where apart from serving breakfasts for agriturismo guests they also host wine tasting for partners, tourists and rarely the guests.

Agriturismo serves as an individual source of income, while main goal of running the tasting room is to boost the wine sales.

Despite the absence of concrete philosophy, La Bioca has modern style and bets more on innovation and experiment rather than tradition.

1.2 Goals and duties of the internship

Within the framework of the master thesis internship the following goals can be distinguished:

- to get acquainted with wine tourism and agriturismo peculiarities in Piedmont region
- to come up with a strategy for increasing the bookings at the local agriturismo facilities, as well as daily wine tastings without overnight stay;
- to explore possibilities of better integrating wine tourism within an agriturismo project;
- to develop wine tourism development and marketing plan;
- to make visits of the property for individuals and groups;
- to organize and participate in wine tourism events;
- to write a Master thesis paper based on the experience and research during the internship

In general, a systematic approach towards the duties was adopted trying to combine a development of long-term strategies with everyday short-term responsibilities. Thus, the responsibilities performed can be divided into two categories:

Everyday activities like communication with partners and guests, working on social media updates, following the reservations and testing property management systems to implement, testing the possibilities of different activities through trial & failure methods,

working in the tasting room, creating and improving media and communication material, conducting wine tastings or helping in the tasting room when needed, helping in the winery if needed.

Long-run activities including data collection, development of the marketing strategy, planning future activities, improvement of facilities, CRM strategies, creating partnerships, etc.

1.3 Basis for master thesis proposal

Agritourism in Italy is often said to be one of the successful cases in agritourism development (Ohe and Ciani, 2011). In its turn wine tourism is also growing in a fast pace. The Wine Tourism Report in Italy, edition number 15, co-written by the University of Salerno and the Città del Vino has revealed 14 million people, totaling 2.5 billion euros turnover for the entire industry with an average of 85 euros spent per day, increasing to 160 euros for overnight stays:

The Italian food and wine heritage is widespread, as we know, and is extremely attractive to tourists. However, there are numerous critical points that need to be addressed and fixed, which would allow a further jump in quality, both in the public sector (starting from infrastructural defects) and the private (especially the variety and quality of the wine tourist offer). The feedback Municipalities have collected show that wine tourists have given very good ratings to the territories (7.18, on average), for the overall wine tourist offer (including activities wineries, restaurateurs, etc. offer). Wine tourists account for 26.9% of the turnover of wineries and 36% of restaurateurs, hoteliers and producers of typical products. Nevertheless, the quality of infrastructures connecting the various territories is generally considered unsatisfactory .

Along 173 Wine and Flavor Roads agritourism facilities or farmhouses play a significant role, although, unfortunately, it was impossible to find any official statistics on the number of agritourism based on winemaking and viticulture and providing wine tastings in Italy or any other region of the world.

In 2017 there were 23,406 agritourism farms licensed to provide accommodation in Italy, 745 more than the previous year (+3.3%). The increase was due to 2,121 new farms and 1,376 ceased. Tourists accommodation in agriturismo amounted to 12.7 million (5.3% compared to 2016), as resulted from Istat survey on Tourist accommodation

establishments. Also in 2017 agritourism farms continued to offer several services. Tourist packages continued to be offered along with different services: 8,225 farms provided both accommodation and food serving services, while 10,757 farms added to accommodation other agritourism activities and 1,987 offered all the four types of licensed agritourism activities (accommodation, food serving services, tasting of local typical food and other) (ISTAT, 2017) (Annex 1)

Thus, it is undeniable that in such developed and competitive environment it is important to diversify the offer beyond winery tours and tastings in order to survive. At the point of implementing the internship La Bioca had two main objectives: increasing the bookings for agritourism specifically in the middle of the week, as well as promoting paid tastings for tourists without overnight stay. Upon situational analysis, among various flows a clear detachment of wine tourism and agritourism businesses was detected so the proposal was directed towards the integration of the two in the framework of wine tourism development plan.

Although having a lot common with many wine hotels, the agrotourism property exists somewhat separately from the wine tourism. And what is more notable, agrotourism here is perceived more as an accommodation in the rural area, it does not imply directly engaging guest in any agricultural activity. However, Italian agritourism clearly demonstrates that tourism activity by farmers can enhance the unexplored potential of the rural community to activate (WineNews, 2019).

Hence, the focus of this paper is going to be the promotion of wine tourism through its integration with agritourism. The idea might first seem odd since according to most of the academic literature wine tourism is already a recognised part of agritourism or rural tourism, however there are different practical expressions of it that strongly dependent on circumstances. The discussion of clear definitions about wine tourism, rural tourism, agritourism and their interrelation, as well as exploration of motivations of agritourism choices by customers is in need based on extensive literature review and analysis of regional peculiarities of agritourism in Piedmont, which will be presented in the following chapters.

2. RESEARCHING AGRITOURISM AND WINE TOURISM IN PIEDMONT

2.1 Literature review

“Although the concept of agritourism has been present in the tourism literature for a considerable time, few efforts have been made to understand the key features that define agritourism as a concept” (Flanigan, Blackstock, & Hunter, as cited in Dimitrovski, 2018). Dr. P. Dionysopoulou et al. (2014) distinguished 3 main discrepancies among various definitions of agritourism:

(1) the type of setting (e.g., farm, any agricultural setting); (2) the authenticity of the agricultural facility or the experience (indirect experience of agricultural activities, like demonstrations vs direct engagement in an agricultural process, like harvesting); and (3) the types of activities involved (e.g., lodging, education).

A third definitional disagreement relates to the activities that agritourism comprises which is not surprising given the extent of inconsistencies related to its meaning. Such inconsistencies may be “geo-political as they seem to be associated to government policies” (Arroyo, Barbieri, & Rich, cyted in Dionysopoulou et al., 2014)

To illustrate policy-related differences of definitions better it is enough to compare official laws on agritourism in Virginia state, US and Piedmont region, Italy.

Virginia law (Code of Virginia § 3.2-6400) defines agritourism as

“any activity carried out on a farm or ranch that allows members of the general public, for recreational, entertainment, or educational purposes, to view or enjoy rural activities, including farming, wineries, ranching, historical, cultural, harvest-your-own activities, or natural activities and attractions. An activity is an agritourism activity whether or not the participant paid to participate in the activity.”

Article 2 of the Piedmont Regional law n. 2 of 23 February 2015 determines agritourism as “activities of reception and hospitality exercised by the agricultural entrepreneurs through the use of their company in relation with the activities of cultivation of the fund, forestry and animal breeding”.

According to the same law:

Piedmont Region, in harmony with EU and national legislation, promotes and regulates agritourism in order to improve the quality of life in rural areas, promote and protect rural culture and environment. Another important criteria defining agritourism in Piedmont is the promotion of regional food and wine

products. According to Article 3 of the same law n the preparation and administration of meals and drinks 25 percent of the total cost of the product used must be of own production, and 85% should come from single or associated farms and food artisans operating in the region

La Bioca meets this requirements and is officially designated a status of agriturismo in spite of some opinions that agriturismo implies “spending the night in the peasants’ households and not in specially arranged accommodations, such as guesthouses or hotels” (Sasu & Epuran, 2016, p.120).

As we can see from the example the Virginia low focuses more on the activities offered to the guests, while the word “activity” in Piedmont law refers to “entrepreneurial activity of agriturismo providers” and main base of that activity is hospitality and accommodation services.

An important step in defining agriturismo and comparing its different forms was the creation of agriturismo typology by Phillip et al. (2010), who distinguished 5 types of agriturismo based on the nature of the relationship between the tourist and agriculture (Figure 1).

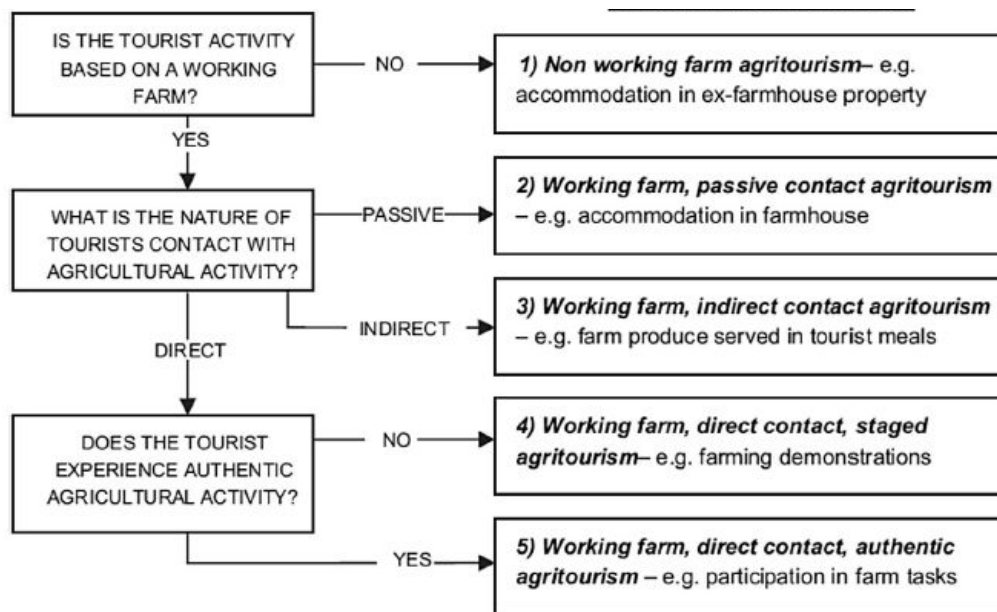


Figure 1. A typology for defining agriturismo (Phillip et al., 2010)

According to the table La Bioca corresponds to the second “working farm, passive contact agriturismo” and partially 3rd types “working farm, indirect contact agriturismo” because of the own-made wines included in the room price. One of the purposes of this

paper is exploring the possibility to upgrade to the 5th or at least 4th types, including participation or observation of winemaking and viticultural activities.

Dimitrovski (2018) discussing the benefits of agritourism mentions that:

Over time, agritourism has been recognised not only as a tool for long-term economic recuperation and development, but also as a format to explore non-economic benefits, which include maintaining rural lifestyles, as well as increasing awareness of and preserving local customs and culture. Economic benefits are also noticeable at the rural community level, as agritourism activities increase tax revenues, local employment and local entrepreneurship while its social benefits are related to the improvement of the quality of life in general. Local employment is a very important topic to consider, especially when we take the generalised demographic decrease in rural communities into account.

Although there is a diversity of literature discussing different aspects of agritourism and wine tourism as well based on case studies of various regions, not much has been researched about the relation of the two and the place of wine tourism within agritourism.

Hall and Macionis define wine tourism as “visitation to vineyards, wineries, wine festivals and wine shows for which grape wine tasting and/or experiencing the attributes of a grape wine region are the prime motivating factors for visitors”(1996).

Wine tourism in the majority of agritourism-oriented sources is considered a form of agritourism and/or rural tourism and wine tastings are the most cited examples of agritourism activities. Per contra, in wine tourism-oriented literature it is rarely mentioned in the frame of agritourism while separate attributes that both types of tourism share, like socio-economic impacts and contribution to sustainable development, are often highlighted. Thus, wine tourism is both an important element of agritourism and a tool to develop it.

One of the few examples where wine tourism is described as a wider agritourism phenomenon was the research of Dimitrovski on agritourism providers' perception in Vila Real district, Portugal (2018). He makes one of the first attempts to look at wine tourism from the lense of agritourism activity.

For as long as wine tourism has existed, it has been strongly associated with the use of agricultural land. Visiting a winery tasting room and tasting wine are recognised agritourism activities because they allow consumers to enjoy a farm-produced product and to gain a deeper understanding of the farming experience. As wine tourism also encompasses wine education, wine and food pairing, agricultural education about grape varieties, and understanding the

wine-making process it is a heterogeneous agricultural product with the capacity to provide rural regions with added value and offer guests co-creative moments

Speaking of rural regions it is important to notice the difference between agritourism and rural tourism. UNWTO understands Rural Tourism as "a type of tourism activity in which the visitor's experience is related to a wide range of products generally linked to nature-based activities, agriculture, rural lifestyle / culture, angling and sightseeing. Rural Tourism activities take place in non-urban (rural) areas with the following characteristics: i) low population density, ii) landscape and land use dominated by agriculture and forestry and iii) traditional social structure and lifestyle".

Thus, agritourism is only a part of rural tourism, while wine tourism being a part of both rural and urban tourism can and often overlaps with agritourism (Figure 2).

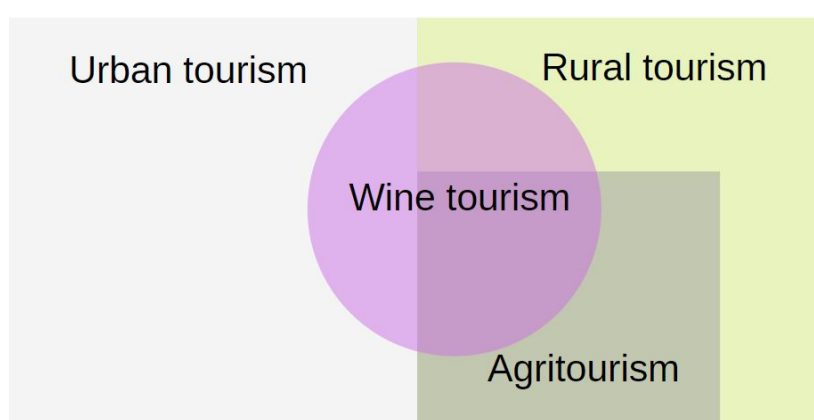


Figure 2. The place of wine tourism

According to UNWTO Eno-tourism (Wine Tourism), as a sub-type of Gastronomy Tourism, refers to "tourism whose purpose is visiting vineyards, wineries, tasting, consuming and/or purchasing wine, often at or near the source".

2.2 Methodological approach

In order to carry on with this research both qualitative and quantitative methods were used. Netnography (web-based research) was among most frequently used methods when analysing the company, the region, its competitors, potential partners, OTA reviews, etc.

From already existing sources besides the detailed literature review described in the previous chapter, secondary quantitative data was analysed as well. Among them is statistics published by ISTAT and regione.piemonte.com, and some quantitative reports on company's occupancy, website analytics, revenue, etc.

In addition to that 6 in depth semi-structured face-to-face interviews with local stakeholders including tour operators, neighboring wineries and agriturismo were carried out to gain deeper understanding on the situation of the market and La Bioca's opportunities. The full list of the questions discussed can be found in Annex 2. The limitation of this type of research is the insufficient number of answers, since only 6 from more than 20 contacted stakeholders responded to the interview proposal.

Besides, questionnaire based online surveys was carried out among previous guests for several purposes:

- to collect data for further customer relationship management
- to gain information on tourists profile
- to evaluate the interest rate on some potential changes and new offers
- to gain feedback

The survey was developed as a google form and sent out to the guests whose emailed addresses we possess. Unfortunately, this survey response rate was low due to limited number of email addresses in possession of the company, however, those received are quite representative and useful. Data received will be discussed in the next chapter and the questionnaire used is attached in Annex 3.

Finally, observation was an inseparable part of the methods used for this research both within La Bioca and during visits to the competitors. Agritourism guests, winery visitors, company employees and the operational choices they make were all objects of an observation and revealed remarkable patterns.

Thanks to the data collected through the methods described above La Bioca's first wine tourism development plan was created. It is mainly based on Winemaker's Federation of Australia's (now Australian Grape and Wine) toolkit. The samples were of course altered and adapted to this specific case and include a basic marketing plan with offers on process and operational improvements.

Among restrictions and limitations occurred during the development of this paper were:

- Language barrier. As most of the guest were Italians, it was impossible to make personal interactions and interviews with them.
- No existing client/guest database which could be used to contact the guests for research
- Limited time and resources
- Low response rate of surveys and interview requests.

3.RESULTS AND DISCUSSION

3.1 SWOT Analysis

Micro and macro environment of La Bioca was analysed through SWOT Analysis (Table 1) bringing up key challenges and objectives. Base on that an action plan for wine tourism development at La Bioca was created.

The key to La Bioca's success is the high quality wine; as well as the small but very passionate team with multitasking functions, "can-do" attitude and high flexibility. The image portrayed is a young and modern winery that is based on local tradition of piedmontese wine making but also focuses on innovation. Analysis of the reviews on Booking.com revealed that value for money, cleanliness, friendliness of the staff, comfort and location (proximity to Barolo and Barbaresco) are the highest rates features. There is also a special appreciation of the free bottle of wine included in the rooms. However, almost nowhere on the reviews on Booking.com is it mentioned a feedback about wine tastings indicating that majority of the guests are not taking wine tastings.

It is notable that problems detected are interrelated. For instance, there is low number of wine tastings is partly because of the limited staff who could work for promoting them, as well as actually hosting those tastings. Tastings are mainly hosted by the administrator/CEO/export manager and by the Italian sales manager, rarely by the agritourism manager and the winemaker. Most importantly, the tasting room is closed on weekends unless for groups of more than 5 people due to economic reasons. Ironically, this is the highest occupancy period of agritourism, and consequently highest demands of wine tastings from individual guests.

La Bioca produces around 90 000 bottles per year. In 2019 only 41684 in total were sold, of which only 1616 were sold at the tasting room (Annex 4) Despite the fact that in January-April 2019 there has been a 66% rise in the tasting room sales compared to the same period of 2019 these numbers still have the potential to increase if correct marketing strategy is applied.

After being included in UNESCO World Heritage List in 2014 outstanding vineyard landscapes of Langhe-Roero and Monferrato the number of visits to Piedmont have increased exponentially bringing both Italian and International visitors (Annex 7), which while bringing opportunities to attract more visitors also kindles the competition in the region once again highlighting the need to diversify the offer.

STRENGTHS - Internal	WEAKNESSES - Internal
Quality of wine Modern, innovative, free of stereotype Ambitious and flexible team Beautiful tasting room and terrace Value for money Location Free wine bottle in rooms	No PMS/Channel manager Low demand for wine tastings Low occupancy for agritourism especially in the weekdays Operational flows Limited staff and resources Not being open on the weekends and holidays No storytelling and weak image Conventional wine Not specifically environmentally friendly No public transport availability, by car only Unattractive winery interior Distance between the winery and vineyards No designated wine tourism employee or department
OPPORTUNITIES - External	THREATS - External
Regional visitation rate Unesco heritage Interest of Russian-speaking visitors Hiking and Biking trails of the region Niche for harvest activities Terrace can be used for events Potential partnerships	Competition with wineries with stronger brand, history and tradition, as well as more sustainable approaches Governmental restrictions, legislation, etc

Table 1. Swot Analysis

Taking into account regional trends and reviews several criteria for competitiveness were chosen. Competitor Comparison graph was created that has the following criteria:

History and tradition

- Facilities: general upkeep, interior style and presentability of the facilities
- Complementary services: presence of additional service at a winery, like agritourism facility, wine museum, professional kitchen and restauration, events, pool, spa, etc.
- Sustainability: respect to nature, level of intervention in winemaking and viticulture and contribution to local community
- Wine rating: average rating of a Barolo 2013 vintage taken from Wine searcher and Vivino
- Pricing: average combination of agritourism and wine tasting converted to 1-5 scale from most expensive to least expensive

- Reviews: the wineries' rating taken from Tripadvisor.com

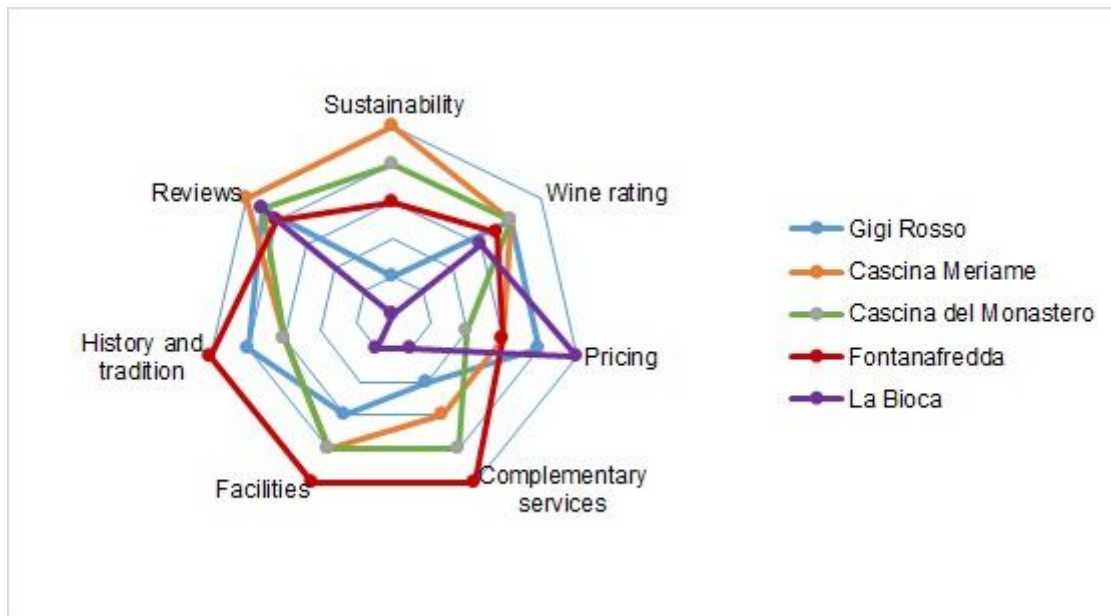


Figure 3. Competitors' comparison

While most of the competitors bet on their family history and strong roots in Piedmont, La Bioca is founded by a Russian entrepreneur, run by Moldovan winemaker and consulted by Toscan oenological consulting company. The reputation of the company in the region is ambivalent. On the one hand neighbors appreciate the investment done in their region, on the other one they are worried that the territory may lose its identity because of foreign influence.

Analysing competitors including visits to some of them brought us to a conclusion that many of these wineries do not have any specific marketing strategy towards attracting new visitors, yet has higher occupancy and pricing than La Bioca. Moreover, some of them do that intentionally as a part of their philosophy. For instance, in Cascina del Monastero, the pricing is not seasonal and is always stable as they consider it more fair approach to their clients high return rate of whose made them family friends. In Cascina Meriame in terms of seasonality there is a different approach: they simply do not work in low season. It is obvious that in terms of many different assets (from history to offered conditions) La Bioca loses the competition, so if the competitors it is enough to have word of mouth as a main promotional tool, La Bioca should invest more resources towards its promotion in order to survive in such highly competitive environment.

Finally, among threats that make the goal of adding more activities to wine tastings and agritourism, as well as organizing events, are regional rules and regulations on tourism, agritourism classifications and economic competition.

The key implications drawn from the SWOT analysis are if it is possible to build a strong brand without authentic story behind? Moreover, is it possible to get round the regional restrictions and offer packages with complimentary services by other companies? A competitive advantage of La Bioca is lower prices. Many of the competitors don't accept one nights stays, so in this regards La Bioca can win tourists. Other then that more aggressive marketing tools are in need to compete.

3.2 Segmentation and targeting

Based on market research and segmentation 25-64 middle income men and women with or without kids from Italy, Switzerland, Germany, Russia and France were chosen as La Bioca's wine tourism target group.

The target group was mainly focused on Millennials as they are considered to be the most engaged and trendy in terms of travel in general and wine tourism in particular. In addition Thirteeners and Baby Boomers were included based on results received from our own survey, as well as La Bioca's website visit analytics (see Annex 5).

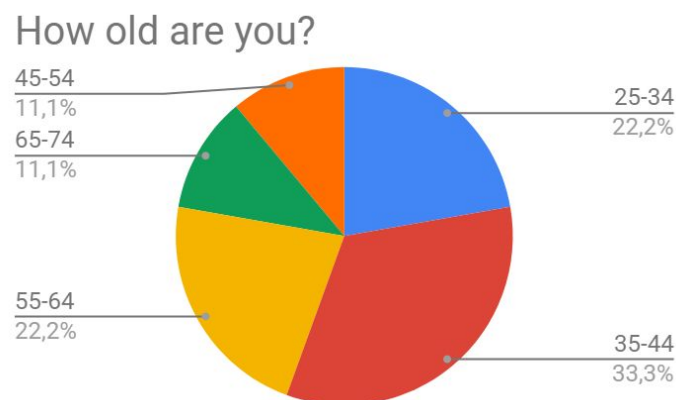


Figure 4. Age of the customers

It is essential for the development of agritourism to count not only on domestic but also inbound tourists to raise the operation rate (Ohe, 2010). Italian, Swiss, German and French tourists were chosen based on the interest rate received from our survey results and visitation statistics to Piedmont (Annex 7). Tourists from Russian speaking countries are added because of their particular interest to the success story of the Russian founder of La Bioca.

Where are you from?

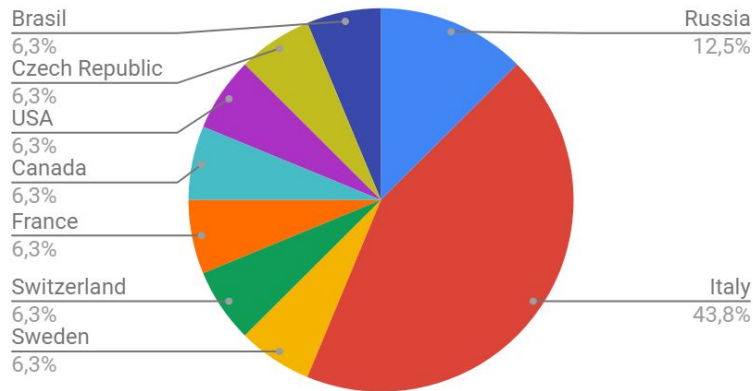


Figure 5. Country of origin of current customers.

Based on their motivation and involvement with wine all 3 categories of wine tourists described by Charters and All-Knight (2002) and Hall and Mitchell (2000) were targeted. They are wine lover (who is an experienced winery visitor, mature with high income and education, and will purchase wine at a winery), wine interested (likely to have visited other wine regions but wine is not the sole purpose of the visit to the destination, moderate to high income and university educated and will purchase wine from the winery) and the curious tourist (moderate interest in wine, and wineries are as seen ‘just another attraction’, moderate income and education and may purchase wine) biking trails and parking.

What brought you to Piedmont?

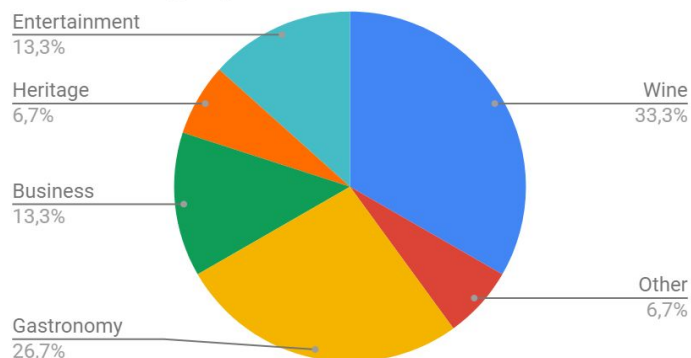


Figure 6. Purpose of the visit.

3.3 Promotion

It is notable that in case of many agritourism companies in Piedmont the brand of agritourism is strongly dependent on the brand of wine. In this regard La Bioca being new

has a long way to go when it comes to branding. In regards to storytelling, unfortunately, it has started with no solid philosophy which makes it loses to the strong competition in the region. On the other hand, this can be used as a strong differentiating asset and an alternative destination offer. La Bioca is special because being young and modern it is not restricted by the limitations of heritage inherent to traditional wineries and stereotypes that may come with them. So in developing their theme and philosophy it can bet on diversity of backgrounds and hence expertises, innovative and experimental approach. Also, the success storytelling of the Russian founder who managed to found a company in such conservative region and parallely develop the winemaking in Russia is a strong asset for attracting wine lovers from Russia.

To enhance the brand annually repetitive events are recommended, for example horizontal tasting of the regional wines, or a concert that could use of the spacious terrace.

Key Challenge	Business Objective	KPI goals, if applicable ¹
Increase bookings of agritourism	Add more channels and promote direct bookings	Increase occupancy twice (872 rooms per year, 450 guests)
Boost wine tastings and sales	Convert agritourism guest into winery visitors	200 winery visitors per year excluded agritourism guests
Raise brand awareness	Social media subscription increase, events	Increase facebook and instagram followers at least to 2000
Diversification of offer	Designing complimentary services and creating partnerships with tour operators	at least 2 group reservations of 12 people staying for 3 nights per month
Facilitate processes	Implementation of PMS, updating the website, improving facilities	

Table 2. Key challenges and strategic responses

Besides, in order to raise brand awareness, social media plans for Facebook, Instagram and Tripadvisor was developed, connecting the first 2 to Hootsuite platform for easier scheduling and administration. A goal to increase the subscriptions at least by 25%

¹ See Annex 11 for KPI Calculations

was set. Initial plan of connecting facebook ads was postponed due to news about upcoming changes planned by Facebook company. Facebook is promising to become a tool for attracting more direct reservations with implementing “Book now” button and booking engine by Cloudbeds.

The website was offered to be renovated with a demo version of the new website was developed on the platform of Tilda.

With the aim to increase the occupancy from current 19% by 10% more (see Annex for details) partnerships were created by so far 4 tour operators who will include La Bioca’s services in their packages. More partnerships, particularly with cycling tour companies, are being negotiated while bike parking is being installed. However, measures are being taken to attract more direct reservations in the long run and save on commissions for tour operators and OTAs. As there is no on-site reception or 24/7 working employee for checking in the guests, special paper questionnaires were printed and put in the rooms to collect guest feedback and email addresses to further use them for direct marketing.

To improve the operation and time-management after months of testing several Property Management Systems, finally one called Cloudbeds was selected. The platform comes with a channel manager that works with more than 100 OTAs allowing to increase our distribution. The channel manager that synchronizes all reservations received through various Online Travel Agencies and hence saves time to use on conducting more tastings. Thanks to this opportunity in addition to already existing partners Booking.com and Expedia.com 4 more channels were added popular in various markets: Ostrovok.ru (Russia), CTrip.com (Asia), Bookingpiemonte.it and Agriturismo.it (Italy). Moreover, the system provides direct bookings engine that was integrated in La Bioca’s website and facebook page.

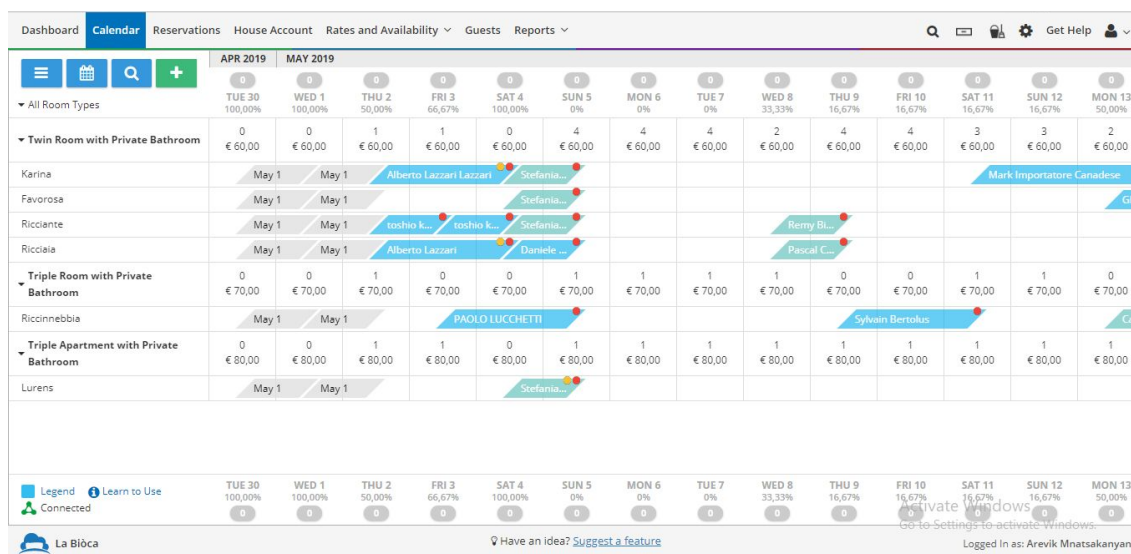


Image 1. Cloudbeds PMS interface.

Additionally, during the direct booking there is also the possibility to include add-on services and items, allowing to create special packages integrating wine and wine tasting with accommodation. Since according to the survey responses among former guests, majority of them would prefer free wine tastings instead of free wine bottle that La Bioca includes in the room price now, it is recommended to implement the possibility to choose it in advance upon direct reservation.

Cloudbeds also features some CRM tools and email scheduling possibility. Thanks to that it was possible to start direct email marketing informing guests who booked agritourism just as an accommodation about wine tasting possibilities, send them review requests and special rates and promotions to those who agreed to receive them.

Finally the system automatically does accounting and reports, so if used wisely can save a lot of time and effort.

3.5 Diversification of the offer

It is obvious that in such a competitive environment where everyone is successful in terms of wine tourism, there is a need to diversify the offer and add services and activities that would complement to the wine tasting.

Santucci found that after motivations like relax and natural beauty of the surroundings, guests are attracted by the agritourism experience to practice sports, or to taste food and wines, and to visit the surroundings and the cultural heritage. To meet the expectations of the incoming guests, tasting activities are organized by 66.5% of the operators, walks by 53.3%, followed by cultural activities by 43.7%, bike rides by 40.9%, cooking classes by 33.5%

sporting events area available by 20.8% and so on. Many operators rent bikes, horses, canoes, organize excursions to natural attractions and to nearby monuments. In many villages and small towns there are museums, churches, and ancient manors open to the public worth a visit. In some cases, weekend long courses or one week courses are proposed, generally in cooperation with local artists or craftsmen to learn how to paint, to make ceramics, or to carve objects in wood. In other cases, very exotic programs are offered, such as yoga courses, alternative medicine, or classes of various philosophies. (2013)

According to Arroyo, Barbieri, and Rich (2013, p. 45) agritourism 'should include staged or authentic agricultural activities or processes occurring in working agricultural facilities either for entertainment or educational purposes'.

Ohe (2010) on his study about demand characteristics of agritourism in Italy contrasted "the old type of agritourism activity born as a farmhouse accommodation around ski resort areas with visitors engaging in non-farm related activities such as skiing in winter or hiking in summer" to the modern stage agritourism, where

producers newly reconfigure traditional tourism services and provide new services that meet current needs of society. Producers offer not only accommodation services, but also full-fledged service goods, taking advantage of tangible and intangible rural goods such as rural amenities and heritage experiences that include local food and farm products. The demand for these modern services, therefore, is not secondary, but becomes original in the sense that people primarily come to visit the countryside and to stay at the farm. To properly comply with this modern demand, producers need to have higher management skills that enable them to grasp what tourists want through the integration of farm and tourism activities than the skills required by the old type of farm tourism. Because of the quality-oriented nature of agritourism, the market at this stage is supposed to be an up-market with services of relatively high quality and corresponding prices that reflect such quality. (Ohe, 2010)

According to Article 2 of the Piedmont law on agritourism included in the agritourism activities are:

- b) rent rooms for tourist use with the possible provision of breakfast, half board or full board, snacks, to serve its guests, as well as organizing recreational, sporting and cultural activities.
- c) prepare and administer meals and beverages
- d) organize tastings of farm products, including wine tasting

e) organize, even outside of the land assets in the availability of the company, recreational, cultural, educational, informative and pedagogical activities in the field of food-environmental education or sports, as well as hiking and horse-riding by means of agreements with local authorities, aimed at enhancing the territory and the rural heritage.

In their research on the perceived importance of the wineries and wine regions for wine tourists Ben-Nun and Cohen found that after the offer of wine tours, tastings, beauty of the scenery and friendliness of the staff tourists appreciated the possibilities of “vineyard door tour” and “opportunity to make my own wine”.

This finding agrees to the survey done by the author of this paper: majority of respondents would be interested in activities in vineyards, and to the interview responses of some agritourism providers as well.

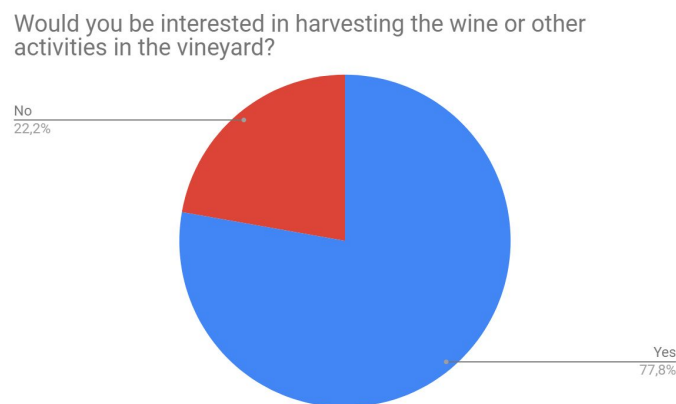


Figure 6. Interest rate on possible activities.

While, according to Andreck & Vogt and Fleischer & Tchetchik, involving tourists in agricultural activities might alleviate the labour shortage in agriculture (Andreck & Vogt, 2000), resulting in improved production efficiencies (Fleischer & Tchetchik, 2005) it should not be forgotten that regional labour laws are in effect, like in case of Piedmont.

Thus, a request was sent to Coldiretti, the association who leads and advises La Bioca in terms of safety regulations, employment, legislation, security and so forth, on if it would be legally possible to engage guests in grape picking or other activities and La Bioca is waiting for their approval. If not allowed, harvest event is proposed for 2020 vineyard observation tour and dinner party with the La Bioca team, after the test on the importers and partners is successfully done this year.

According to fundamental rule of Italian economical system of competition between companies on same business sector (Wikiversita, 2019) the hotels, restaurants, agritourism and so on cannot sell other touristic activities extra from their principal activity (for example, a

restaurant can only sell food and not bike tour. This has frozen the initial idea of offering guests complementary services and La Bioca cannot invoice them for services provided by other companies. However, partnerships were created with local tour operator to include La Bioca's agritourism and winery tours in their packages (Annex 9).

Currently La Bioca is in the process of finalisation of the safety requirements of the winery which will allow them to change their activity type and be able to also serve snacks besides breakfast. After that the project of furnishing the terrace into a lounge area will be realised.

Below a complete list of actions plan can be found:

Activity	Timing	Budget/Cost
Cloudbeds	by June 2019	120 EUR/month
Social media	June 2019	
Bike parking	by July 2019	max 400 EUR
Facebook ads	by December 2019	100 EUR
Website	by December 2019	10 EUR/month if designed on Tilda
Changing activity type	By December 2019	
Terrace furnishing	June 2020	5000/6000 EUR
Harvest event	by Fall 2020	
New wine tourism recruit	from April 2021	2000 EUR/month

Table 3. The action plan.

CONCLUSION

La Bioca is a young winery operating in a highly competitive environment in terms of both wine production and wine tourism in one of the most reputable wine regions of the world.

To be fair it should be noted that with a very small team and in a short period of time it has reached quite noticeable results, however having been created without distinct philosophy and storytelling it faces challenges of positioning its brand. Nevertheless, for such a young company time is crucial for gaining trust in the market and raising brand awareness, which can be done by various marketing tools.

Reviewing the already existing literature on agritourism and its many definitions and typology La Bioca's agritourism can be considered as "working farm, passive contact agritourism" described by Philip et al (2010). Towards beginning a significant gap could be noticed between the agritourism operation and few wine tours and tastings so actions towards integrating them through mutually promoting in among guests and customers has been taken. Market research and competition analysis has revealed a need to diversify the offer beyond accommodation, wine tours and tastings. Attempts to upgrade the agritourism type into higher level that implies direct engagement of guests in agritourism activities

Wine tourism promotion plan has been developed with actions including SMM, direct marketing and event. Some processes were significantly optimized thanks to implementation of new PMS and CRM platform. In the framework of the document, some recommendations to improve the existing facilities were also given. Within the financial and human limitations realistic and gradual goals were established that can be fulfilled with the minimal resources within 1-2 years. There is a hope that established KPI goals will be met in due time giving opportunity to take it to a new level by drawing more reservations and finally, after ROI in the offered actions La Bioca can afford a full-time wine tourism employee who will further expand the realisation of its potential in wine tourism.

Summarizing the proposal following recommendations are highlighted:

- changing the high season of agritourism from July through November to May through November;
- establishing dynamic rates instead of fixed rates;
- managing social media on Hootsuite platform;
- continue collecting the email addresses of customers and direct marketing;
- considering opening on weekends hiring full or part-time employee for wine tourism.

ACKNOWLEDGMENTS

This master thesis is a result of not only my effort, but everyone who is a part of WINTOUR Master program.

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Additionally, I am immensely grateful to Francesca Alessandra from My Langhe and Roero Experience agency for her help on finding my way through Italian sources on tourism regulations and laws.

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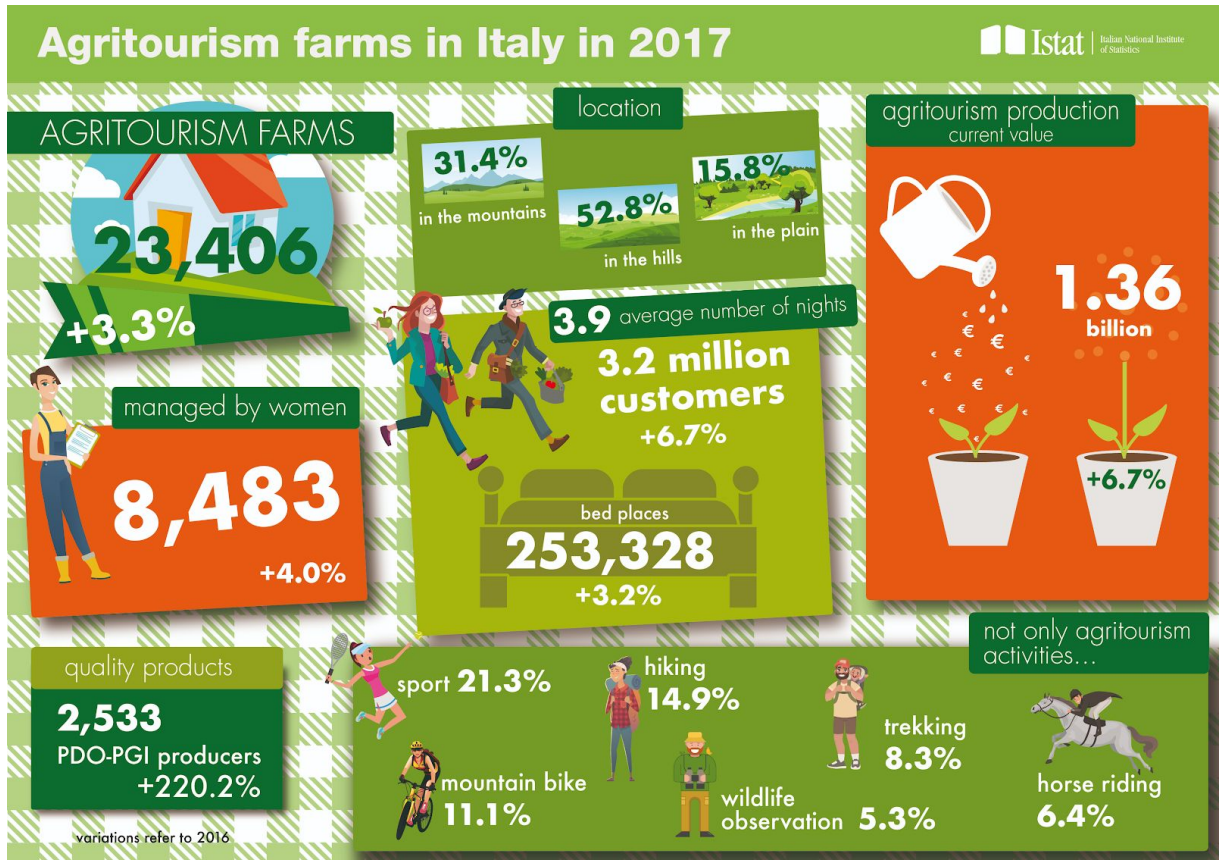
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ANNEX 1

Agritourism farms in Italy in 2017

(ISTAT)



ANNEX 2

Interview questions with agritourism managers

1. When was agritourism created? How long does the winery exist?
2. What is your understanding /definition of agritourism?
3. What are the main economic goals of agritourism.
4. What was the motivation to open agritourism?
5. Are the vineyards right at the agritourism?
6. Profile of the guests
7. Purpose of the visit. Wine vs other?
8. Occupation percentage, weekends, weekdays
9. PMS, Booking engine used.
10. Direct bookings percentage,
11. Are any agricultural/farm activities offered. If yes, what? For any additional charge or not?
12. Size of the team.
13. Number of room
14. How do they engage the guest in visiting their winery, buying wine.
15. Partnership with transport services and tour operators.
16. Impact on the environment and local community.

ANNEX 4

Sales of La Bioca

2018	
TOTAL	€ 429 790
AGRITOURISM	€ 29 290
WINERY	€ 17 235

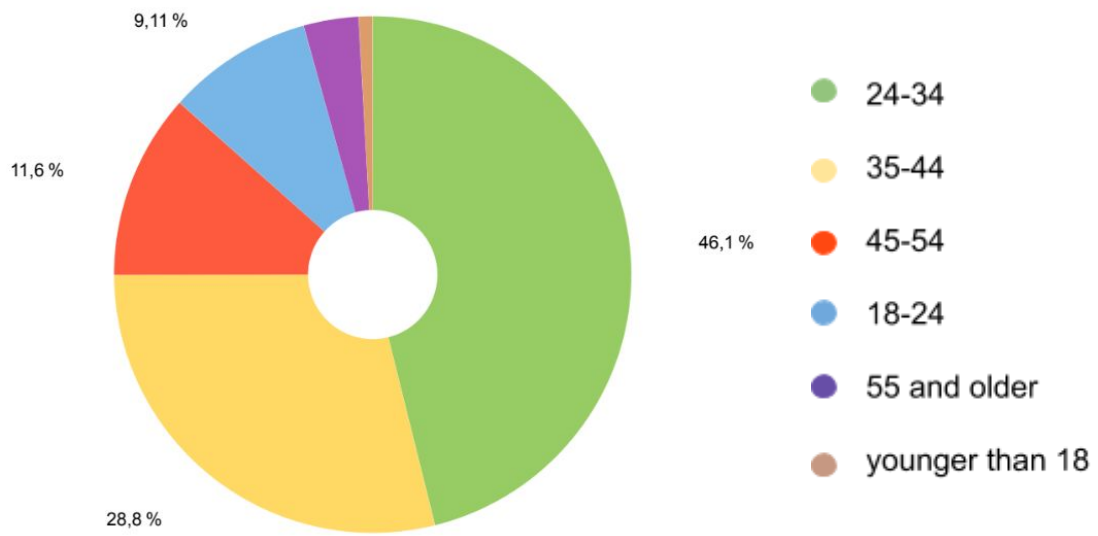
	AGRITURISMO 2018	WINERY 2018	TOTAL 2018
JANUARY	€ 1 115,00	€ 347,50	€ 17 267,98
FEBRUARY	€ 831,82	€ 812,62	€ 35 561,71
MARCH	€ 267,27	€ 675,82	€ 21 912,07
APRIL	€ 2 571,82	€ 1 162,70	€ 32 358,23

	AGRITURISMO 2019	WINERY 2019	TOTAL 2019
JANUARY	€ 1 304,09	€ 370,94	€ 18 401,64
FEBRUARY	€ 247,73	€ 436,50	€ 21 886,69
MARCH	€ 769,09	€ 1 217,11	€ 30 840,15
APRIL	€ 3 104,45	€ 2 190,98	€ 28 721,52

ANNEX 5

La Bioca's website visits analytics by age

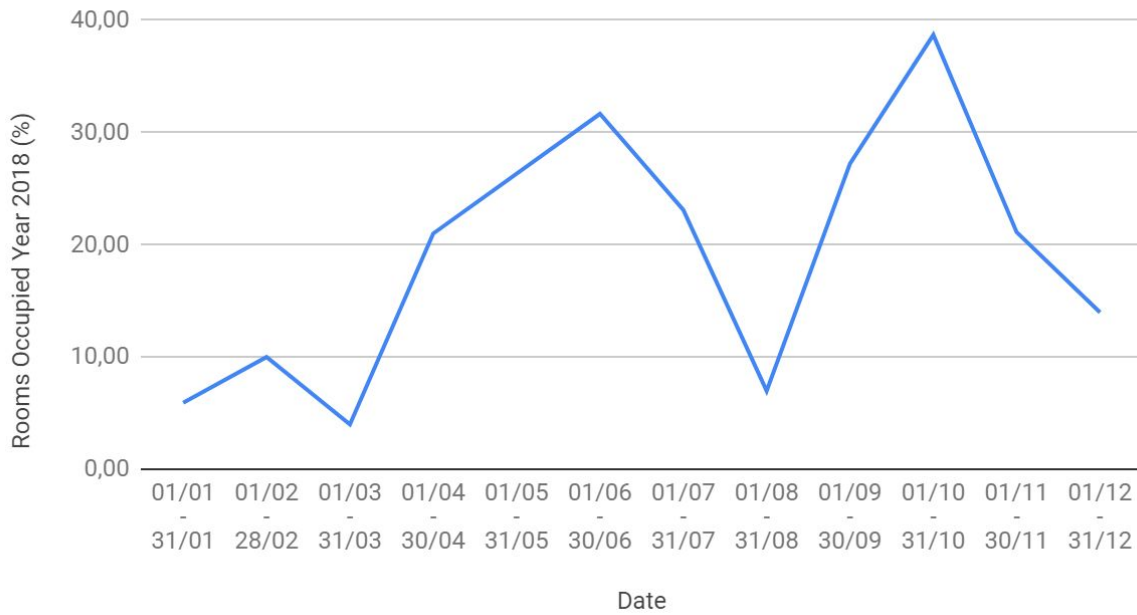
(Yandex Metrics)



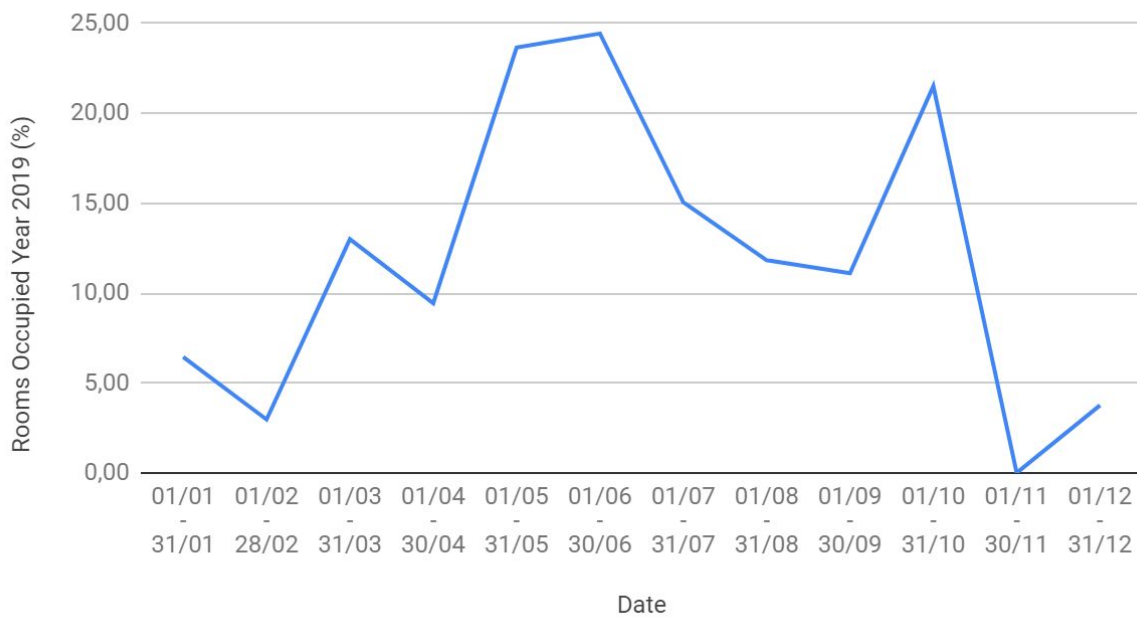
ANNEX 6

Agritourism Occupancy

Rooms Occupancy Rate 2018. Mean: 19,17%



Rooms Occupancy Rate 2019 Mean: 11,94%



ANNEX 7

Existing Market

Number of visitors to Piedmont

NATIONALITY	2017	
	Arrivals	Presence
Italy	3 211 097	8 551 190
Germany	386 439	1 516 978
France	339 671	755 785
Switzerland and Liechtenstein	260 992	640 859
UK	138 398	533 685
Netherlands	109 038	609 709
USA	83 521	214 404
Belgium	51 586	179 344
Russia	35 921	86 770
Austria	40 848	120 121
Spain	49 725	129 252
Romania	26 059	86 856
Other	446 691	1 475 544
Total	5 179 986	14 900 497

Arrivals and presences of Italian and foreign tourists by local tourist agency (ATL) - Years

ATL	2017			
	Italian		Foreign	
	Arrival	Presence	Arrival	Presence
Langhe and Roero	159 991	288 373	178 456	461 744
Piemonte	3 211 097	8 551 190	1 968 889	6 349 307

Purpose of touristic visits to Piedmont	
Cultural activity: <i>(artistic, historical and archaeological heritage, cultural and folkloric event, show, exhibition)</i>	5%
Natural heritage	35% <i>(second after Sardegna in Italy)</i>
Leisure/relax	27%

<p>Other <i>(health treatment, shopping, study/sport holiday, food and wine holiday, attending sport event, hobby, entertainment/theme park, voluntary work)</i></p>	<p>33% <i>(highest in Italy)</i></p>
--	--------------------------------------

<p>How long (nights) is the duration of the average visit?</p>
<p>3.4 nights</p>
<p>Apart from accommodation, what main goods and services do visitors purchase while in the area?</p>
<p>Wine, food.</p>
<p>What share of the existing market do you require to achieve your aims?</p>
<p>0.25% (500 guests and visitors per year)</p>
<p>Is there an unmet demand for tourism related products? If so describe:</p>
<p>Participation in agricultural activities</p>
<p>Do you plan to provide a type of product that already exists in the region, or is it new to the region?</p>
<p>Yes, the product already exists in the region.</p>

ANNEX 8

Competitor Analysis

Details	Distance	Products offered	Pricing policy	Differentiating characteristics
Gigi Rosso	2.5 km	Winery tours, wine tastings, 1 guest house in a different location, museum	10-30 € tastings	tradition, family, history, small wine museum, big parking for buses, owner/son has a degree in advertising too loaded with visits Targeted towards Swiss tourists; working with some tour operators
Cascina Meriame	3.3 km	agritourism, pool, spa, professional kitchen for events	200 per 2 nights for agritourism; tastings used to be free, are for charge now unless wine for 100 € is purchased	tradition, family, new big professional kitchen for events, breakfast with artisanal farm products no one night stays strong word of mouth makes full occupancy on the weekends, and Booking.com does it on the weekdays Working only in high season
Cascina del Monastero	3.9 km	Winery, agritourism, spa, hamam, wine baths, pool	145 € per night	Exclusive, tradition, family business, spa, antique expensive furniture, etc. High prices, no one night stays. No booking.com, agriturismo.it only. No one-night stay, no seasonal pricing.
Fontanafredda	950 m	Hotel, restaurant, events	starting from 170 € per night	Diversity of offered products and services strong brand name, interesting history, big size. Highly commercial, lower quality wine.
Cascina Ballarin	3.6 km	Wine, agritourism, camping	currently not public	Wine tastings outside in the garden, diversity of offer, possibility to visit the vineyards.
Il Gioco dell'oca	4.1 km	Wine, agritourism, bike tours, trekking, cooking classes	90 € per night	Several interesting complementary services.

ANNEX 9
Partnerships

Existing

Business Name	Potential complementary products	Ideas for strategic partnerships
Slowdays	Trekking, horseback riding, e-bike tours, food and wine tastings, etc.	Attracting more group reservations in the middle of the week
My Langhe and Roero Experience	Historical tours, food and wine tastings, trekking, truffle hunting, etc.	Attracting more group reservations in the middle of the week
Piemontevic	Wine tours, cooking classes, historical train tour, trekking, e-bikes, truffle hunting, etc.	Attracting more group reservations in the middle of the week
Hedonism Travel	Gastronomic tours	Attracting Russian groups
Andar Per Tartufi	Truffle hunting tours	Designing packages

Potential

Business Name	Potential complementary products	Ideas for strategic partnerships
Grandtoursproject	Cycling tours	Attracting more group reservations in the middle of the week
Cyclomundo	Cycling tours	Attracting more group reservations in the middle of the week
Delicious travel	Enogastronomic tours	Attracting Ukrainian groups

ANNEX 10
Touristic products and facilities

External facilities

Conditions: ■ already exists ■ needs to be implemented ■ needs improvement ■ not applicable
to LB

Entrance and signage

Feature	Condition	Notes
Entry easy to locate from main road		
Entry statement and gates consistent with brand image		
Trading hours clearly displayed		
Road signage on access routes		
Conditions of entry displayed (ie. 'Coaches by appointment')		
Signage readable by passing traffic (day and night)		

Driveway and parking

Feature	Condition	Notes
Well drained and maintained all-weather surface		
Bike park		In the process
Surface well maintained (free of potholes, dust hazards)		
Clearly designated parking for coaches and disabled visitors		
Parcel pick-up area/set-down area		
Sufficient turning space for range of vehicles		
Parking within close proximity to cellar door and areas clearly defined		
Well maintained and clearly defined access paths from car park to cellar door entrance		
Adequate lighting for navigation and safety		

Directional signage to cellar door and other facilities		
---	--	--

Landscaping and grounds

Feature	Condition	Notes
Consistent with brand image and environment		
Well maintained gardens and lawns		
Provision of garbage cans and ash trays		
Interpretive signage (plants, vineyards, views, architecture, features, etc)		Signage in the vineyards for plots, grape varieties, etc.
Hazards clearly defined (dams, winery, machinery, etc)		
Viewing and relaxation areas, photo points, etc		Terrace

Building exterior

Feature	Already exists	Should be implemented
Well maintained and windows clean		
Consistent with brand image		
Signage readable and welcoming		
Entrances and exits clearly defined		
Adequate lighting for after hours access		

Entrance to cellar door

Feature	Already exists	Should be implemented
Easy to locate from car park and other facilities		
Welcoming statement consistent with brand image		
Access via covered walkway if possible		
Safe access for disabled, seniors, children, groups		
Separate group entrance if applicable		

Internal facilities

Building interior and ambience

Feature	Condition	Notes
Foyer area (if space allows)		
Image consistent with brand (rustic, sleek, contemporary, evocative, etc)		Modern
Engagement of senses (music, aroma, visual appeal)		Pictures, photos Aroma jars Soils jars
Strategic use of space (intimate, spacious, etc)		
Welcoming and inviting		
Acoustics conducive to conversation		Good acoustics in the tasting room
Layout and traffic flow logical		
Walkways free from obstructions		
Clear directional signage		Should be improved in the winery parts
Connectivity to other facilities and outdoor areas well defined (directional signage, doors, etc)		
Focal point (display, fireplace, furniture, etc)		the view from terrace may be a focal point
Relaxation areas (couch, coffee table, reading material, etc)		No common area, except for tasting room that is closed in the evenings . Terrace to be furnished.
Interpretive signage (winemaking/viticulture processes, historical displays etc)		At least stands with vineyards maps can be added before the tour begins
Information boards (press clippings, awards, history, regional information)		maps are already in the tasting room; awards and acknowledgments info can be added
Photographs, artworks displayed and captioned appropriately		Can be used on the display on the stairs, guest can leave notes sign there
Windows clean		

Merchandise professionally presented and packaged		Not all range of wines are displayed and prices are not up to date
Mandatory exit signs installed and maintained		
Emergency procedures displayed appropriately		
Floor surface safe and functional (wheelchairs, prams, high heels, thongs)		

Tasting area

Feature	Condition	Notes
Public/staff boundaries clearly defined		
Areas within public view clean and tidy		
Clean surface areas on and behind bar		
Tasting notes, order forms and relevant information provided (including pens)		
Distribution information available (domestic and international)		
Clean tasting glassware (chip, crack and lipstick free)		
Products appropriately displayed for access by visitors		
Adequate lighting and background surface for wine evaluation		
Water and spittoons available		
Bar height comfortable for staff to pour from and visitors to lean on		
Section of bar accessible for disabled visitors		
Tasting stock clearly defined		
Bar stools well maintained and functional (if applicable)		
Proximity of tasting stock to bar (fridges, etc)		
Slip free surface behind bar		
Access to fresh water		
Appropriate wine temperature control (ice/fridge)		

Glass washing and storage facilities		
Polishing cloths (access and storage)		
Space for administrative tasks and paperwork		

Sales area

Feature	Condition	Notes
Clearly defined from tasting area		
Payment options clearly stated		
Order forms and despatch information available		
Mailing list and wine club information provided		
Selection of packaging visible		
Point of sale material and merchandise displayed appropriately		
Pricing and incentives clearly articulated		

Amenities

Feature	Condition	Notes
Clearly signed for men, women and disabled		
Child changing facilities		
Sufficient for likely volume of visitors		
Clean and well ventilated		
Brushes provided		
Waste disposal units installed		
Sufficient supplies of toilet paper, hand towels, tissues, etc		
Mirror and vanity area provided		
Soap dispenser		
Basins clean and well maintained		
Taps functional and drip free		
Hooks behind doors for jackets, bags, etc		

Consider extending music to amenities area		
Brighten with fresh flowers, pot pourri, etc		
Adequate drainage in event of overflow		
Adequate lighting		

Tasting

Tasting Experience Types ■ already exists ■ to be implemented ■ needs improvement

Tasting Option	Delivery	Description	Suitable for
Informal	Hosted casually	Tasting at the bar with others present; pre-bookings not required; usually Free of Charge (FOC) or minimal tasting fee	General winery visitors
Formal	Guided	Conducted in a separate area or section of the bar perhaps with a senior staff member or winemaker; may focus on a specific range of wines; FOC or tasting fee applied	Mid- high involvement wine consumers; Trade; Wine & Food Clubs
Combined	Guided or self-guided	Wine and food matched tasting; perhaps in cellar door, on a balcony or in a dining area; fee applied	General winery visitors and groups
Segmented	Guided	Tastings of specific wine ranges in separate areas of the cellar door or winery; FOC or fee applied depending on number of wines and price point chosen	All visitors- each area caters for different levels of interest
Educational	Guided or self-guided	Usually takes the form of wine flights: vertical (same wine different vintages); comparative (same style, different wines or different oak influences, etc.); contrasting (different varieties of reds, whites. etc.) tasting could form part of a site tour with barrel samples, etc.	Mid- high Involvement wine consumers; Wine & Food Clubs; Trade; Private Groups; possibly general visitors

ANNEX 11 KPI Calculations

To facilitate the calculations are made as if each room is always occupied by 2 guests which is actually the average pax.

Thus,

p_{il} - i - room in low season, $i \in 1, \dots, 6$

p_{ih} - is the price for i -room high season, $i \in 1, \dots, 6$

p_{iav} - это average price за i -room, $i \in 1, \dots, 6$

$$p_{iav} = p_{il} * 5/12 + p_{ih} * 7/12$$

n_i - number of days, when i -room is booked, $i \in 1, \dots, 6$

$$p_1 = p_2 = p_3 = p_4$$

Thus, the revenue in low season $I_{low} = \sum p_{il} * n_i$, in high season $I_{high} = \sum p_{ih} * n_i$

$$I_{max} = \max(I_{low} + I_{high}) = 365 * ((\sum p_{il}) * 5/12 + \sum p_{ih} * 7/12)$$

Example: $I_{max} = \max(I_{low} + I_{high}) = 365 * ((75 * 4 + 85 + 95) * 5/12 + (90 * 4 + 100 + 110) * 7/12)$
 $\approx 194000 \text{ €}$

Let b - is the number of reservations θ - is annual occupancy rate, $\theta \in \{0, 1\}$,

$$b = \sum n_i, i \in 1, \dots, 6$$

while $\theta = 1$ (100%), $b_{max} = 1 * 365 * 6 = 2190$

$$\theta_{2018} = 0,1917$$

If we want to recruit a new employee and pay him let's say 2000€ per month (brut), we need to increase the revenue to $12 * 2000 * 1,3 = 31200$ (30% - commissions and taxes)

Revenue for 2018 was 29290 евро. So increasing it by 31200 = $31200/29290 =$ by 106,5%

Hence, new number of reservations is b_{2019} :

$$b_{2019} = 2190 * 1,065 * \theta_{2018} = 2190 * (1 + 1,065) * 0,1917 = 867 \text{ reservations}$$

$$\theta_{2019} = (1 + 1,065) * 0,1917 = 0,3958 \text{ (39,6\%)}$$

So to hire a new employee we have to reach *annual occupancy rate* of 39,6% (almost twice).

This numbers are calculated without taking into account the revenue from wine tastings and sales.