

Clusters – models for linking continental agro-tourist destinations inter-regionally

Summary: The paper focuses on the potential of agro-tourist clusters in three neighbouring continental tourist regions, as a precondition for linking them inter-regionally in a single agro-tourist destination. The paper covers three essential elements of cluster potential; functionality, implementation and cluster strength, following the methodology of *Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH*, by Günter Scheer and Lucas von Zallinger, adapted to the specific features of agro-tourism.

Key words: cluster, agro-tourist destination, inter-regionality, agro-tourist cluster potential.

1. Introduction

Tourist destinations are mostly defined by market criteria, so they cannot be defined statically nor absolutely within artificial perimeters such as state borders. The basic criteria for defining tourist destinations as agro-tourist attractions are local attractions, homogeneity or heterogeneity, the number of visitors and the development stage of the destination. The destination is also a place in which various social and factors meet and interrelate. Much depends on the compatibility of natural and historical resources, and the interest of tourists and others active in the area under consideration, regarding the creation and implementation of a common vision. This vision will encompass a series of operational activities, primarily the willingness to harmonise standards and customs and the desire to improve quality and ongoing training, with the aim of forming a recognisable brand – an agro-tourist destination. This is why the recognisability of agro-tourist brands within the overall continental tourist destination market is vital.

This paper tests the realistic potential of the „Po Sutli i Žumberku“ agro-tourist cluster, comprising tourist and other facilities in the rural, border area between two Croatian counties (Krapina-Zagorje and Zagreb County) and the Savinja region in the Republic of Slovenia, as an important precondition for creating a recognisable, well-located agro-tourist destination. The purpose of this paper is to determine the level of affiliation with the «Po Sutli i

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Žumberku» agro-tourist cluster, which has been identified as a hub of agro-tourist development.

2. Agro-tourist destinations

There is no uniform definition of agro-tourism, although this topic has been addressed at tourist congresses on rural areas (one global, two European), in an attempt to unify and standardise definitions. However, the public still confuses the terms agro-tourism and rural tourism. Croatian experts in the field (Kušen 2006, Hajdaš Dončić 2006, Bačac 2007) have made a distinction between the two terms. Rural tourism is understood to be a wider term denoting any tourist activity within rural areas, encompassing various types of tourism (game hunting, fishing, tourism in natural parks, winter tourism, village tourism, eco-tourism, health and cultural tourism). Rural tourism does not necessarily create added income, but it may be a professional activity. Agro-tourism is a somewhat narrower term, but is still broader than farm or countryside tourism and is related to the ambience of a countryside area and the activities it offers (agriculture, events, food and wine, folk art, ethnology, traditional crafts and other economic activities).

Agro-tourism is based on the landscape, tradition and family, which together form a comprehensive, competitive tourist product. It is possible to offer a wide spectrum of tourist services within agro-tourism, including classic ones such as rest and recreation on a farm, or the services of catering establishments, but also specific ones such as horse-riding, carriage rides, working on the farm, introducing children to nature and animals, learning how to do traditional crafts etc. The key to the success of such tourist products is their uniqueness and recognisability in spite of the competition.

An agro-tourist destination may be defined according to various parameters. The basic criteria are local attractions, homogeneity or heterogeneity, the number of visitors and the development stage of the destination. If the destination revolves around only one element, it is homogenous, but if it boasts various features, complementary with the basic element, then it is said to be heterogeneous.

The level of attractiveness is an essential criterion for classifying destinations. The concept of a joint approach in presenting attractions (for example wine-cellars, bed and breakfast services, or bike rental services) in one destination, makes better marketing sense than presenting attractions individually, and will attract larger numbers of different tourist groups.

Most destinations trying to market themselves as agro-tourist destinations still face the problem of choosing the right model for their development in the organic time/space variables that make up the tourist spectrum. In other words, how can they find the right path to the “evolution of agro-tourist destinations”?²

3. Clustering as a model of positioning the destination

3.1. Clustering

There are various definitions of the cluster (Porter 2000, Moran 2001, Horvat 2004) but all support the development of relations between participants, by creating a critical mass, cost reduction, productivity improvement and better allocation of human and physical resources, information, knowledge and technical expertise. They may act as pressure groups to improve the institutional framework and infrastructure. Competition is of key importance; a delicate mixture of rivalry and co-operation, whose fundamental values include trust, teamwork, transparency and co-operation, even between rivals. The co-operation of companies in certain areas reduces transaction costs and increases further competitiveness. The cluster atmosphere is also co-operative, but this co-operation is most apparent in the vertical line, including companies with differing, complementary abilities. The reason why competitiveness and co-operation can co-exist is because they occur in unrelated dimensions and between different participants (Porter, 1998). The co-existence of competition and co-operation forms the dynamics of the cluster itself.

The concept of cluster is highly instrumental in stimulating small and medium-sized entrepreneurship at various levels and may help to prevent social and economic exclusion. In regional development, the Croatian economy focuses on regional openness. In applying the cluster model, the basic economic goal is the amalgamation of technology and the business of small and medium-sized companies from two or more regions, in several countries, which share basic activities, and can support each other in using communications, technology, and investments. It is vitally important to operationalise this model in the tourist industry by creating a range of tourist products.

²R. Butler, *Modelling tourism development, Evolution growth and decline; Tourism, Development and Growth*, S.Wahab, J. Pigram, Routledge 2000. p. 109-123

3.2. Agro-tourist clusters

There is no universal, strategic formula to apply to the development of an existing agro-tourist cluster. There are no rules for combining tourist and other bodies in an agro-tourist cluster. In order for the cluster model to become operational, entrepreneurs in the rural area must develop a structured system which includes planning, implementation, motivation and evaluation. According to the methodology of cluster identification used in the Republic of Slovenia (Dermastia, 2002), the following activities are essential for the formation of an agro-tourist cluster.

1. Mapping – identifying the spatial concentration in the rural area of the region under observation and the neighbouring countries, determining key participants in the region and sub-region and grouping them logically (according to content and size compatibility).
2. Identifying connections between agro-tourist participants and others (between entrepreneurs, support institutions and organisations).
3. Identifying potential cluster members by means of a survey to determine the quality of agro-tourism and its cluster potential.

A successful agro-tourist cluster contributes to the reduction of promotional costs and reservation systems, improves recognisability in the tourist market, acceptance levels and jointly agreed standards and it also improves the quality of the tourist product. Up to now, cluster development in rural areas was characterised by legal initiatives for organic growth of the already existing facilities, for example in Italy, where it is also supported by the public sector, through development agencies, tourist boards or chambers of commerce. It is important to apply the bottom-up developmental approach at the local level as a tool for local and regional tourist development and the creation of an entrepreneurial environment. This should also be the case in rural tourism, particularly agro-tourism, in order to strengthen its recognisability. Local developmental initiatives should be supported by special subsidies, at both national and regional levels, assuming there is a system in place. We can therefore conclude that the development of agro-tourist clusters actually involves two approaches, "bottom-up" and "top-down". With this dual approach, micro, small and medium-sized tourist service providers develop into the generators of regional tourist development. The application of such a model in rural tourism, which also reflects on inter-regionality, demands a series of short- and long-term measures at both national and regional levels. The development of the tourist cluster primarily requires the formation of a task group and implementation of a series

of activities aimed at developing the cluster, based on organisational training, analysis of potential areas of cluster development, designing cluster pilot projects and ultimately creating a systematic approach to development.

There is a tendency to develop agro-tourist cluster organically, but the regional and national levels play supporting roles in the initial phases. In the first step of cluster creation, it is important to teach the cluster members to work together, i.e. to co-operate. The cluster programme must be based on regional tourist analyses, identifying potential participants in the cluster, and developing infrastructure (quality improvement and marketing). Creating a high-quality tourist product is a fundamental element of agro-tourist destinations and it is recognised as a basic centripetal force in tourist expectations. It is crucially important in creating a competitive edge for a continental destination. The creation and development of the tourist cluster also involves a pro-active approach to the problem of inter-connected economic resources (traditional crafts, agriculture, transport, other services) and the range of tourist attractions.

This means helping small and medium-sized entrepreneurs to shape and create a tourist product from the aspect of what the destination has to offer tourists, simultaneously increasing the importance of semi-tourist products, such as home-made or health food, organic produce, traditional ways of preparing food and drink, traditional crafts and so on. This affects a separate group of cluster products which are exclusively or partially dependent on tourism.

Therefore the creation of a cluster, as a vital segment within the regional economy, is important for the recognisability of agro-tourist destinations.

3.3. Conditions for positioning agro-tourist clusters as generators of regional economic development

The potential contribution of the cluster model to the development of agro-tourism in the Republic of Croatia must be recognised at both national and regional levels. This model supports regional development and encourages competitiveness by supporting common activities in agro-tourism, primarily promotion and marketing, particularly by the use of information technology and reservation systems. It is essential for agro-tourist clusters to meet efficiently the demands tourists and others, as well as maintain a high level of innovation in IT and other infrastructures. Let us not forget that the competent human resources play a crucial role.

In such circumstances, the primary developmental potential of the agro-tourist cluster model is rooted in the opportunity for the cluster members to receive ongoing training and gain adequate inside knowledge of sustainable, competitive activities in the rural area.

The cluster policy must include three goals. The first is to encourage co-operation and networking between entrepreneurs who are already active in the area, with the aim of supporting individual or joint partnerships in various fields of business (for example, linking providers of accommodation services with traditional crafts).

The second is to promote cluster development through increased investments in the physical infrastructure, which should be the main concern of national and regional administrations.

The third is supporting the creation of clusters in practice. In creating a cluster pilot project, three essential features should be taken into account. These are:

a) Importance of the cluster design

Cluster policy is not just economic but also sociological and cultural. It primarily requires an open approach to cluster creation. The founders must have a clear vision of their goals and the directions in which the cluster will develop. This is essential, above all because of the financial resources which must be allocated to the project.

b) Exchange of knowledge in the field

A key point in the design of cluster developmental policy is the exchange of experiences between cluster members in order to achieving long-term relationships. Theory without practice is never efficient.

c) Detecting leaders in cluster development

The human factor is the key to the cluster's success. It is also important to identify people within the cluster who have the necessary enthusiasm and who are prepared to follow the leaders.

d) Existing regional developmental plans

Krapina-Zagorje and Zagreb Counties and the Savinja region in the Republic of Slovenia have emphasised in their regional development plans the importance of all forms of rural tourism as a key segment of regional economy. From that point of view, it is crucial to develop a research system to determine cluster potential in agro-tourism as a guideline for regional developmental policy.

The regional development plans of the above regions (Polić 2006), which include support for clusters, consist of:

- a) understanding and benchmarking regional economy;
- b) participation by entrepreneurs and institutions;

- c) organising and delivering services;
- d) building an educated workforce;
- e) allocating resources and investments,
- f) stimulating innovation and entrepreneurship in rural areas.

4. Methodology

In order to test the potential of the «Po Sutli i Žumberku» agro-tourist cluster, which includes the Krapina-Zagorje and Zagreb Counties, along with the Savinja region in the Republic of Slovenia along the border with the River Sutla, research was carried out by conducting a survey among 54 cluster association members. The sample consisted of 28 agro-tourist family farms, 8 restaurants and bed and breakfast establishments, 10 traditional crafts and trades (potters, glass-blowers, glass-cutters, honey and gingerbread makers, producers of fruit brandy, souvenirs and jewellery), 3 companies producing food and beverages (indigenous food products of controlled origin, meat products and herbal products), 1 tourist agency, 1 high school for the tourist industry, 3 associations promoting sports, recreation, traditional customs and cuisine and 3 consultancy firms dealing with the development of innovative tourist products in rural areas, IT, business and marketing.

The survey questions were divided into three areas, each of which consisted of five factors. The three areas were: cluster strength, implementational strength and functional strength.

Cluster strength relates to the joint competitiveness of the potential cluster members and the business strength of the cluster (critical mass). Implementational strength relates to the cluster's self-organisational ability. Functional strength relates to checking the extent to which preconditions are met for fulfilling fundamental cluster functions.

Satisfactory results in all three areas are necessary for the successful functioning of a cluster, and since the development of agro-tourism is one of the essential strategic development factors of the Croatian counties and border area of the Republic of Slovenia, the results of the survey will also be used for the purpose of defining developmental policies and measures in this sector.

In order to examine the potentials for family agricultural associations, crafts and limited liability companies in the Krapina-Zagorje and Zagreb counties, for whom the provision of tourist services is an important business factor, and based on the survey questions

and grades given on a scale from 1 to 10 (1- low, 5- average, 10- exceptional), the cluster potential of the area was tested.

A model and survey from the Practice Manual on Cluster Management Part B: Tools, compiled within the programme «Incentives in Economy and Employment» of the Ministry of Economy, Labour and Entrepreneurship of the Republic of Croatia and *Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH*, by Günter Scheer, Lucas von Zallinger, were used.

The data obtained by applying this model enabled complex cluster analyses to be carried out, which directly answered the three fundamental questions regarding the functional, financial and implementational strengths of the cluster as preconditions for the inter-regional connection of continental destinations. This paper was compiled using the example of Krapina-Zagorje County, Zagreb County and the Savinja region in the Republic of Slovenia.

5. Survey results

	evaluation
Cluster strength	4,82
A: Market cluster strength	5,67
1. Does the cluster offer a future-oriented, complex group of products with good market options and high development potential?	8,00
2. What is the level and completeness of technological, production and organisational basic competencies in the chain of creating new values?	4,00
3. Are the contributions of family farmers who are potential cluster members clearly recognisable and complementary?	5,00
B: Leading family farmers /companies	5,50
1. Number and quality (market, technology, knowledge, qualifications, capital/competence in generating revenue) of leading family farmers /companies providing different tourist products who can carry out leading functions within the cluster.	6,00
2. Do leading family farmers bring to the cluster experiences with domestic and foreign visitors or tourist agencies? Do they have clear concepts regarding goals, aims and means of co-operation? Are they ready to co-operate and place a high priority on the cluster project?	5,00

C: Producers and related branches **4,29**

1. Number and quality (market, technology, knowledge, qualifications, capital/competence in generating revenue) of family farmers in former and future segments in the chain of creating new values and in related market branches. 4,00
2. Balance between leading family farmers and producers of products for consumption on family farms. 3,00
3. Significant share within cluster transactions. 5,00
4. Satisfactory number of similar expectations and aims. 3,00
5. Proximity to the location. 6,00
6. Efficiency and economy of the network linking family farmers. 3,00
7. Innovation potentials as a result of proximity to other clusters or cluster- businesses. 6,00

D: Complementary service institutions and infrastructure **3,67**

1. Are there enough high quality complementary institutions close to family farmers and linked with clusters (especially in the fields of research, development, counselling, gaining qualifications, quality control, information transfer, agency procurement and internationalisation)? 3,00
2. Are these institutions geared towards clearly visible services and quality and towards international standards? 3,00
3. Is the climate in the region favourable to innovation and entrepreneurship? 5,00

E: Regional connections **5,00**

1. Geographical proximity of family farmers who are cluster members and important institutions 7,00
2. Existence of core areas or sub-clusters of mutual benefit 3,00

Implementational strength **5,67**

A: Clear benefit **6,67**

1. Is there a clearly visible benefit for family farmers, services and infrastructure providers participating in cluster development? 6,00
2. Can the benefit of participating in the cluster be demonstrated clearly and reliably to the relevant family farmers and institutions? 8,00
3. Are the main cost and benefit implications known and accepted? 6,00

B: Co-ordination and management potential **7,33**

1. Are there public and private institutions with organisational capacities and know-how relevant to cluster development? 7,00
2. Can economic development be included and is it prepared for specific cluster promotion tasks? 7,00
3. Does the structure and organisational efficiency of the cluster development guarantee precedence for the interests of family farmers? 8,00

C: Capability and readiness for co-operation **5,33**

1. Do the potential cluster participants contribute to the cluster development by their co-operation experience in the chain of creating new values and products? 6,00
2. Are there exemplary functional, economically successful projects which could expand and initiate further co-operation?
3. Do distribution networks exist and can they be expanded? 3,00

D: Human Resources **4,00**

1. Do the cluster participants have enough qualified personnel? 4,00
2. Does the cluster project have enough human resources partners? 5,00
3. Does the cluster project connect prominent domestic and international family farmer experts and other cluster projects? 3,00

E: Political standing **5,00**

1. Is the cluster project supported by leading state/local politicians and by economic and social partners? 5,00
2. Are political and governmental enterprises and supporting institutions involved according to their project functions? 5,00
3. Does the project have good standing in the region? 5,00

Functional strength **3,01**

A: Internal connections **5,40**

1. Are the key cluster participants and support systems (research and development, training and specialisation, system of control, consultancies) linked by intensive co-operation? 6,00
2. Is there a good basis of trust among rivals within market competition? 5,00
3. Is there a transfer know-how among different segments of the cluster system? 6,00

4. Are existing groups of bidders attracting new partners (local networks, strategic alliances, distribution networks); are they achieving the imitation effect? 6,00

5. Do regular professional discussions about further cluster development take place? 4,00

B: External connections 1,25

1. Are the key participants well connected (know-how, capital) with companies and family farmers outside the cluster, and with similar clusters? 2,00

2. Are they geared towards the international market; is the strategic development in the cluster directed towards the continual improvement of international competitiveness? 1,00

3. Is there an accessible system for monitoring and benchmarking international competitiveness? 1,00

4. Do international research teams exist? 1,00

C: Quality 2,33

1. Is there a coherent directive towards quality competitiveness and client satisfaction; are quality standards constantly evaluated and adjusted to growing demands and market expectations? 5,00

2. Is there a sufficient range of professional quality control and consultation? 1,00

3. Is there integrated quality management through vertical standard and control networking? 1,00

D: Innovativeness 3,75

1. Is there a competence-level connection between research and agro-tourist economic development? 2,00

2. Are the market knowledge experience of cluster participants visible, available and open to constant renewal (innovations)? 2,00

3. Is there innovation management in the cluster among the partial cluster segments? 2,00

4. Do joint IT solutions and networks for the improvement of the Internet performance of certain cluster participants exist? 9,00

E: Location marketing 2,33

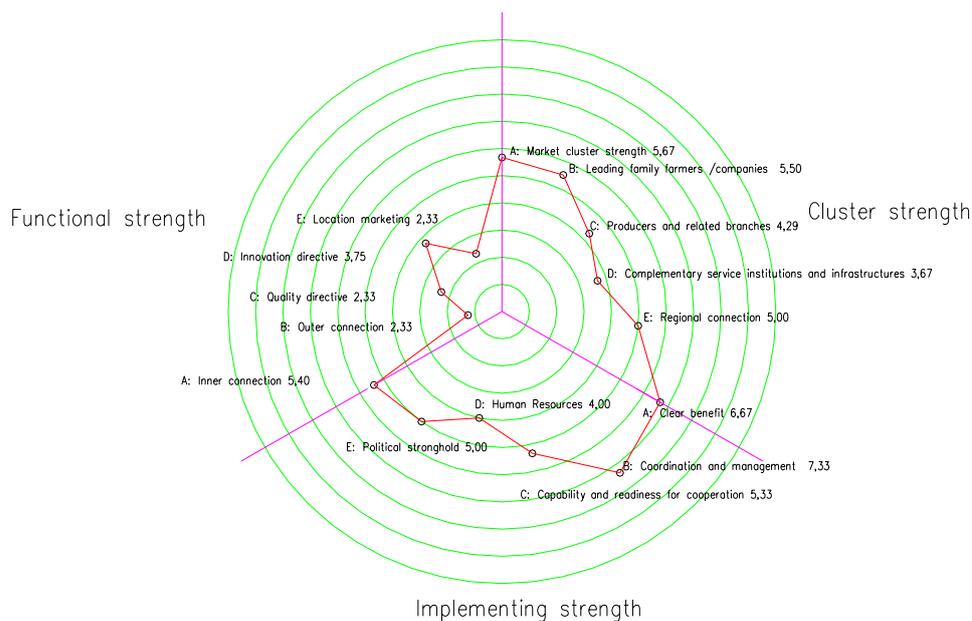
1. Is the region being promoted at home and abroad as a location with an 2,00

appropriate image (brand, logo, concept)?

2. Are the cluster participants oriented towards a joint location philosophy in offering their services and do they regularly invest in improving location quality? 4,00

3. Is there a marketing team at their disposal? 1,00

Figure No. 1 Function, implementation and cluster strength.



6. Conclusion

The survey results indicate that the cluster strength and implementational cluster strength are average, while the functional cluster strength, i.e. the existence of preconditions for the fulfilment of essential cluster functions, is significantly below average. Four factors are particularly critical: external connections, orientation towards quality, marketing location

and innovativeness. In order to improve the functional strength of the agro-tourist cluster in the counties observed, the following activities and goals must take priority. Firstly, a system of standards for products and services must be set up, along consistent professional quality control, including certification of participants. Secondly, the introduction of integrated quality management through vertical networking of standards and control is required. Thirdly, the agro-tourist cluster must be linked with external institutions (banks, university departments, ministries) and with the relevant, existing foreign cluster of reference. Fourthly, a professional marketing team should be engaged to work on the promotion of products and services, both on behalf of individual cluster members and the cluster as a whole. Fifthly, an innovative range of tourist attractions and a brand must be developed. The final goal is to improve the image of the region as an agro-tourist destination.

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