

**JUSTIFICATION OF AGRITOURIST ACTIVITY. POSSIBLE INCOME
OF THE "ACCOMMODATION" ELEMENT OF A PROJECTED
AGRITOURIST GUESTHOUSE**

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***Abstract:** Because in present, the sustainability aspect is currently applied in the vast majority of areas, it is imperative to take in consideration the tourist activities, as possibilities to support the economy of rural area. The rural area, as a whole has various tourist resources, there are many households in rural area that can be converted into guesthouses, but, in order to meet the classification requirements, and to manage these resources, designing an agritourist guesthouse is an important action, and requires some costs to. The purpose of this paper is to highlight: the reasons for which a sustainable development of the rural environment through tourism is a necessity, making some calculations about initial investment to turn a home into a model agritourist guesthouse in Romanian rural area - 6 accommodation places, the calculation of the income generated by the accommodation element of the agritourist guesthouse using two scenarios. The performances of the agritourist activity, which were analyzed through those two scenarios, were: the amount of expenditure (C_i); the amount of accommodation receipts (A_i); total receipts (I_i); the duration of the recovery of the investment.*

***Key words:** agritourist activity; projected agritourist guesthouse; accomodation*

INTRODUCTION

Tourism, more than any other field of activity, is dependent on the environment, this representing the "raw material", the object and field of activity and the development of the tourism, being its framework support, the bearer of its resources. Tourism is carried out in the environment and through the environment, its quality favoring or disadvantaging tourist activities. [10,7,2,3,15] The natural elements of the environment (forests, lakes, mountains) represents, at the same time, resources and tourist destinations that favor the development of tourism for rest, recreation, treatment, so as much these resources are more varied and unaltered, the more their tourist interest it is greater in responding to various motivations; tourism through its demands represents a solution and a motivation for the unaltered preservation of the environment; the funds obtained from tourism can be used for the restoration of nature (that is why it is also said that the protection of nature and the preservation of its qualities is a necessity for tourism, the actions undertaken in this respect by the protection of the tourism potential). [10, p.243, 12]

Agritourism is a form of rural tourism practiced in rural areas, which involve the use of peasant household (to meet the reception/tourist accommodation function) and for tourist activities. So, this type of tourism is used for two of the elements of the tourist product, namely accommodation and food, tourist units such as boarding houses and agritourist farms, benefiting from an unpolluted and picturesque natural environment, by various natural attractions and cultural-historical values, by the traditions and customs present in rural areas. For rural area, agritourism can be the most efficient way of capitalizing the local resources. [6,9]

The inhabitants of the rural environment are in the situation to look for solutions to solve the problem of the jobs, so to obtain enough income, so as the desire to migrate from the locality does not appear. Agritourism could prevent this desideratum, by using the available work force for tourism purposes if the area where the holding and the locality are located has a tourist vocation.

So, in the future, types of holidays requiring low energy expenditure that minimize existing resources and contribute to the preservation and protection of the environment are necessary. The education of local tourists and the local population regarding the sustainable development has a very important role in gradually adopting a western way of life in terms of environmental protection, which is particularly useful for the development needs of the next generations. Tourist activity is one of the few phenomena that have been imposed in the contemporary era, its spectacular development being a characteristic feature of our century and especially of its second half. Tourist resources are virtually inexhaustible, tourism is one of the economic sectors with real long-term development perspectives. Under the conditions of respecting and promoting the principles of sustainable development, tourism is a means of protecting, preserving and capitalizing on the cultural, historical, folklore and architectural potential. [8] By adopting a sustainable tourism development strategy and imposing measures to protect the environment, the fundamental values of human existence (water, air, flora, fauna, ecosystems, etc.), tourism also has an ecological vocation. (Figure 1)

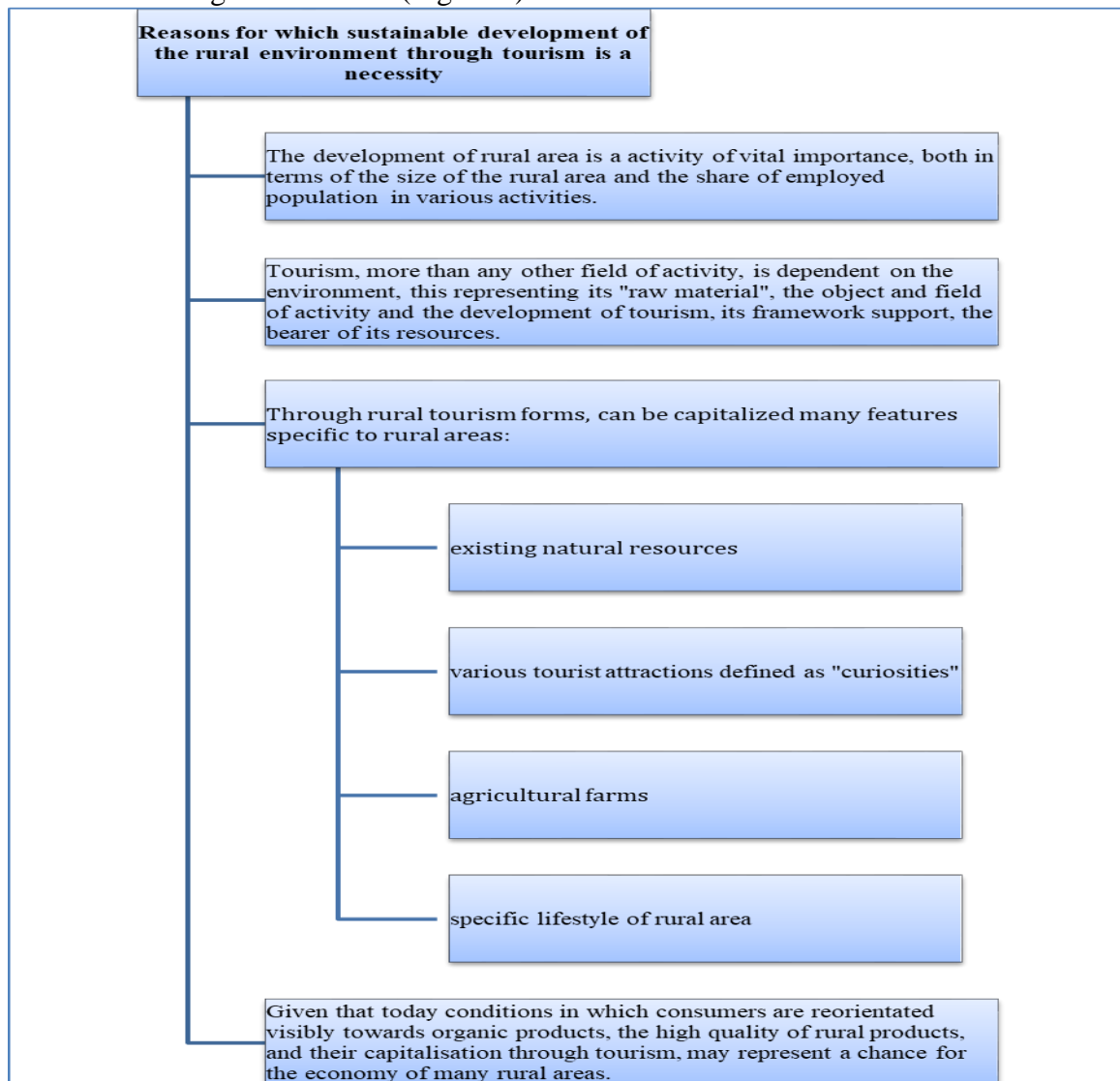


Figure 1. Reasons for which a sustainable development of the rural environment through tourism is a necessity

MATERIALS AND METHODS

The authors of the paper were used as methods of work: data collection, processing, analysis, observation and their interpretation.

The reason for choosing the theme of this paper is the fact that, the rural environment as a whole can support tourism activities, starting from the elements that support its potential. Agricultural farms from the rural area have a low income source compared to family needs, but have a surplus of agricultural products. It goes on the idea of choosing a representative rural household and on the conviction of the owners to conduct agritourist activity.

The purpose of this paper is to justify the necessity of agritourism activity and to highlight the need to develop a model agritourist guesthouse in rural environment, by emphasizing the possible income obtained from the accommodation activity. So the approach I have made represents a documentary process that aims to highlight:

- The reasons for which a sustainable development of the rural environment through tourism is a necessity
- Making some calculations regarding to the initial investment to turn a home into a model agritourist guesthouse in Romanian rural area - 6 accommodation places
- Calculation of the income generated by the "accommodation" element of the agritourist guesthouse using two scenarios.

The objectives pursued, by this proposal, are directed both on the short and long term. In the short term this proposal will generate support services for an ecological and economic development through:

- Improving the constructions with agritourism specific.
- Improving the production structure of the agritourist holdings.
- Completion of rural area infrastructure.
- Opening the commune and the area for investors and tourists.
- Improving environmental and ecological protection.
- Developing business opportunities in locality and contributing to the local economy.
- Creating some cooperation conditions.

In the long term, the objective of this proposal is to include the agritourist guesthouse in the national agritourism circuit.

RESEARCH RESULTS

Justification of the current proposal through a SWOT analysis. There are many households in rural area that can be converted into guesthouses, and some conditions:

- representative households with at least 3 rooms in addition to a family needs (therefore, there is at least 6 accommodation places);
- there are some common hygiene conditions (bathroom, WC, hot water);
- there are some household facilities (fridge, telephone, TV, washing machine);
- generally, there is a certain agricultural area and animals necessary to get some of the products for self-supply.

But, in order to meet the classification requirements, for 2 flowers for example, some improvements need to be made. The application of this proposal in any Romanian rural area, with minimum facilities necessary to support tourism activities, will create conditions for:

- ensuring recreation and leisure for the inhabitants of the area;
- practicing specific crafts in the newly created recreation area, both for tourists and the local population.
- creating tourist facilities for residents and others visitors.

Through such a project can be used rationally the existing agricultural resources, having a number of strong points. [1,4,5,11,13,14] The other entrepreneurs in the area will have a successful model of capitalizing the tourist potential of the rural environment. (Table 1)

Table 1

SWOT analysis of the proposal for arranging an agritourist guesthouse

Strengths S	Weaknesses W
<ul style="list-style-type: none"> - very active people; - the existence of a tourist tradition; - preserving folk traditions in the area; - very attractive rural landscape. 	<ul style="list-style-type: none"> - lack of specialized knowledge in tourism; - difficulties in persuading owners to run agritourism;
Opportunities O	Threats T
<ul style="list-style-type: none"> - capitalizing the products directly from the producer; - success will motivate other entrepreneurs; - creating new jobs and extra income for family members. 	<ul style="list-style-type: none"> - the difficulty of attracting funds; - non-amortization of investments on a larger scale.

Source: author's analysis

Costs related to this proposal. The total budget for this proposal is 20020 EURO, taking into account a very simple calculation, based on market prices. (Table 2)

Table 2

Initial investment to turn a home into a model agritourist guesthouse in Romanian rural area - 6 accommodation places

Objective	Criteria	Costs, Euro
Operating notices	Performing a feasibility study	1000
	Initial costs generated by obtaining operating permits	2000
The general condition of the building	Improving the appearance of the building and household annexes	4000
	Company and category of agritourist guesthouse	100
	Improve the look of the yard by planting some flowers and tree species	180
Assuring the necessary installations	Central heating or with traditional stoves	2500
	Hot or cold running water supply to the kitchen and bathroom	750
	Connection to the public sewerage network or to its own facilities	400
Improvements of the receiving space, food, space and other auxiliary spaces	Upgrading and improving the reception hall and the living room	320
	Creating hygienic conditions in the kitchen for table preparation (electric or gas cooker, refrigerator, etc.)	1800
	Furnishing the living room with furniture and serving inventory	1500
Equipping and arrangement of accommodation	Beds with mattresses-6 units	600
	Bedding 12 sets	300
	Furniture: wardrobe, table, chairs for 6 people	1000
	Television-3 units	450
	Accessories: hanger, mirror, curtains, etc.	200
Creating pleasant conditions for recreation/leisure	Garden arrangement with various accessories: picnic stove, shadow, swings for children, small horseback riding school	430
	Construction of a small workshop for tourists (tools already exist)	540
	Repairing and conditioning the wagon from the house to provide walks around with the horse drawn carriage	100
Costs related with the promotion	Realization of some flyers (by the owner)	50
	Drawing up a catalog with the guesthouse's offer and its distribution through ANTREC	800
	Making a WEB page (it costs are taken in consideration the achievement of a computer)	1000
Total		20020

Source: author's calculations by market prices

The motivation to create such an agritourist guesthouse is the benefit that the owner can get. The rooms that the agritourist guesthouse offers for rent are considered to be the main and first items that can bring profit to the owner. Profit occurs when the agritourist guesthouse sells/rents available rooms at a higher price than the costs. During this scientific work paper we tried two scenarios: starting from 60% occupancy degree and starting from 40% occupancy degree, meaning the optimistic scenario and a pessimistic scenario.

The performances of the agritouristic activity, which were analyzed through the two scenarios were:

- the amount of expenditure (C_t)
- the amount of accommodation receipts (A_t)
- total receipts (I_t)
- the duration of the recovery of the investment.

First scenario. The possible income to achieve at a 60% occupancy degree. For the first scenario exemplified in the paper the calculations are detailed in the following:

- Number of free rooms 6
- Price per room 20 euro
- Number of rooms rent per year at a 60% occupancy degree will be

$$365 \dots 100\%$$

$$x \dots 60\%$$

$$x = \frac{365 \times 60}{100} = 219 \text{ days when the 6 rooms will be rented}$$

$$219 \text{ days} \times 6 \text{ rooms} = 1314$$

- Maximum income generated by the agritourist guesthouse per year

$$1314 \times 20 = 26280 \text{ euro get our guesthouse with 6 rooms and a 60\% occupancy degree over a year.}$$

As a result of paying to the state the profit tax remains with net income from agritourism, only from accommodation, of 22076 euro, respectively 1839,66/month. If the price is fixed per person, then the earnings will be higher.

So if total rentals (I_t) of renting the 6 rooms, for a year, at a 60% occupancy degree, after paying the tax on profit (16%) is 22076 euro, and initial investment 20020 euro then:

$$A_t = I_t - C_t = 22076 - 20020 = 2056 \text{ euro}$$

Profit rate (rate of return) R_b - the ability of the objective to cover its own expenditures; presents the financial result of the objective.

$$R_b = \frac{B_t}{I_t} \times 100 = \frac{2056}{22076} \times 100 = 9,31\%$$

Duration of recovery of the investment

$$D = \frac{\text{investment value}}{\text{volume of annual receipts}} = \frac{20020}{22076} = 0,9 \text{ years}$$

Second scenario. The possible income to achieve at a 40% occupancy degree. For the first scenario exemplified in the paper the calculations are detailed in the following:

- Number of free rooms 6
- Price per room 20 euro
- Number of rooms rent per year at a 40% occupancy degree will be

$$365 \dots 100\%$$

$$x \dots 40\%$$

$$x = \frac{365 \times 40}{100} = 146 \text{ days when the 6 rooms will be rented}$$

$$146 \text{ days} \times 6 \text{ rooms} = 876$$

- Maximum income generated by the agritourist guesthouse per year
 $876 \times 20 = 17520$ euro get our guesthouse with 6 rooms and a 40% occupancy degree over a year.

So if total rentals (I_t) of renting the 6 rooms, for a year, at a 40% occupancy degree, after paying the tax on profit (16%) is 14717 euro (1226 euro/month), and initial investment 20020 euro then:

$$A_t = I_t - C_t = 14717 - 20020 = - 5503 \text{ euro}$$

From the above calculation it can be seen that the value of the costs is higher than the receipts earned in the first year of activity, so the agritourist guesthouse cannot fully cover the initial costs from the receipts of the first year of activity.

Duration of recovery of the investment

$$D = \frac{\text{investment value}}{\text{volume of annual receipts}} = \frac{20020}{14717} = 14 \text{ years}$$

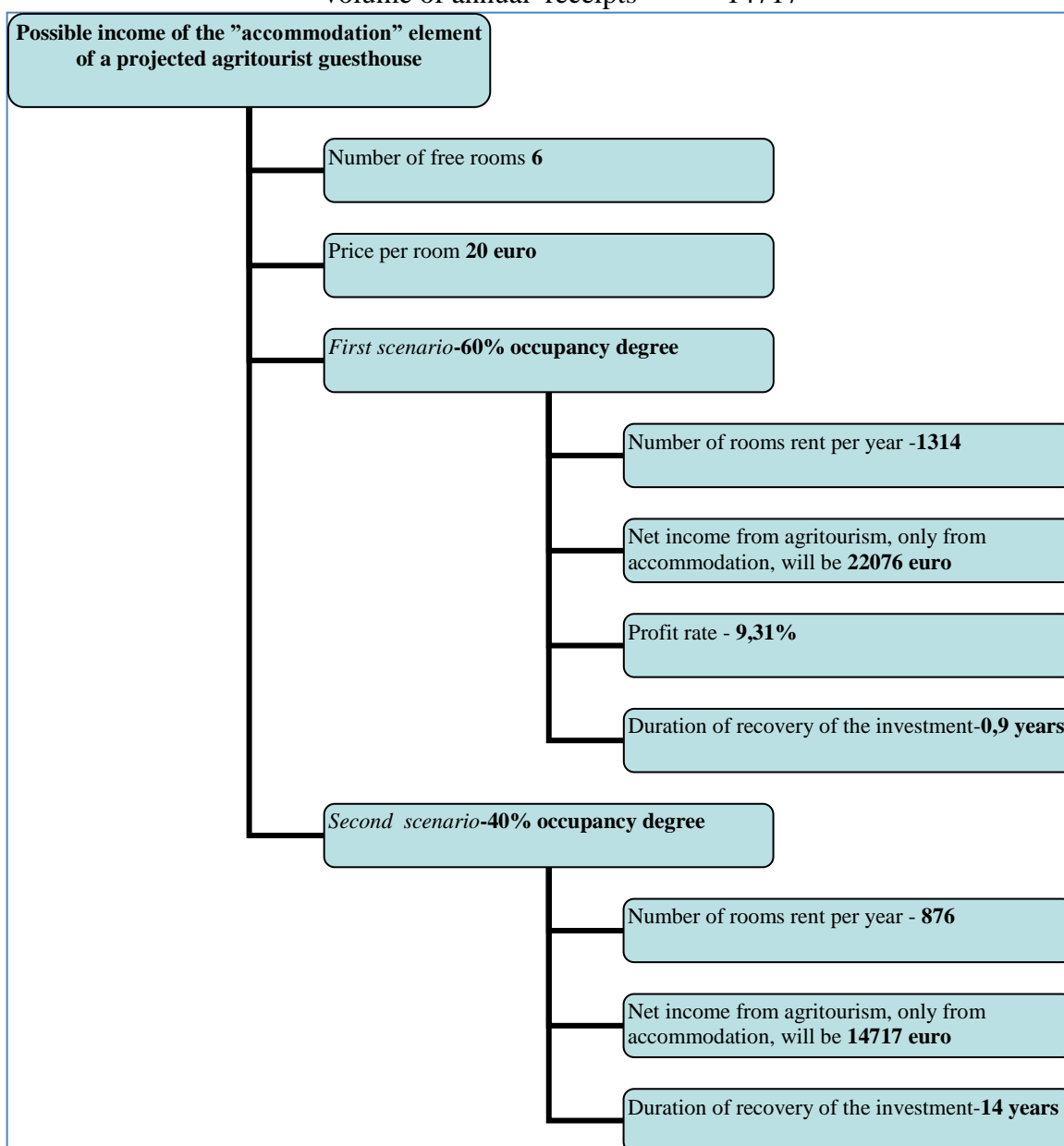


Figure 2. Possible income of the "accommodation" element of a projected agritourist guesthouse

According to the expected results, the investment is welcome, with expenditures recoverable in less than one year at a 60% occupancy degree.

According to the expected results for scenario number two, at a 40% occupancy degree, spending will recover over a longer period of time, perfectly justifiable if we think of a new business with a niche market not excessively high, and that tourism investment can rarely be recovered in the first year of activity. But even in this scenario, not so optimistic, we find the results satisfactory, the reason being that, according to the calculations, in the first year 73.51% of the initial investments are recovered.

CONCLUSIONS

Because the rural area, as a whole has various tourist resources, designing an agritourist guesthouse is an important action to manage these resources. The guesthouse and facilities represent a major investment of time and money from the owner. As the property value will increase as the rate of profitability increases, the benefits of such a projection may be multiple:

- increase of the comfort degree of the agritourist holding living spaces due to the investments made (introduction of utilities, sewerage, water supply, etc.).
- capitalizing on the surplus of space, products and labor force, using the whole family and ensuring the profitability of the household.
- increasing the purchasing power of the family;
- the initiation of agritourism activity through the newly created guesthouse has led to the acquisition by the provider family of new knowledge about a new field, gaining on the other hand a professional experience other than agriculture.

The motivation for the establishment of an agritourist guesthouse is mainly the benefit the owner can get, the accommodation rooms being the main profit generators, which is why we applied the calculations for this element of the agritourist product, taking into account two scenarios:

- For the first scenario, at a 60% occupancy degree, according to the expected results, the investment is welcome, the costs being recoverable in less than one year.
- For the second scenario, at a 40% occupancy degree, according to the expected results, expenditure will be recovered over a longer period of time, 73.51% of the initial investment being recovered in the first year.

Because in present, the *sustainability aspect* is currently applied in the vast majority of areas, it is imperative to take a number of future *recommendations* to talk about a civilized and functional tourism in rural areas:

- necessary steps to protect the rural area where farming, zootechnics, horticulture, poultry farming and beekeeping are carried out in ecological conditions, obtaining certified products;
- stopping economic, industrial activities that can pollute, degrade the quality of the environment;
- Emphasizing the ethnocultural treasure: habits, customs combined with house architecture, national port, handicrafts, typical rural economy products (organic fabrics, garments, small furniture), organic food.

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