



Rural tourism in Israel*

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A national census of bed and breakfast (B&B) operations in the rural regions of Israel identified the characteristics of the operators and guests. By comparing the results of this study with those conducted in Europe and North America, it was possible to conclude that rural tourism is, in many but not all respects, similar throughout the world. Like rural tourism businesses in other parts of the world, most Israeli operators went into the business in order to supplement their income and enable them to stay on the farm. The typical B&B operation was found to be a small business that operates only during a short season, and generates a relatively low income. The market segment attracted to these type of vacations were domestic young families with children living at home, possessing college education and earning above-average incomes. © 1997 Elsevier Science Ltd

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Rural tourism in Europe and North America

Rural tourism has become an important and in some cases a dominant factor in the rural economy of Western economies.¹ A key concept associated with rural tourism and recreation is the country vacation. The country vacation is defined by the Alberta Tourism and Small Business Administration² as 'a vacation or a holiday in which a vacationer occupies a large portion of his time engaged in recreational activities on a farm, ranch or country home and its environs. It is also a commercial venture for a country vacation host who opens his home and/or property to paying guests so that they may enjoy recreational activities in a predominantly rural environment.' Gilbert and Tung³ proposed a similar definition. A major element in rural tourism is the bed and breakfast (B&B) and self-catering units. Typically rural tourism enterprises are small scale, traditionally operated and relatively geographically isolated, and their individuality gives them a sense of place.¹⁻⁴

The decline in the ability of farm agriculture to generate sufficient income has caused many farmers to seek new sources of income and for the diversifi-

cation of the agriculture base^{4,5}. In a study conducted in England, it was found that rural tourism businesses have an important role in diversifying the income of the farm and thus strengthening and stabilizing the rural economic base, especially where occupation in agriculture is declining.⁶

Dernoi⁷ claims that the increase in rural tourism also comes from the demand side. He cites an Organization for Economic Cooperation and Development report which found that increase in income and leisure creates an increase and diversification in the demand for tourism. This phenomenon of increase in demand for rural tourism is reported by other authors.⁸⁻¹¹ In a 1980 national survey of US residents, it was determined that '30% of the sample were aware of vacation farms, 36% found the idea of vacationing on a farm attractive, and 18% considered it likely that they will vacation on a farm in the future'.¹¹ Today, this market segment is well defined in the USA. Most travel agencies carry specialized brochures published by states' tourism offices or farmers' cooperatives, and a few commercial publications – such as *Country Vacations USA* – cater specifically to the needs of rural vacationers.

In some countries, the initiative for developing rural tourism was taken by the government. In the 1950s the French government initiated the 'Gites Ruraux' project to slow down migration of the rural population to urban centers. Support was given to

*This paper is based on several surveys conducted on behalf of the Israeli Ministry of Tourism.

the farmers to renovate their unutilized farm buildings into B&B units. In the rural regions of England the government invested in the development of parks and castles as an infrastructure for rural tourism and gave financial support to the farmers to develop tourism units.¹ In other countries such as Germany, Austria and Norway a bottom-up type of development occurred but the government and non-government organizations provided support in different ways. The increase in rural tourism was, in many cases, supported by national and local organizations.¹²⁻¹⁵ Although rural tourism is prevalent in most European countries and in many Canadian provinces it is by no means restricted to Europe and Canada. In the USA, as far back as 1980, the federal government (US Department of Agriculture) encouraged farmers to consider farm tourism as a means of supplementing their income, and assisted them with the establishment of vacation farms cooperatives. Eleven years later, in a 1991 survey of state-sponsored rural tourism programs, Luloff *et al.* found that 30 US states had tourism programs specifically targeted for rural areas.¹⁶

Many studies show that rural tourism makes an important contribution to the local economy both at the level of the individual farmer and the region as a whole. A survey conducted by the University of Exeter, England,⁸ found that most farmers went into the tourism business to increase their income and that tourism does not compete with agriculture in the use of farm resources and labor.

Vacationers not only sleep and eat in the rural areas, but they also engage in recreational activities and shop in local stores. If the multiplier effect is taken into consideration then the contribution to the local economy extends far beyond the farm household. A survey of four regions in England¹⁷ showed that the larger the farm tourism business is with more local ownership, the greater the economic impact on the local economy.

Other studies, however, found that in many cases rural tourism is only an auxiliary source of income for the rural family.¹⁸⁻²³ For example, Oppermann concluded in his study of farm tourism in Germany that 'although tourism is frequently suggested to farmers as a panacea, this study indicates that farm tourism provides only a small side-income'.²² Similar conclusions have been drawn by Hjalager, who evaluated the European Union's objective 5b program for the expansion of rural tourism. Her study shows that 'the financial returns most often do not measure up to either the expectations of the politicians or that of the farmers'. Hjalager's explanation for the relatively poor financial success of this business is 'that farmers tend to give priority to traditional agriculture and...that industrialized agriculture is not easily combined with the commodifying of agricultural traditions of tourism'.²³ To summarize, based on the information reported in

the literature and our own observations in Israel, the relatively poor financial returns of the rural tourism sector is probably a function of the farmers' lack of operational knowledge, inappropriate or insufficient marketing activities (such as publicity and advertising), lack of financial resources to develop and modernize the farms' accommodation facilities, and incompatibility between agricultural values and guest-service values.

Rural tourism in Israel

This article describes rural tourism in Israel, its growth, characteristics, market segments and its contribution to rural peripheral economies. It will show that despite being conducted in a unique type of rural settlement that does not exist elsewhere, Israeli rural tourism is similar to rural tourism in Europe and North America.

Rural tourism types of activity have only recently reached Israel. The rural areas of Israel are based on agricultural cooperative settlements that stem from the turn of the century socialist movement. The two major types of cooperative settlements are the kibbutz and the moshav. The kibbutz is a rural settlement based on the principle of total cooperation and communal activity and ownership. The moshav is a rural settlement based on family farming with self-employment, mutual guarantee and aid, using cooperative and mutual marketing. The residents of both types of settlement were engaged mainly in agricultural activities aimed at the production of food in accordance with the ideology of 'the importance of working the land'.²⁴ By 1985, many kibbutzim (plural of kibbutz) and moshavim (plural of moshav) were tottering or collapsing. Real income in agriculture was declining and many cooperative settlements were bankrupt. Since then many farmers have begun looking for alternative sources of income. The ideology and the need to work the land no longer played a crucial role. The need to look for a new source of income brought many rural settlements to turn to other types of activity, including tourism.

Rural tourism in Israel is based on the natural amenities and the rural way of life. The accommodation consists of B&B operations in kibbutzim, moshavim, and other private types of rural settlements. Local restaurants offer a range of cuisine from vegetarian food to ethnic home-style cooking. As can be seen from *Table 1*, popular activities in rural vacations include water activities, nature walks, visiting national parks and touring rural settlements.

Currently, data describing the development of the Israeli rural tourism product in its entirety does not exist. However, sufficient data is available on the Israeli rural B&B operations. In Israel, the absolute majority of B&B operations are in rural areas and therefore B&Bs can be looked upon as the arrow-

Table 1 Distribution of visitors according to the four most popular activities during the vacation*

Activity	%
Water related (boating, swimming, etc.)	61
Nature walks	54
Visiting nature reserve or national parks	50
Tour of the rural settlement at which they stay	48

*Source: Fleischer *et al.*²⁵

head of rural tourism, while the other activities developed in their wake. Thus, while this paper describes only the development of the B&B operations, in actuality these operations reflect the development of the entire rural tourism product.

Characteristics of the B&B industry in Israel

A full census of all the rural B&B units in Israel was conducted in the summer of 1994, in which the operators were required to complete a questionnaire about their business. Based on this questionnaire it was possible to describe and characterize the development of the rural B&B operations. The take-off point of Israeli B&B operations was 1987 – the year known as the crisis year in Israeli agriculture. Since then, as evidenced in *Table 2*, B&Bs have grown at an annual rate of 25%.

Table 2 shows that the number of businesses increased from 64 in 1986, to 444 in 1994. The number of units (equivalent to rooms) went up from 566 in 1986 to 3507 in 1994, and the number of beds escalated to 12572. In 1994 the total number of employees in this business was close to 1000. In 1993, the total number of bed nights reached 874683. From an expenditure survey of the vacationers, it was estimated that the total revenue for B&B operations was US \$18 million in 1993. When the multiplier effect is added, as will be shown later, the total economic impact is even bigger.

Israeli B&B operations are small businesses with a short season. On average they employ two persons

Table 2 Profile of B&B operations

Establishment year	Number of businesses	Number of units	Number of beds	Number of employees
1986	64	566	1900	176
1987	74	653	2183	198
1988	90	811	2746	231
1989	114	1112	3820	310
1990	145	1545	5364	396
1991	191	2031	7159	490
1992	255	2552	9066	623
1993	351	3074	11,450	781
1994	444	3507	12,572	966

Source: Fleischer *et al.*²⁷

for 83 days a year (*Table 3*). Each business has an average of eight units, although there is a difference dependent upon the settlement structure. B&B operations in a kibbutz are generally larger, having an average of 22 units, while the other forms of settlement have an average of four units. On a kibbutz, 0.05 persons are employed per bed, while in the other settlements the figure is 0.1 person per bed. The reason is that settlements, except the kibbutz, are at the level of a single family and the B&B uses family and other private farm buildings. In contrast, the kibbutz as a full cooperative has more communal buildings which can be diverted to B&B operations.

The short season is due to dependence on mainly one market segment, namely Israeli families with children who can go on vacation during summer, weekends, and school vacations. Thus, these operations are not economical if the operators have to build a completely new unit. It can be economical only when operators renovate their existing structures for tourist accommodation purposes.²⁶ Additionally, as can be seen in *Table 4*, the B&B business in Israel is only a minor source of income for their operators.

From the above description it is possible to conclude that the Israeli B&B operations are very similar to American B&Bs. Emerik and Emerik²⁷ have noted in their study that the typical American B&B is a small business with seven units and employing two to three workers. However, the occupancy rate in the USA was higher and stood at 45% vs 23% in the Israeli B&B.

The market segment

Studies conducted in different countries showed that the typical market segment for B&B operations are families in their mid-life with children. In Austria Pevetz²⁸ found that 66% of the tourists were between the ages of 31 to 49 and most of them came with children under the age of 16. Koth and Norman²⁹ in a survey conducted in Minnesota, USA, determined that the majority of visitors were families in their thirties and forties with children. They were from higher income levels and had college education. Similar findings were obtained in a national survey of vacation farms in the USA.¹¹ In this study, vacation farm guests were found to be city dwellers, adults with children, who were employed as professionals or owned their own business. The same profile of visitors was described by Scott³⁰ and Vogeler³¹ in Canada. In Germany³² and Spain³³ the results of surveys among visitors in the B&B accommodation were similar.

The profile of the market segment of visitors in Israeli B&B accommodation was very similar to that seen in North America and in Europe. The typical visitors were families (mean of 2.8): persons

Table 3 B&Bs according to type of rural settlement

Type of settlement	Number of businesses	Number of units	Number of workers	Number of operating days	Number of bed-nights
Moshav	161	769	282	74	175839
Kibbutz	97	2128	312	103	558014
Other (non-cooperative rural communities)	186	610	372	81	140830
Total	444	3507	966	83	874683

between the age 30 to 40 with children still living at home, possessing a high level of education and a relatively high income. In three surveys conducted during the tourist season in three different years among a sample of B&B visitors in Israel³⁴⁻³⁷ it was found that most of the visitors (68%) were in their thirties and forties. This compares to only 36% in that age group for all other domestic tourists³⁵. Two thirds of the tourists who stayed at B&Bs attended college, had an above average family income, and took their children (70%) on vacation (Tables 5 and 6).

The major observed differences between the B&Bs and their visitors in Israel as compared to other countries were:

- In Israel and Germany almost all visitors were domestic tourists while in other countries, especially Austria and Canada,^{30,31} most visitors

Table 4 Distribution of B&B share of income out of total farm income

Share of income	%
Up to 30%	80
30-60%	15
Over 60%	5

Table 5 Visitors to B&Bs according to their level of education

Education	%	All local tourists*
Elementary school	2	7
Partial high school	5	13
High school graduates	27	45
College graduates	66	33

*The data is taken from a survey³⁵ of all local tourists who went on vacation in Israel prior to the survey.

Table 6 Visitors to B&Bs according to their level of income

Income level	%	All local tourists*
Below average	10	30
Average	24	39
Above average	66	29

*The data is taken from a survey³⁵ of all local tourists who went on vacation in Israel prior to the survey.

were international tourists. One possible explanation for the difference in market segments between Israel and other countries is the lack of cooperation between operators. Since B&Bs developed at the grass roots level, operators did not organize themselves for the purpose of collective marketing. Most visitors (over 60%) heard about the place they attended from friends or relatives. Obviously, it would be difficult to reach the international market via this channel of information.

- In Israel a very significant proportion of B&Bs were in large communal settlements (kibbutzim and moshavim) while in other countries it occurred in much smaller family farms. Therefore the average B&B in Israel was much larger than in most other countries.
- In many European countries (such as Germany²²) the average length of stay was much longer than in Israel. Because of the country's small size and the hostility between Israel and its land neighbors, most Israelis prefer to travel internationally for their annual vacation. B&B vacations are therefore multiple short-duration supplementary vacations.

The vacationer's main reason for choosing a rural tourism vacation was to enjoy the high quality of life, tranquility and closeness to nature that can be found in rural settlements. The average length of stay in B&B accommodation was three nights. This is considered a medium-length stay for domestic tourism in Israel. During their stay, the visitors traveled within the area, and to see other attractions as illustrated in Table 1. Pevetz²⁸ also noted that visitors do not come to B&B accommodation if the overall area is not attractive for tourism. Thus, the rural tourism product also includes other regional elements.

Expenditures

From an expenditure survey of visitors to B&Bs in the 1993 season³⁵ (Table 7) it was found that the average visitor spent US \$44.79 per day. Of this, US \$27.43 (61.2%) was spent within the community in which the B&B establishment was located, and the remaining US \$17.36 outside the community. Approximately 49% of the expenditure was on lodging, 16.5% on food in restaurants, 10% on food bought in grocery stores and supermarkets, 9.0% on

Table 7 Average daily expenditures per B&B visitor

Category of expenditure	Expenditures inside community (US \$)	Expenditures inside community (%)	Expenditures outside community (US \$)	Expenditures outside community (%)	Total expenditures (US \$)	Percentage of total
Lodging	21.81	100	0	0	21.81	48.7
Meals in restaurants	1.97	26.7	5.42	73.3	7.39	16.5
Food bought in stores	1.40	31.3	3.08	68.7	4.48	10.0
Souvenirs	0.31	24.1	0.99	75.9	1.30	2.9
Entrance fees (attractions and parks)	0.54	16.7	2.68	83.3	3.22	7.2
Equipment rental	0.27	24.0	0.85	76.0	1.12	2.5
Entertainment	0.23	22.7	0.76	77.3	0.99	2.2
Gasoline	0.81	20.5	3.13	79.5	3.94	8.8
Miscellaneous	0.09	16.7	0.45	83.3	0.54	1.2
Total	27.43	61.2	17.36	38.8	44.79	100.0

gasoline, and the remaining 15% on attractions, entertainment and souvenirs. As is evidenced in the above table, the majority of the non-lodging expenses (75%) occurred outside the B&B community (US \$17.36 out of US \$22.98). The largest 'outside of the community' beneficiaries from B&B operations were found to be the restaurant, food stores and gasoline sectors, which between them earned an average of US \$11.63 per visitor/day or 26% of the daily expenditure.

Adding the multiplier effect, the total revenue of the B&Bs, which was estimated to be US \$18 million in 1993, generated an additional US \$13.5 million (income multiplier = 1.75) for a total of US \$31.5 million. This reinforces the argument that B&B establishments are only one element in the total rural tourism product that enhances the whole regional economy.

Summary and conclusions

Rural tourism is a growing activity in Israel. Rural settlements that were based on agriculture turned to tourism when agricultural activity decreased. In Israel, rural tourism activities are growing very fast and are projected to continue growing in the future. The characteristics of the industry and its market segment have been found to be, in many respects, similar to those in Europe and North America. Like rural tourism businesses in other parts of the world, most Israeli operators went into the business in order to supplement their income and enable them to stay on the farm. Again, as was the case in other countries, the typical Israeli B&B operation is a small business that operates only during a short season, and generates a relatively low income. The market segment attracted to these types of vacation are young Israeli families with children living at home, possessing a college education and earning above average incomes. By now it is possible to conclude that the rural tourism product is *less* country specific and *more* sectoral specific. The very nature of the rural tourism vacation creates a considerable impact on the rural regions for all type

of businesses, not just tourism businesses. Although rural tourism in most countries studied is not by any means a major source of family income, rural tourism nevertheless enables farmers to remain on the farm and engage in a variety of traditional agricultural activities while simultaneously maintaining social contacts with residents of urban communities.^{38,39}

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