

Παραδοτέο 4.1.1.1
«Οδηγός Ανάπτυξης
Επιχειρήσεων
SmartRural»





HYPERCO

ΣΥΜΒΑΣΗ:	«Παροχή Υπηρεσιών Συμβούλου Υποστήριξης στην Αναπτυξιακή Εταιρεία Δυτικής Μακεδονίας Α.Ε. (ANKO) στο πλαίσιο υλοποίησης του Έργου «Smart Rural Entrepreneurship», με ακρωνύμιο “SmartRural”, που έχει ενταχθεί στο διακρατικό Πρόγραμμα «Βαλκανικής Μεσογείου» (Balkan- Mediterranean) της Προγραμματικής Περιόδου 2014-2020»
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Chapter 1 - Introduction

1.1 Introduction

In the following chapters, we are going to touch upon introductory information regarding the SmartRural project, the Interreg Balkan-Mediterranean 2014-2020 Programme and the focused sectors of Agro-Food & Alternative Tourism.

1.2 The SmartRural Project

The SmartRural Project is at its essence a smart rural entrepreneurship project. It involves the cooperation of 7 organizations from Greece, Bulgaria, Cyprus and the Republic of North Macedonia in order to provide a joint approach to the common development problems that rural regions are facing. Specifically, they want to mitigate specific structural and socio-economic challenges, such as low-income levels, lack of employment opportunities, deteriorating quality of life, depopulation processes and directly improving quality of life for the residents of rural areas.

The project area includes extensive large rural areas in the four countries with comparative advantages that are precious assets for regional economies; especially in green, blue, tourism industries and social economy.

The main goal of the Project is the creation of a transnational cooperation for the enhancement of entrepreneurship in rural areas of the four countries through SmartRural model specialization based on the principles of innovation, sustainable economic growth and increase of wellbeing.

The Project seeks to achieve these objectives through the provision of technical, financial and advisory support to entrepreneurs. Simultaneously, it will provide technical assistance to the rural public authorities for their managing and administrative routines and procedures, in order to apply and

implement a welcoming business policy based on the principles of smart specialization. All these are comprised in a SmartRural development model. This SmartRural Business Development Guide is part of the SmartRural development model.

For the local authorities and the rest of key stakeholders, the Project will allow a deeper insight and access to know how, related to effective methodologies and tools for sustainable rural development.

The economic downturn provides an opportunity for the reconstruction of production base, considering the endogenous potential and comparative advantages of each region in accordance with the principles of smart specialization, such as the reconstruction of the productive base and local development through a bottom up approach. The establishment of networks could play a decisive role in such a development process in rural areas, which will contribute to serving common interests at local level, maximizing local community extroversion.

The main outputs of the project are:

- 1.** Electronic bank of knowledge tools;
- 2.** Web Site with e-services;
- 3.** Permanent structures of consultation and support services;
- 4.** At least 10 enterprises and or startups receiving consultation services.

1.3 Balkan-Mediterranean cooperation 2014-2020

The SmartRural Project is supported by the Interreg V-B “Balkan - Mediterranean 2014-2020” Programme funded under the European Union and by National Funds of the Participating Countries.

With the launch of the Balkan-Mediterranean Transnational Cooperation Program of 2014-2020, for the first time ever, European co-operation has started in the Balkan Peninsula and the Eastern Mediterranean in a joint

effort across sea and land borders in order to contribute to the “EU 2020” strategy for smart, sustainable and inclusive growth.

After a long period of different forms of cooperation, this program signaled a strengthening cooperation in the field, taking advantage of previous experiences and results. Accordingly, the Program supports the exchange of knowledge and experience, the improvement of public policies and networking, between national, regional and local authorities and other territorial actors in the whole area.

BalkanMed has become a new synonym for cooperation that enriches the goal of the European Territorial Cooperation for the programming period 2014-2020.

The Balkan-Mediterranean Cooperation Program is co-financed by the European Regional Development Fund (ERDF) with 28,330,108 euros. The total support from the Fund Instrument for Pre-Accession Assistance (IPA) is 5,126,138 euros. Therefore, the total budget of the Program, including the national contribution, is 39,727,654 euros. For the entire area of cooperation, a co-financing rate of 85% is applied. The official language of the program is English.

1.4 The Intervention Area

As mentioned above, the SmartRural project area includes extensively large rural areas in Bulgaria, Cyprus, Greece and the Republic of North Macedonia with comparative advantages which are precious assets for regional economic growth and especially in the green, blue, tourism industries. The intervention area is the same geographical area that covers the LEADER program where knowhow and synergies with local actions groups will be capitalized.

The Project is implemented in the following regions: 1. Kozani, Thessaloniki, Kilkis, and Serres in Greece; 2. Sofia and Razlog in Bulgaria; 3. Lanarca in Cyprus; 4. Pelagonia in the Republic of North Macedonia.

Overall, the exploitation of the objectives of the Project will contribute to serving common interests at local level, exchanging good practices with other local communities with common features, exploiting human potential, knowledge and experience, maximizing the utilization of endogenous socioeconomic potential and local comparative advantages of each region and local community extroversion.

1.5 The Agro-Food Sector

Food remains a central need for all human societies. Key global trends are shaping the demands that modern agriculture and food production have to meet. A rising global population requires access to safe and reliable sources of nutrition. More health-conscious societies and a global ecosystem under intense pressure need different types of food products and also significant reductions of its environmental impact.

Agrofood keeps changing. Traceability and bioeconomy are two examples of key issues emerging in response to the global trends and societal challenges. Traceability is the increasing desire of consumers to know where the food products they consume are coming from, the way they were produced, and through which channels they made their way to their tables. This requires the use of new technologies as well as different business models and value chains. Bioeconomy is Europe's response to key environmental challenges the world is facing already today. It is meant to reduce the dependence on natural resources, transform manufacturing, promote sustainable production of renewable resources from land, fisheries and aquaculture and their conversion into food, feed, fibre, bio-based products and bio-energy, while growing new jobs and industries.

As depicted in the Researches conducted as part of the SmartRural Project focused on the Current State of the Entrepreneurial Environment in the rural areas for all four countries involved, due to their remarkable climatic conditions and very similar geomorphic characteristics they are already exploring their capacities but of course, they all have comparative advantages to fully realize as they make their potential in the Agro-Food Sector a reality.

For example, supported by exceptional climatic conditions, agriculture is a key sector for the Greek economy, comprising 2.9 per cent of GDP and 14 per cent of employment (compared with an EU average of 1.2 per cent and 5 per cent, respectively). However, the lack of a clear agricultural strategy has led the sector to rely heavily on European subsidies, incapable of exploiting the dynamics of the rapidly-expanding international market. Greek agricultural production increased by less than 20 per cent during the past 25 years (compared with 220 per cent globally and 86 per cent in Europe). In fact, Greek agricultural value added, excluding subsidies, dropped by 13 per cent during the past 20 years, while other Mediterranean countries (Spain, Italy, France) managed to increase value added, excluding subsidies, by about 15 per cent during the same period.

In Cyprus, in terms of types of farming, three main types of production characterized the structure of agriculture during 2010; the production of fruits and citrus fruits, which accounted for a quarter of the total number of holdings, the production of olives (19%) and the production of various permanent crops combined (18%). Larnaka & Lefkosia have the largest total production in temporary crops. Per individual production per product there are variations. For example, Lefkosia has almost the double production areas with cereal for the production of grain compared to the production in Larnaka. On the same manner, Larnaka has almost the double production in fodder crops compared to Lefkosia. Main exports of the Agricultural Products in Cyprus are Oranges, Lemon, Grapefruit, Potatoes, Fresh grapes, Melons, Eggs and Other.

In Pelagonia, Republic of North Macedonia, the restructuring and modernization of the agro-food sector is one of the main objectives defined in the NARDS 2014-2020. In December 2019, the total number of business entities in the agri-food sector was 555 companies running agricultural activities, registered in the Single Trade Register of RNM and 623 agricultural holdings, mainly belonging to the category of micro and SMEs. They are market-oriented mostly to the needs of the secondary sector, in or outside the region, unlike small-scale agricultural holdings, whose production is more focused on the needs of local retail markets. Most of the rural entrepreneurs have a tendency to diversify their production in the direction of the secondary and tertiary sector or to produce fodder crops for their own livestock production.

Bulgaria is well known for sheep's milk cheese, wine, rose attar (used in perfumery), vegetables, fruit, medicinal herbs, oriental tobacco, and natural yogurt. The temperate climate, abundant arable land, and soil conditions support the farming of both livestock and crops (grains, oil seeds, sugar beets, vegetables, grapes, fruit).

1.6 The Alternative Tourism Sector

Over recent years, rural tourism stopped being connected strictly only to the agricultural tourism and got connected with the many forms of alternative tourism.

Alternative forms of tourism are the very opposite of mass tourism and especially of the international tourism market model characterized by massiveness, the burden on the environment, the reduction of the quality of the services provided and aims at maximizing profit at the expense of local communities, of the local economy and of the environment.

The alternative forms include those whose primary characteristic is the contrast to the classical type of mass tourism, having as starting point the need of protecting the natural environment, preservation of the cultural

heritage and the natural life. Natural and cultural resources are now placed in the forefront of tourism development.

The Bulgarian Association for Alternative Tourism (BAAT) give us a very good definition about Alternative Tourism.

“Alternative Tourism involves travel that is personal and authentic and encourages interaction with the local environment, people and communities. Alternative Tourism includes package tours and individual tourist services in the following areas:

Nature-based tourism – tourism in natural environments, ecotourism, outdoors and adventure including biking, horseback riding, skiing, snow shoeing, rafting, diving, caving and hiking;

Culture tourism – rural, cultural heritage, ethnic, religious, wine, cuisine, music and crafts.”

The four (4) main categories of the Alternative Tourism are the following:

- Rural tourism
- Ecotourism
- Adventure tourism
- Thematic tourism

The four (4) main categories of the Alternative Tourism mentioned above have the following sub-categories:

- Business - Conference - Exhibition Tourism
- Coastal and maritime tourism (bathing, whale watching, diving, sailing, fishing and cruising)
- Cultural Tourism
- Educational Tourism
- Mountain Tourism (Climbing; Pathways)
- Religious Tourism
- Sports leisure tourism (Horse-Riding, Golf, Sea-sports, River-sports)

- Therapeutic Tourism / Medical tourism (Spa, Rivers, etc)
- Wine Tourism
- Winter Tourism
- Etc.

Below there are some of the most well-known local products of the four countries comprising our Project Intervention area connected to both Alternative Tourism but Agro-Food production.

Greece is especially worldwide famous for the Feta cheese, but also other kinds of cheese, depending on the special traditions of its various locales, and other dairy products, such as yogurt and milk. Other popular products for trade purposes or visitors are cereals and their products, meat, fish, honey, wine, olive oil and olives.

In Bulgaria a visitor can also find good olive oil but it is more famous for the specialized production of rose oil and lavender oil. Of course, they also have dairy production, especially focusing on yogurt.

Cyprus' main dairy product is Halloumi cheese, followed by the Anari cheese and yogurt. A local indigenous food not to be found anywhere else is Kolokasi, taro root in English; it is a potato-like root but much bigger. Cypriot Wine, Filfar Orange Liqueur (closer in taste with Whisky) and olive oil are also popular.

The Republic of North Macedonia reflecting on the common history and geomorphology with its neighboring counties they have mostly the same sectors of production and economy. As so, they focus on Kefir Yoghurt, White cheese (similar to feta), yellow cheese (Galichink, Lazaropole), wines, and local alcoholic beverages, such as rakija (a type of fruit brandy).

Chapter 2 - SmartRural Tools

2.1 Introduction

This Chapter will introduce three (3) important tools that were conceptualized and realized via the SmartRural Project with the collaboration and dedication of all Project Partners and are part of the SmartRural model.

The three SmartRural Tools presented in this chapter are the following:

- Current State of the Business Environment of the Intervention area
- Business Potential Study of the Rural Areas of the Intervention area
- Investor Guide on the Use of the SmartRural Tools

It is evident that strengthening entrepreneurship is a key feature of the BalkanMED Programme and the SmartRural Project. As mentioned before, the SmartRural specialized Development Model that was developed throughout the Project is one of the main project outputs aiming to provide sustainable solutions, especially in low income levels, providing employment opportunities, improving quality of life and mitigate depopulation processes in rural areas of the programme.

All the tools below were created to provide to policy makers and entrepreneurs tools and methods for the improvement of transnational cooperation and rural sustainable development based on the principles of innovation, sustainable economic growth and increase of welfare.

All three tools will be freely accessible in the SmartRural Electronic bank of knowledge.

2.2 Current State of the Business Environment

The Analysis for the Current State of the Entrepreneurial Environment was conducted for all the Project areas of interest, i.e. Bulgaria, Cyprus, Greece and the Republic of North Macedonia.

The Project Area includes large rural areas in four countries with comparative advantages that are precious asset for regional economy and especially in green, blue, tourism industries & social economy.

The Analysis of the Entrepreneurial environment in the rural regions of Project Intervention area offers a better understanding and an in-depth analysis of the current state of the rural economy in all four countries, the Primary Sector, the Land Use and Land Distribution, the Agriculture, animal husbandry, products with name of origin and geographical indication, comparative advantages and problems of the primary sector, the same for the secondary sector, exports of goods related to agriculture, thorough presentation in the Agro-Food sector and the Alternative Tourism sector, etc.

Paired with the use of SWOT Analysis, a cleared view of the strengths, weaknesses, opportunities and threats are presented, providing data that leads to revealing findings of the Current State of the Business Environment Study of the Intervention area which is available to every interested party.

2.3 Business Potential Study of Rural Areas

Entrepreneurship is a key feature of the BalkanMED Programme. The SWOT Analysis conducted for the SmartRural Project identified the strong entrepreneurial spirit among the major strengths within the Programme area's Competitiveness. The Study of the Entrepreneurial Potential of the Rural Areas in the Intervention Area of the Project provided us with great insight of the true potential of the areas.

From the Study we got some revealing results about the sum and by each country of the Project Intervention Area along with a separate analysis for the emblematic products and development priorities that should be determined.

The Study also provides clear image about the principles of sustainability and their integration in business and corporate governance environments focused on the priority areas of the intervention areas, such as the Circles of Sustainability as presented in the image below.

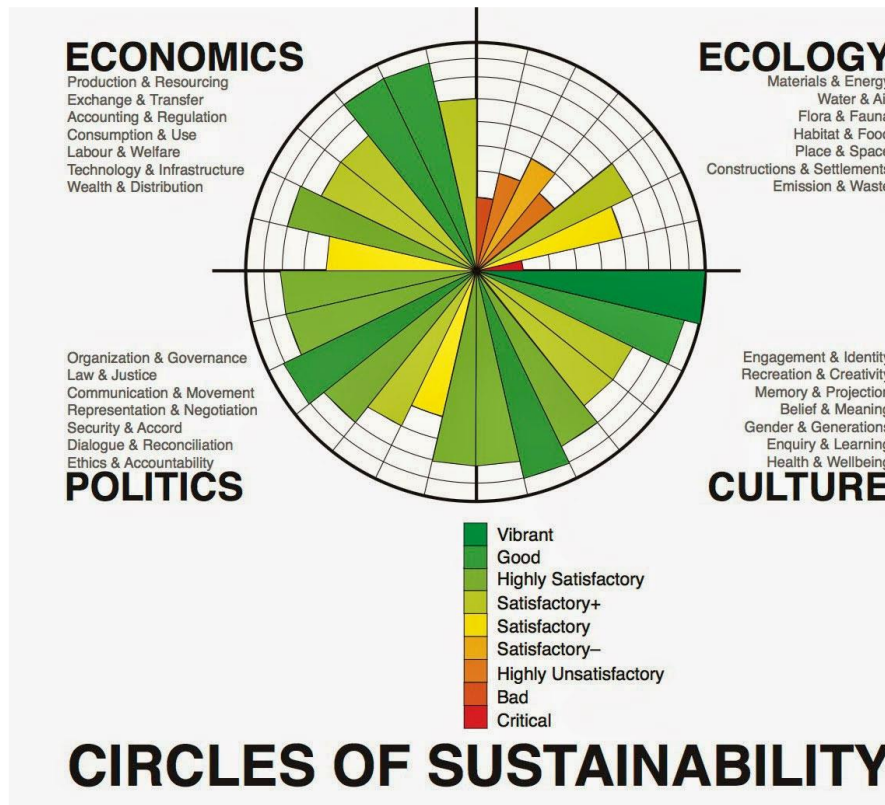


Image XX: Circles of Sustainability

Accordingly, they helped us clearly define the actual opportunities and potential for the Agro-Food sector and Alternative Tourism sector in the Intervention Area.

Regarding the Agro-Food sector, significant potential lies in the rising demand for Agro-Food products, increasing investments and projects in R&D, R&D specialization and expertise in Agro-Food industry, availability of a technical assistance and consulting services, small growth in innovation and technology from R&D institutes to Agro-Food companies, marginal boost in networking and clustering practices between SME's, younger generations getting highly educated in Information Technology and are given the right support and incentives, etc.

Accordingly, the Alternative Tourism sector, the potential that may be further developed and lead to future success or usefulness is found in developing or retooling a legal framework with more focus on specialized tourism (e.g. rural, culture, adventure, eco, etc.), improving the public and tourist infrastructure, emphasizing on the quality of the services, making the access of the small and medium businesses in tourism easier,

developing interesting thematic routes according to sustainable criteria, developing and boosting of new national networks for support of authentic tourism, etc.

All these are explored more in the Study of the Entrepreneurial Potential of the Rural Areas in the Intervention Area of the Project.

2.4 Investor Guide on the Use of the SmartRural Tools

The Investor Guide on the Use of the SmartRural Tools aka the SmartRural Business Development Guide, is the actual document that you are using right now. The Guide is part of the Pilot Applications of the SmartRural Business Model.

As with all SmartRural Project activities and outputs the Guide is designed to maximize the main goal of extension, either geographically to other districts in the Balkan Med region and the rest EU or to other initiatives that may be undertaken by local authorities and private sector entities to better combine rural development and sustainability.

The Guide is intended to encourage local and regional authorities to incorporate improved techniques and methodologies into their activities.

From the overall Project and its related studies there are three primary target groups identified that these tools will be more fruitful to them:

1. At a rural level, individuals & enterprises which have innovative business ideas. Due to the general unfavorable economic situation, these stakeholders cannot implement their ideas. Using the project framework and tools, they will be benefitted by enhancing their business capabilities and strengths through innovative opportunities and networking at national and international level.
2. At an urban level, individuals and enterprises, in order to tackle the economically depressed living conditions by returning or turn in rural areas and start new or expand their existing enterprises there. They will be benefitted from having access to necessary information regarding the business opportunities in the rural areas and will enhance their entrepreneurial capacities.

3. Rural public policy making authorities have the potential to influence significantly the direction of policies in the Intervention Areas. The public authorities will be benefited with technical support, for the elaboration of a Business Welcome Policy, which will stimulate the start-up of enterprises in the rural areas, & as a result, local economy will be enhanced.

Chapter 3 - Agro Food Sector

3.1 Introduction

The world has sufficient resources for nutrition, but a billion individuals still suffer from food insecurity according to Von Brown (2014). Concurrently, food systems and networks are under serious stress as a result of climate change, the growth of population, the diet alteration and the ceaseless debasement of resources. Food safety is a long-standing matter, but after a few decades of complacency since the 1980's and the 1990's, the problem has emerged due to food cost crises and high food price fluctuation, making governments pay attention to the problem of food security.

Food remains the focal point of all human societies. The rising of the global population is molding the demands that the sectors of agriculture and food production have to meet, in order to provide a safe and reliable source of nutrition. The global ecosystem is under serious tension and requires an Agro-food industry that has a reduced environmental effect.

Agro-food is likewise a significant economic driver for many European regions. It has appeared as one of the most important matters in the EU regions smart specialization strategies. It is additionally one of the key thematic directions of uses and selected cluster projects for new industrial value chains (INNOSUP-1) under Horizon2020.

The agro-food sector processing is still an important part of the economy, especially in less developed regions. The achievements that some advanced Nations have in these business sectors, suggests that there is potential for progress.

3.2 Western Macedonia

The agricultural sector, although it has a significant share in the economy and employment of the Region of Western Macedonia, is gradually declining.

Nevertheless, it maintains an important position both as a sector of economic activity and as a factor of social cohesion, especially in mountainous and remote areas. The sector participates with a percentage

of 9% (2016) in the formation of the Regional Gross Product. At the Regional Unit level there is significant differentiation. More specifically, in the Region of Florina the participation in the formation of the Gross Domestic Product is 11.8%, in the Region of Grevena 10.6%, in the Region of Kastoria 11.7% and in the Region of Kozani 6.7%.

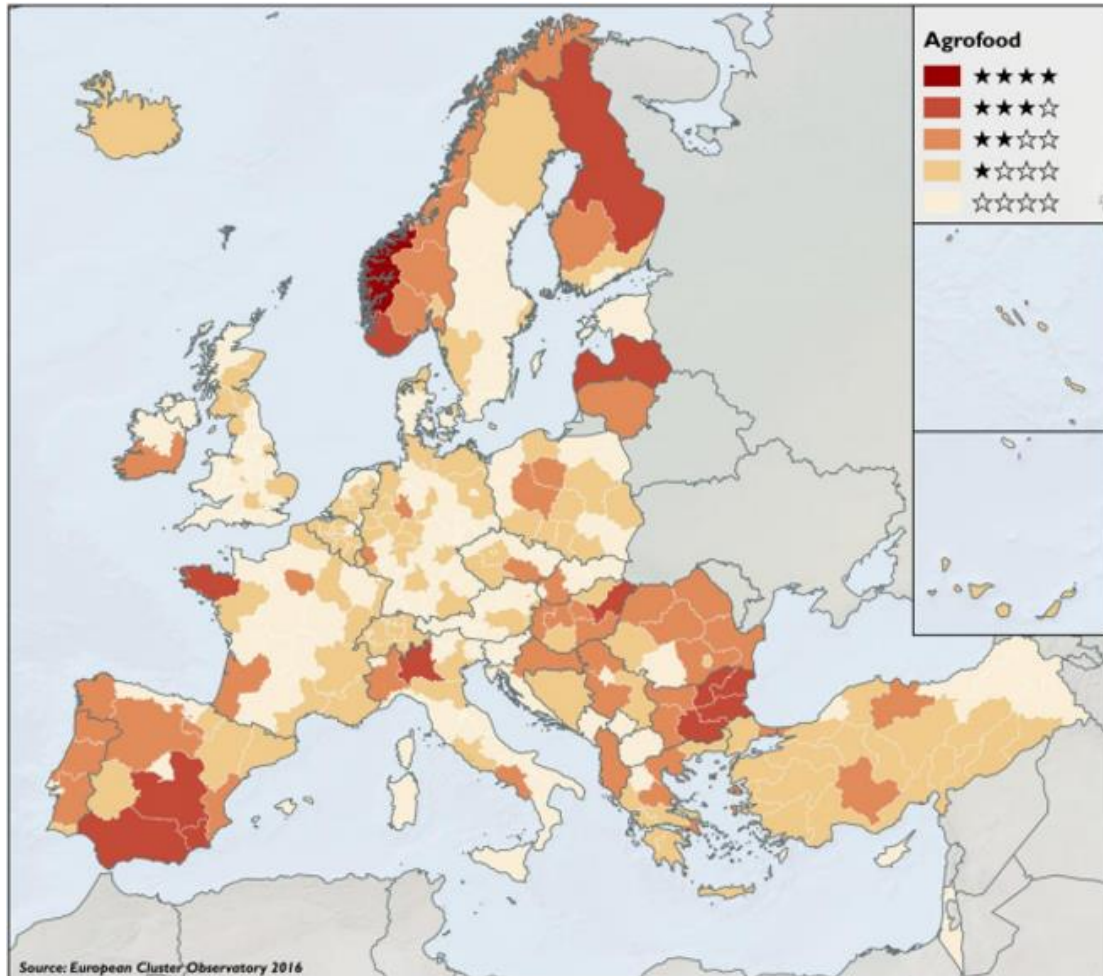
A serious limiting factor, which affects the development process of the agricultural sector, is the lack of the necessary infrastructure and / or investments. In the field of transport infrastructure, the situation in the Region during the last decade began to improve, with the construction of the Egnatia Motorway. Rail and air connections are inadequate, with little involvement in the transport of goods and people.

The primary sector of the economy is a traditionally strong one for the Region of Western Macedonia, with a declining but significant share in the Regional Gross Value Added (GVA).

The contribution of the sector to the Regional GVA is drastically increased by its indirect contribution to the activities of processing of agricultural products, supplies of agricultural holdings, agritourism product and technical-scientific support services offered in the sector.

In addition, the primary sector is an important factor in social cohesion, especially in mountainous and remote areas. The contribution of the agricultural sector to employment is changing dramatically, as the agricultural and livestock sectors occupy the first place in the ranking of the regional economy sectors with 16.7%, with a clearly increasing trend, due to the socio-economic crisis, Greece is experiencing in the recent years.

Special mention must be made to the importance of the primary sector in the Smart Specialization Strategy of the Region of Western Macedonia for the new Programming Period 2014 - 2020, which highlights the traditional sectors of agriculture and processing, related to the breeding of fur animals and leather products, leather - standardization of typical agricultural products, food, beverages, and metal structures, as sectors and industries with the potential of diversifying and improving their export results.



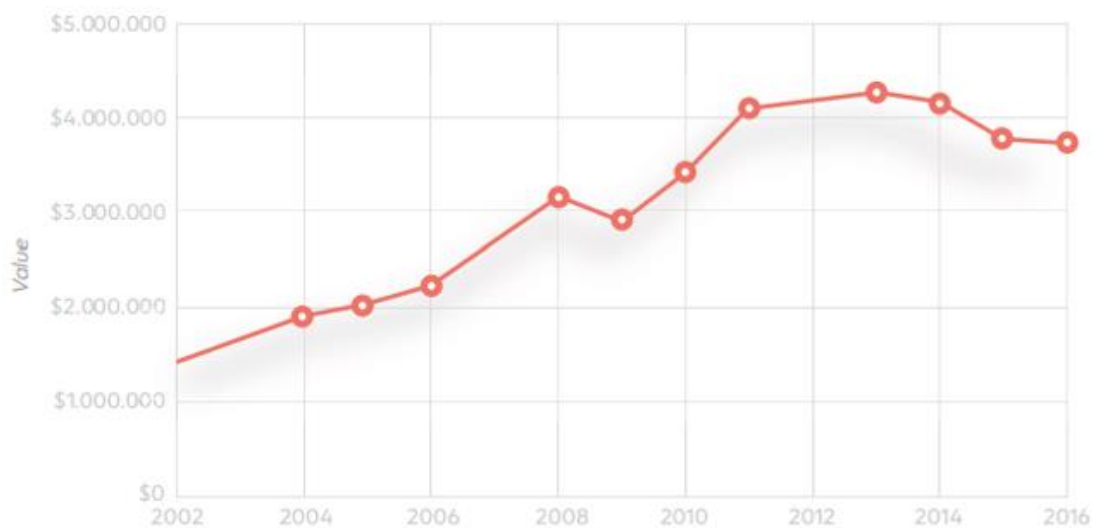
Pic 1: Leading Regions in Agrofood (source: European Cluster Observatory Report, Feb 2017)

3.3 Recent Sector Growth

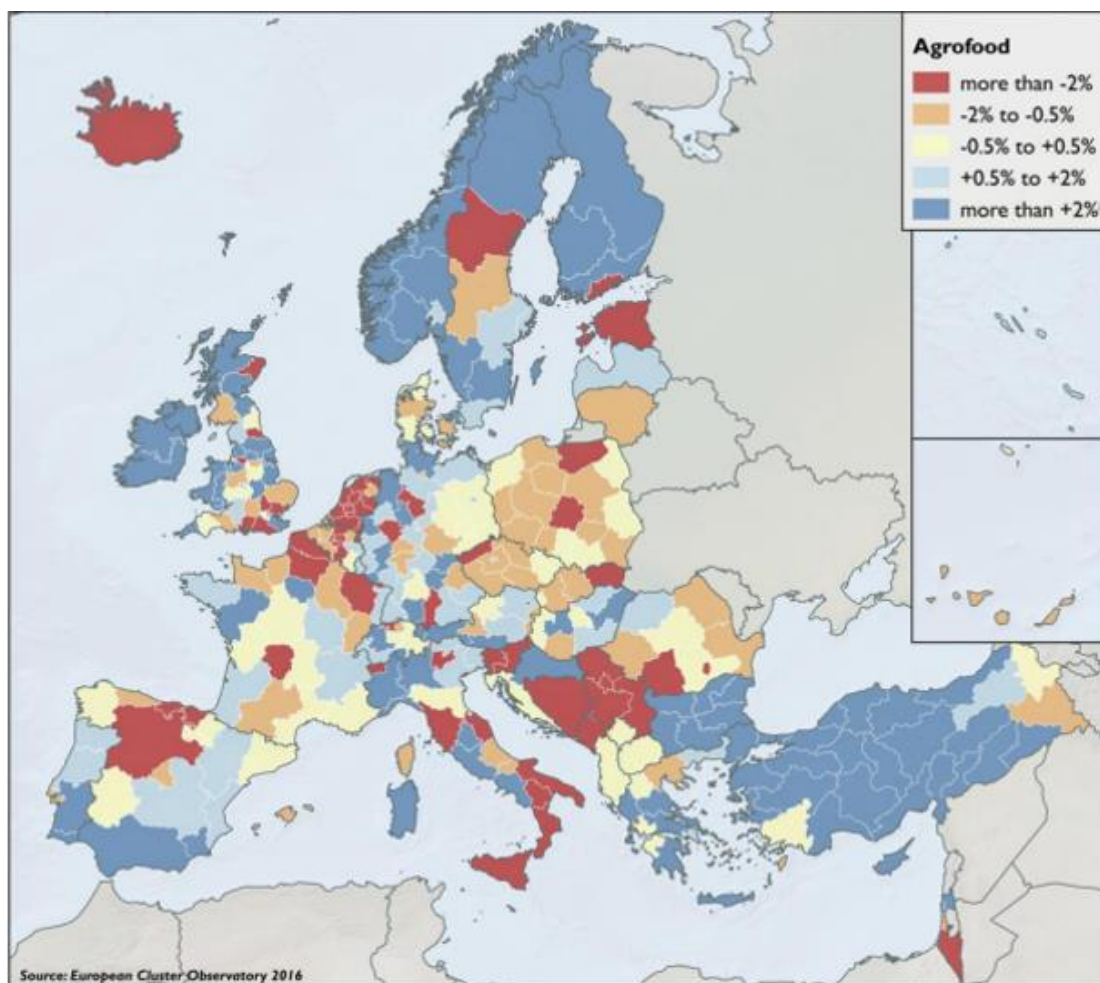
With the global demand which is powered by the rising trend in human population itself, the recent growth in the Food & Agriculture (F&A) Industry is inevitable. Globally, the gross Value in the Agro-Food production has been growing at a rate of 5.5% per year and was estimated US \$ 3.725 trillion in 2016. The estimation of agricultural trade value has been growing with a pace of 6% per annum, since 2000, coming to USD 1.6\$ trillion in 2016. Agriculture is one of the main sources of employment in the developing nations and the industry employs 1.3 billion people globally. The dependence of underdeveloped regions to agriculture becomes more significant.

With agriculture being one of the world's most important industries, it is continuously evolving and constantly changing. Strongly tied to the world's economy, the well-being of the farming sector relies heavily on global economic stability, and commodity price volatility, which plays a major role in the Agro-Food industry. Complex advancements in technology, markets and finance are pioneering the agricultural sector, by bringing ancient traditions and practices to the modern era and the globalization of the economy.

Agriculture brings individuals together. From cultivators to processors to retailers to clients, individuals are participating in agriculture supply chain process all over the globe. As Global Business Networks are becoming more integrated, agriculture is becoming much more complex and diverse. Regions gain access to the new technologies from plant genetics to the use of drones, and access to new markets diversifies the exports. By combining supply and demand between markets and products, the Agro-Food industry is connecting the world.



Pic 2: Gross Value of World Agricultural Production, 2002-2017



Pic 3: Annual Growth in Agrofood (source: European Cluster Observatory Report, Feb 2017)

3.4 Investment in Agriculture

Investment opportunities in the Agro-Food industry can be initiated in many regions and in an array of forms. Across the industry’s supply chain, investors can profit from the globalization of distribution channels, the upgrades in infrastructure, the advancements in technology and many more driving factors of the sector’s growth. Since ancient times agriculture is one of the most important economic practices of mankind and it still is at the present. The growth in the Food and Agriculture sector was led by the global GDP growth, income growth and the growth of population, especially in the urban regions.

The aforementioned factors have created a tremendous interest and investment in the F&A industry, which shows a rise in multi-harvesting crops, bio products and land transformation.

3.5 Challenges and Opportunities in the Agro-Food sector

3.5.1 Population Growth

The rising number of people globally, is highly affecting the Agro-Food Sector. The industry will need to grow to keep up with the growth pace of the population, by implementing new technologies, expanding access to new markets, and enhance the logistics systems.

Projections predict that the world's population will reach 9.7 billion by 2050, growing by a rate of 1.1% per annum and is expected to grow at least with a rate of 0.8% until the middle of the century. The majority of this growth is going to happen in big cities and the global urban population is expected to grow at a rate of 1.4% per annum, while the rural population is projected to decline. As per the Food and Agriculture agency, 70% of the global population is going to move in urban areas by 2050. Along with the declining growth of the total area of farmlands worldwide, the growth of the population presents serious challenges to the Agro-Food industry. Leaders and governments globally are working together to develop solutions to this problem, by taking major steps in technology, policies and finance. Some great accomplishments have been made for the global food security problem.

Investments must be made throughout the entire supply chain in order to satisfy the needs of a growing population as market access, production inputs and processing technologies will play an important part in the process. International financial bodies such as the World Bank, the IMF and EU have taken major steps for enhancing the production of food.

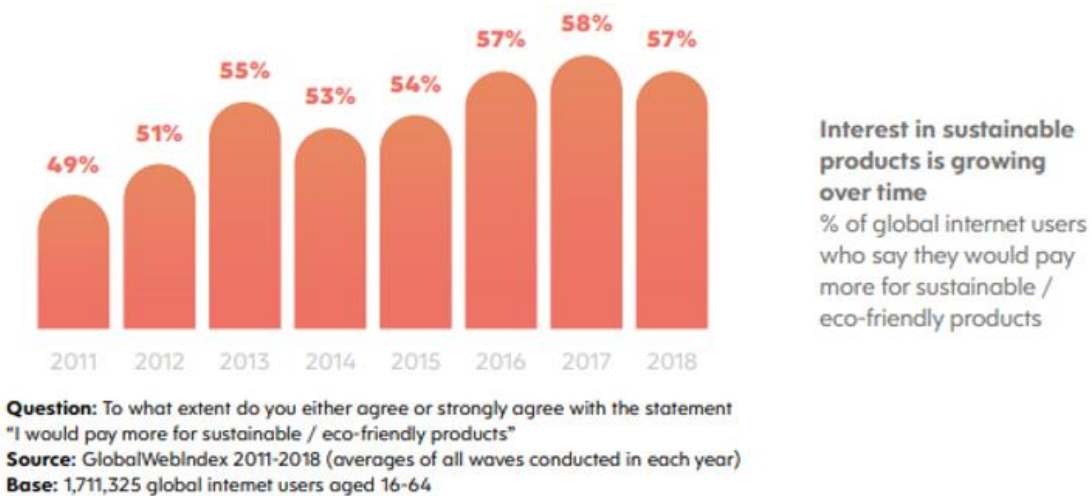
Warnings have been made by experts, concerning a food security crisis if the new agricultural strategies are not implemented. The agro-food sector should make use of innovative investment strategies in order to prevent a global food crisis, which will be devastating for the geopolitical structure.

3.5.2 Environmental Challenges

The biggest problems that the Agro-Food industry is facing, occur naturally. Weather patterns and seasonal oscillations are most of the times chaotic and volatile. Storms for example, can have devastating effects for the harvest cycles, crop health and other aspects of production. In addition, the

effects of the global warming phenomenon in the Food and Agriculture Industry has become inevitable. However, despite the challenges mentioned before, smart investors and corporations are addressing responsive and innovative environmental in the field of technology, new regions of production and the Restoration Economy. The restoration economy is the economic activity associated with regenerative land use, such as ecological restoration activities.

Environmental issues are increasingly affecting the consumer behavior and demand. Studies have shown that consumers tend to buy products that have a clear carbon footprint labelling system and tend to make environmentally friendly food choices whenever possible. In addition, there is a recent rise of demand for environmentally-friendly, sustainable products, with consumers turning towards organic, local and vegetarian options. Companies and brands have invested billions into the environmentally-friendly sector, a trend which is likely to continue.



Pic 4: Percentage of internet users claiming they would pay more for Sustainable Products

Finally, global warming and environmental deterioration have provided investors with a prominent opportunity in the field of restoration economy, which has gathered millions by restoring and repurposing depleted land. The total worth of the Restoration economy is estimated to be worth \$25 billion, employing thousands of people, from companies that plant forests with drones to companies that take big government contracts to restore wetland areas. The Restoration economy, is a market-based, machine-proof

industry that can stimulate the local economies and provide appealing investment opportunities for the future.

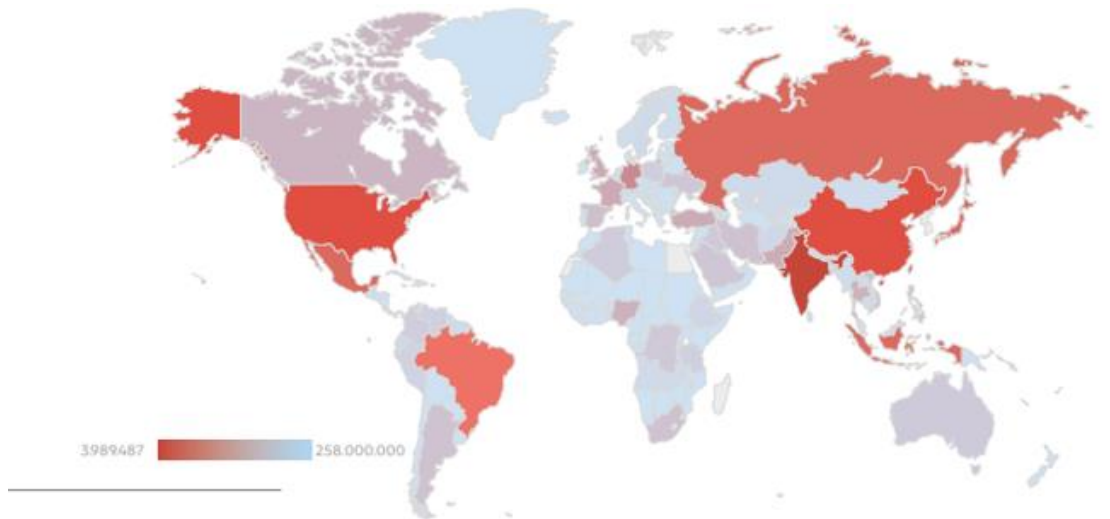
3.5.3 Supply Chain Integration

Logistical inefficiencies are a significant barrier to the integration of the supply chain, especially in emerging markets. However, with enhanced infrastructure, streamlined international regulations, and more advanced technology, supply-chain integration becomes a more plausible possibility, especially for small and medium enterprises (SME).

In an industrialized world, where the supply chain incorporation is encouraged by well-established infrastructure, investment opportunities in agriculture Logistics are not as appealing or as diverse as in the developing regions. Besides that, investors have a deep interest in value-added foods production in developing regions, and there is a production process in developed regions, drawing a growing private equity investment trend towards targeting possibilities further down the supply chain, such as establishments for food-processing and grain-handling. In the developing regions the integration of SME's farming operations into the supply chain presents profitable opportunities for potential investments. As infrastructure is being developed in isolated regions the accessibility of these areas is increasing. This access can be capitalized by the investors by sourcing production from small and medium-sized farms which will further enhance the local economies.

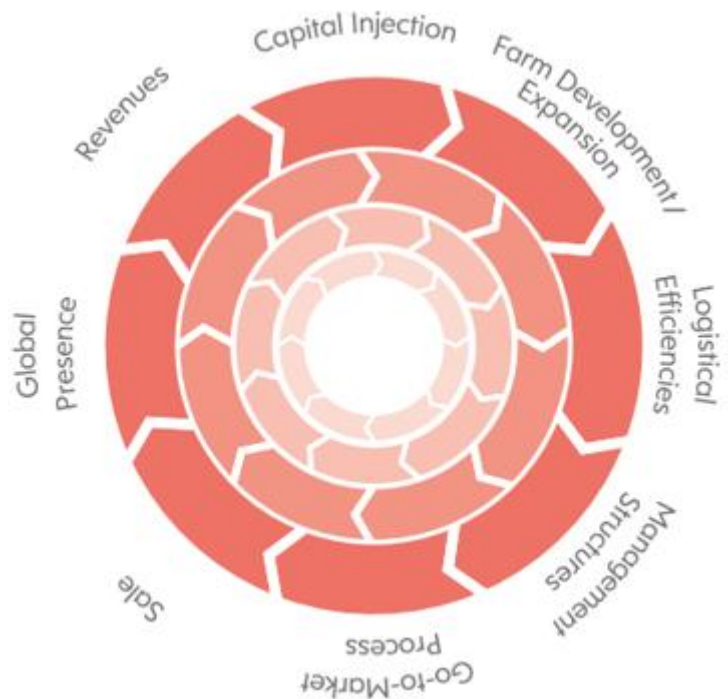
3.5.4 Global Food Loss

Furthermore, global consciousness is rising on the massive food loss occurring by the logistical limitations in the Agro-Food industry, particularly in less developed countries. According to the Food and Agriculture Organization of the United Nations, one third of all food produced globally is lost at some part of the supply chain which includes harvesting, processing or at the consumption level. The problem can be tackled, at least partially by increasing the integration of the food supply chain.



Pic 5: Global food loss by region

Many areas of the agricultural logistics can be attractive to potential investors, aiming not only to reduce the waste of food but the total optimization of the supply chain of the Agro-Food sector. By helping the integration of farming businesses to the supply chain, potential investors can add value and alleviate the risk throughout the agricultural industry and specifically in less developed regions. The opportunities for investments can be presented in logistics, processing and distribution. These actions can improve interconnection and efficiencies and also help reduce the volume of waste. A more organized agribusiness supply chain will lead to increased income for the participants at every level.



Pic 6: Integration the Agribusiness Supply Chain

3.5.5. Challenges in Greece

Supported by exceptional climatic conditions, agriculture is a key sector for the Greek economy, comprising 2.9 per cent of GDP and 14 per cent of employment (compared with an EU average of 1.2 per cent and 5 per cent, respectively).

Be that as it may, the lack of a clear agricultural strategy has driven the sector, to rely heavily on European subsidies, not being able to exploit the dynamics of the fast-paced international market. The Greek agricultural production has increased by less than 20% during the past 25 years (compared to 220% globally and 86% in EU). Actually, Greek agricultural value added, excluding subsidies, dropped by 13% during the past 20 years, while other European nations (Spain, Italy, France) managed to increase their value added, excluding subsidies, by about 15% during a similar period.

Furthermore, the Greek food supply chain has a small assembling part (adding just 40% to the agricultural production versus 70 % in Western Europe), as most Greek agro-food items are consumed or traded in mass volumes.

3.6 Agro-Food Subsectors

Figure 1: Agrofood industry composition²

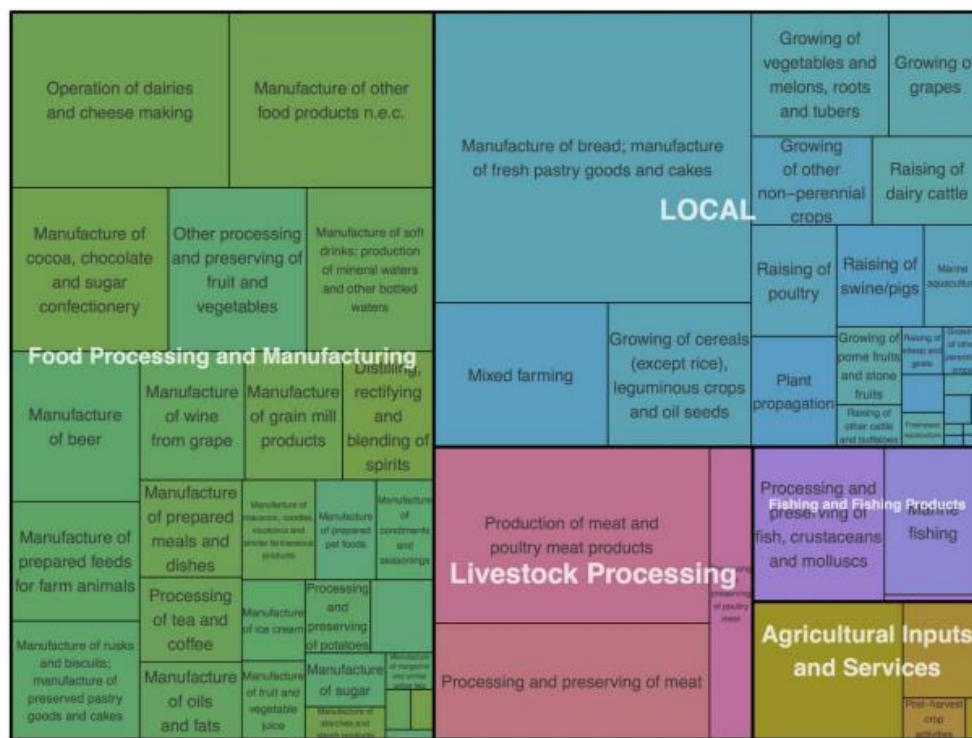


Figure 1: The size of different boxes is proportional to industry employment, (source: European Cluster Observatory, February 2017)

3.6.1 Crop farming

Agriculture provides jobs for approximately 1.3 billion smallholders and landless workers worldwide. Nine out of ten of the world's farms are managed by families and about 80 percent of the world's food is produced on family farms that are operated by and predominantly reliant on family labour. Small-scale and family farmers have strong economic linkages with the rural sector; they contribute strongly to employment, especially in developing countries where agriculture continues to employ the majority of the labour force.

Yet, many smallholder family farmers are poor and food insecure and tend to be less commercially oriented due to their restricted access to markets. This is often due to poor infrastructure (e.g. roads and storage facilities) and limited access to financial and risk management instruments. In addition, small-scale farmers often face constraints in their efforts to introduce improved agricultural practices and innovations due to inadequate extension and rural advisory services, as well as limited access to training

and education. Their ability to participate in and influence policy dialogue is also often restricted.

Access to basic services including health, clean water and sanitation is extremely limited in many rural areas. This can adversely affect the livelihoods of vulnerable farmers, since much of agricultural work is hazardous and can cause sickness, injury or even death, especially when health and safety standards are low. Unequal patterns of access to and control over natural resources, such as land and water, also have an impact on small farmers' ability to increase productivity and improve their incomes. These challenges affect rural women and youth in particular, and can be exacerbated by factors such as climate change and environmental degradation.

3.6.2 Fisheries and aquaculture

Fisheries and aquaculture provide livelihoods to around 820 million people worldwide. Estimating global employment in fisheries and aquaculture is nevertheless complex, due to the extensive number of pre-harvest, harvest and post-harvest activities associated with this sector. Jobs range from the production and sale of inputs (vessels, fishing gear, bait, etc.) to farming and harvesting, processing, marketing and distribution of fish. Fishing and aquaculture operations can be informal and small-scale as well as highly organized and industrial in nature.

Fish worker communities are often isolated in rural areas with little access to market information and infrastructure. High post-harvest losses of already low volumes of production are common due to poor handling and processing, as well as a lack of proper storage facilities and distribution technologies. As a result, many small-scale fishers and aquaculture producers are poor and often depend on unpaid family labour, including that of women and sometimes children. They face numerous obstacles in raising their productivity and income levels, including limited access to credit, knowledge and inputs. Whether employed in small-scale or larger operations, fish workers are particularly prone to occupational hazards.

Moreover, the fisheries and aquaculture sector is characterized by a high prevalence of informal work arrangements, under-employment and

seasonal and casual employment. Protection of labour rights is weak and even when regulation exists, enforcement is poor. Limited organization of the majority of fish workers in unions, associations and cooperatives also hinders their influence over decisions concerning access and use of fishery resources. Finally, practices such as illegal, unreported and unregulated (IUU) fishing and the use of flags of convenience (FOCs) are closely linked with labour abuse, including exploitation of poor migrant workers.

3.6.3 Forestry

The forestry sector is an important source of employment for rural people. About 13 million workers worldwide are employed in formal sector forest-related businesses. Another 41 million people are employed in the informal forestry sector. In particular, community and small-scale enterprises represent a key source of livelihood and income for rural people, accounting for the vast majority of forest enterprises in many countries. Activities such as reforestation, afforestation, agro-forestry and sustainable forest management present a great potential for green job creation.

However, most of the employment and business activity in the forestry sector is characterized by poor pay and low profitability. The rural poor typically cannot engage in higher valued added activities, like those associated with timber and tree-planting, given the requirements for capital, technologies, and skills. Women, in particular, tend to be more involved in lesser paid, labour-intensive activities related to the collection and commercialization of non-wood forest products. Due to its informal nature and the remoteness of worksites, forestry employment is seldom covered by national labour legislation, and access to social protection is limited. These factors make labour inspections and access to proper medical services especially difficult. Migrant workers are particularly vulnerable, because they are generally less protected and more exposed to exploitation and dangerous working conditions than locally based workers.

Moreover, employment in forestry is usually characterized by harsh working conditions, physically demanding tasks and poor unionization or collective organization of workers. Work in forestry is highly hazardous, particularly logging. Workers are exposed to heavy physical workloads, dangerous

chemicals, extreme weather conditions and high levels of noise and vibration. Accidents are often caused by lack of training, limited supervision and inadequate tools and equipment. Increasingly, forestry operations, and notably harvesting, are carried out by small enterprises of contractors, leading to precarious and unstable employment practices in many countries.

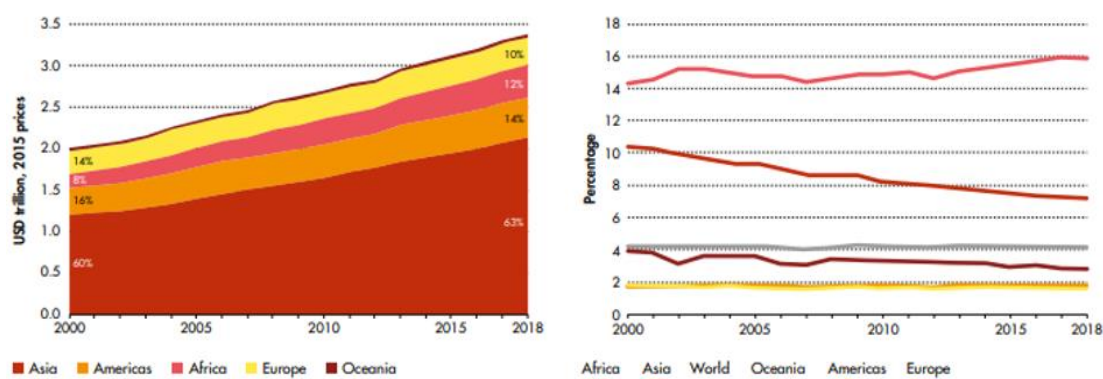
3.6.4 Livestock

Livestock plays a crucial economic role for around 60 percent of rural households in developing countries – including smallholder farmers, agro-pastoralists and pastoralists. It contributes to the livelihoods of about 1.7 billion poor people and 70 percent of those employed in the sector are women. Livestock, including dairy and other animal products, creates cash and in-kind incomes and enables savings for future needs. It can also provide transport of produce, fuel and people as well as inputs for crop production (traction power and manure). As a result, the sector plays a major part in reducing poverty, improving resilience as well as combating food insecurity and malnutrition.

Demand for livestock products is expected to rise as a result of projected growth rates in world population, growing incomes and urbanization. Livestock production is indeed one of the fastest-growing sectors in agriculture and it offers employment opportunities along numerous animal production value chains. It also generates jobs in related sectors including transport, trade, feed and input provision as well as veterinary services. Gainful and productive employment opportunities can also be derived from value-enhancing activities in livestock. Due to limited requirements in capital investment and land ownership, particularly short cycle species production (small ruminants, poultry, dairy, etc.) present unique prospects for the rural poor, particularly women and youth, to benefit from surging demands for animal products.

Yet, some employment challenges in the livestock sector remain and need to be overcome. For instance, small-scale livestock production is sometimes characterized by low productivity levels and incomes. This is often the result of limited access to technologies, infrastructure, credit, land, technical

know-how and training on husbandry techniques, which can lead to poor animal health and limited use of genetic potential. Other sources of risk include high economic insecurity, no or limited access to social protection, and a prevalence of underemployment due to seasonality of demand and supply. In addition, children from poor rural households may be required to take care of animals, which can expose them to hazardous activities or hinder their ability to pursue an education. Women and youth with no access to capital also often engage in livestock-related activities as unpaid family workers. Finally, when patriarchal ownership patterns dominate, women may not have access to or control over income derived from livestock activities.



Pic 7: (Left) Value added of Agriculture, Forestry and Fishing by region / (Right) Share of agriculture, forestry and fishing value added in total GDP by region

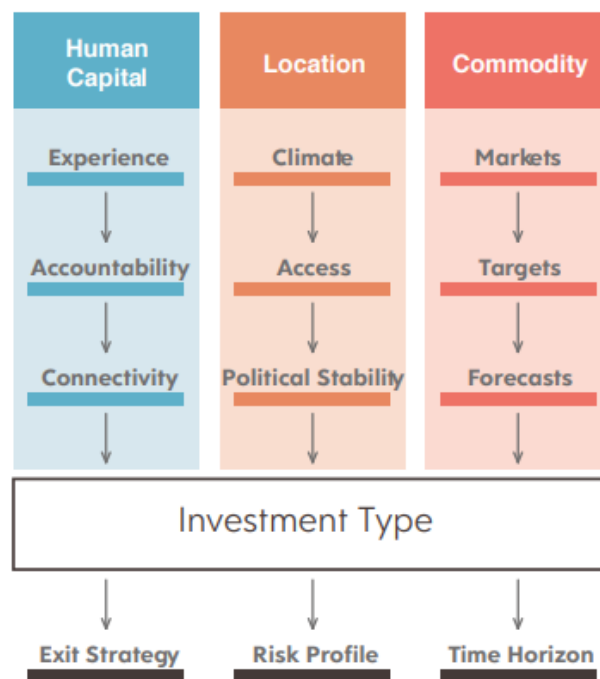
3.7 Identifying an Opportunity

When seeking to determine the viability of a business opportunity in the agriculture industry, collecting as much information as possible is important. Markets have to be evaluated in order to determine for a given commodity what kind of price can be expected. Local logistics in order to determine the cost of transportation, capability must be considered. The availability of sufficient human resources must also be considered. These are just a few of the factors that need to be taken into account, as every opportunity is a unique environment which must be studied in the greatest detail possible.

Depending on the point of the supply chain of which the opportunity is placed, location might be the most important factor of the investment, as

human resources and viable products are going to be dependent on the targeted location capabilities. Favorable weather conditions, as well as a properly-established regulatory system, in particular, are important aspects of the investment. Political stability is another factor to be considered, as Foreign Direct Investment (FDI) streams, export volumes and infrastructure development are heavily dependent on local government policies.

Every investment decision in the Agro-Food sector must be focused on the informed approach to the product selection. Most commodities tend to undergo a seasonal fluctuation. Also, the changing macroeconomic volatility will affect most of the commodity prices. Even though the global population growth will continue to drive the agriculture industry growth, some subsectors are more volatile than others and any potential investor must possess an extensive comprehension of the individual commodity’s market conditions.



Many investors are discouraged from the Agro-Food industry, due to the lack of interconnectivity between stakeholders, operators, distributors and other participants of the supply chain. Thus, it is important to find investment opportunities that have sufficient access to human resources.

Seasoned professionals who are responsible, excellently -connected are an important part of every enterprise, and the Agro-Food industry is no exception.

3.8 Investing in the Agro-Food Supply Chain

The supply chain in the agricultural sector is a complex, transforming system made of several integrated and dynamic parts. All over the industry, possibilities exist for adding value, increase connectivity, and implement new technologies. Particularly in underdeveloped markets, investment in one part of the supply chain will lead to an increase in the value of the other parts, optimizing the entire process creating returns for all the participants and creating positive social implications.



Figure 1: The Agribusiness Supply Chain: Opportunities and Risks

3.8.1 Growth Phase

The initial and most basic stage of the supply chain, the growth phase in and on itself provides an opportunity. Capital injections in the phase of Growth can boost the access to technology, which can be essential as companies look to increase their profit margins downstream. Adding value to agribusinesses that are based on growth will provide investors with current-income-driven returns and obtaining equity in farmland interests offer the opportunity for high capital appreciation.

3.8.2 Processing Phase

The processing phase presents to investors a great opportunity to add value to the Agro-Food supply chain. In the underdeveloped regions, raw unprocessed products are often transported to the developed countries for processing, which creates transport and logistic inefficiencies. Investment opportunities in processing can be created by obtaining facilities that process goods inside the region, which leads to waste reduction and the improvement of sustainability. This part is crucial particularly for underdeveloped regions, because it draws human capital and encourages the development of infrastructure, which both add value to the entire supply chain.

However, the process phase has its own challenges. Similar to the growth phase, weather conditions can play a major role, as local supply can be affected by poor weather conditions, or crop disease. Agribusiness at the processing phase must be associated with locally, as the who, where and how of supplying is essential. Logistics are also a factor, as structural problems can decrease profit margins and put pressure on downstream phases. Still, interconnection is important, as synchronization between phases can reduce the risk.

3.8.3 Packing

Helping to fund the development and operation of a packing facility can be a critical advantage to engage in the integration of the supply chain. Optimally, these facilities are closely located to the production site to minimize the transportation costs. Together with the process phase, the business opportunities in this phase, can lead to the growth of the regional economy, improving centralization and standardizing. Correctly controlled, a packing facility can become much more- it can become a local hub for business, connecting growers and distributors, enhancing the links between the supply chain. Nevertheless, the effectiveness and viability of a packing center can be constrained by its ability to deliver its products. If a go-to market strategy is not employed at this stage, the margins can be reduced by importers, wholesalers, and distributors. Setting up efficient, cost

effective delivery channels helps packing be successful. Once more integration and connectivity is vital to the process. `

3.8.4 Logistics

The transportation of agricultural goods is a complex and capital-intensive process that can be facilitated by strategic investment. There is always risk at the logistics phase of the supply chain, as certain goods must be kept in very specific conditions, and clearing customs is not always a given. Growers would certainly rather avoid this risk, and wholesalers and retailers prefer to purchase goods that have already cleared customs. Producers who ship to long-distance clients sometimes struggle with long collection times, which creates the opportunity to finance the transfer of produce. In addition, far-reaching infrastructural investments in emerging markets are adding value to logistical investments, a trend which will only increase with time.

In terms of risk, logistics investments are affected by many of the same factors that exist at other phases of the supply chain, plus the added difficulties inherent to the transportation of goods. Vehicles may break down, trade routes may take longer than expected, and clearing customs may impose unforeseen difficulties. To mitigate these factors, logistics ventures must focus on volumes and efficiencies.

3.8.5 Wholesale/Retail

Wholesale and retail present unique opportunities to add value at the downstream end of the supply chain. This is perhaps where connectivity is most important, as a keen understanding of consumer demand and market trends is key. These opportunities are rare, and usually require a joint partnership of some kind, as many institutions within this category are well-established in high-end markets in the developed world. Nonetheless, adding value through brand marketing and retail sales is an attractive opportunity for many. The key to success at this phase lies in connecting the right products with the right consumers. A global presence is essential, as any venture at this phase must have its people on the ground assessing markets and building relationships. Connecting, with the end consumer is

the fundamental objective of the supply chain, after all, and savvy, market-conscious efforts can result in shared value for participants at all phases.

3.8.6 Import/Export

Investment in this phase of the supply chain can take tremendous pressure off of producers by providing the short-term financing they need to continue with normal production schedules. By helping producers avoid the cash flow strain brought on by long-haul shipping, investors can facilitate the integration of the supply chain and help eliminate disruptions. Import/export opportunities must be guided by a clear go-to market strategy and well-established distribution channels. Market volatility is one of the most pertinent risks at this phase of the supply chain. Without the ability to pivot in response to changing market conditions, import/export ventures are put at a serious disadvantage. For this reason, it is critical that these projects diversify their sales and build long-term relationships with a variety of buyers. If an importer knows who the buyers are, what the buyers are looking for, and where the buyers are located, it will be much easier to distribute effectively.

3.9 Investment Vehicles

As the industry grows and evolves, there is an increasing variety of methods by which investors can access the agricultural sector. Depending on the unique goals and needs of each investor, certain vehicles might appear more favorable than others. The agricultural space provides investors with a universe of opportunities, but finding a favorable vehicle for investment requires a well-informed, precise, and disciplined approach.

One of the simplest and popular ways to access the agricultural sector is by acquiring a piece of farmland and managing it privately or leasing it to an established operator. This method presents investors with the opportunity to generate returns based on rent or profits, and the appreciation of the value of the land itself. However, many investors find that this method is not as accessible as it may seem, as there is a vast world of agricultural expertise that investors may lack, and operational and execution risks can thin margins dramatically. Pension funds are some of the largest

institutional investors in industrialized markets, and have shown increasing interest in the agricultural sector in recent years. Pension funds may take direct equity positions in operating assets (which requires a specialized asset manager), as limited partners in private equity funds, or as participants in dedicated investment companies. Farmland as an asset class for pension funds is more common in the US, but recent years have seen the practice gain recognition in Europe, specifically the UK³³.

With the ability to take a more aggressive, speculative approach, hedge funds can be another attractive option for investors who are looking to have their money pooled and professionally managed. Hedge funds have shown increased interest in the agricultural sector, especially in emerging markets, as their sheer size allows them to strategically participate in the development of entire regions. However, this size can also be a disadvantage, as hedge fund managers may lack the connectivity to make precise, informed decisions about acquisitions in emerging and frontier markets. Debt or private equity positions across the agricultural sector can also present significant opportunities to investors. As an alternative, diversified asset class, this type of agribusiness investment can allow investors to access smaller, more localized projects that can provide higher returns. Trust is a major factor here, as any investor interested in acquiring a debt or private equity position must be thorough in their assessment of the business in question. Green bonds are an innovative financial product typically issued by sovereign wealth funds or large international monetary organizations such as the World Bank. Intended to provide investors with a secure vehicle to help fight climate change, green bonds finance new or existing projects with positive environmental effects including energy, transport, and waste management. The market for green bonds started slowly, but has generated increased interest in recent years due to growing climate concerns within the finance community as well as tax incentives offered by pro-green governments. The agricultural sector provides investors with a diverse range of structures and opportunities. Depending on each investor's individual needs, certain vehicles may be more favorable than others. Any investor considering allocating to the agricultural sector

should make an informed decision about which type of vehicle offers the most favorable opportunity.

Chapter 4 – Alternative Tourism

4.1 Introduction

In the following chapter, we are going to touch upon the matter of Alternative Tourism, in general but also more specifically about our areas of interest Bulgaria, Cyprus, Greece and the republic of North Macedonia.

We are going to explore the forms of alternative tourism, its categories and subcategories, the products and services related to alternative tourism, expand more on religious and health tourism, present two very interesting case studies, the “Beamish Museum”, in UK and the “La Maison du Gruyère”, in Switzerland and basic marketing strategies particularly about Alternative Tourism which will be expanded more in the chapter dedicated to Marketing.

The Bulgarian Association for Alternative Tourism (BAAT) give us a good definition about Alternative Tourism.

“Alternative Tourism involves travel that is personal and authentic and encourages interaction with the local environment, people and communities. Alternative Tourism includes package tours and individual tourist services in the following areas:

Nature-based tourism – tourism in natural environments, ecotourism, outdoors and adventure including biking, horseback riding, skiing, snow shoeing, rafting, diving, caving and hiking;

Culture tourism – rural, cultural heritage, ethnic, religious, wine, cuisine, music and crafts.”

This chapter was written with the hope to contribute in providing the right information and cause the right stimulus to entrepreneurs or people that want to learn more about alternative tourism, how it may affect a business, tourism in general and what it may offer.

4.2 Forms of Alternative tourism

Over recent years, rural tourism stopped being connected strictly only to the agricultural tourism and got connected with many forms of alternative tourism.

Alternative forms of tourism are the very opposite of mass tourism and especially of the international tourism market model characterized by massiveness, the burden on the environment, the reduction of the quality of the services provided and aims at maximizing profit at the expense of local communities, of the local economy and of the environment.

The alternative forms include those whose primary characteristic is the contrast to the classical type of mass tourism, having as starting point the need of protecting the natural environment, preservation of the cultural heritage and the natural life. Natural and cultural resources are now placed in the forefront of tourism development. Each special form of tourism has a special feature, which by acting as an incentive, becomes an integral constituent element and gives its name to this special form. The majority of these forms involves the active participation of tourists in the activities of these alternative forms.

The mentality behind the actions of the European Union, regarding the Alternative forms of tourism, are not exclusively connected to the wellbeing of the modern tourist but also give a boost at the local economy of the areas involved. Europe is a lucky continent having a rich history of exclusive products or similar products with significant differences.

The thematic tourism and its special forms of tourism mean any special form of sustainable tourism development in order to encourage the interaction of the visitor - tourist with the natural environment, the human factor, the unique regions, the municipalities and communities and promote the development of activities that enhance economically and socially the

regions contributing to the creation of positions employment and the well-being of citizens, as well as protecting its environment and the particular cultural elements of each place. The whole approach of alternative tourism serves a more sensitive approach highlighting the natural and cultural aspects of travelling.

For example, in Greece, and in general in Europe, thermal tourism which is classified as part of health tourism, is a type of alternative tourism growing in popularity and demand the recent years. Even, in Greek mythology there are references to the healing properties of thermal springs, while the Asclepieia¹, which appeared in the 11th century BC, systematized the thermal bathing process as part of a more general therapeutic method. In the 5th century BC, Herodotus was the first to observe and generally record the benefits they offer, while at the same time Hippocrates went several steps further, systematically engaged and documented the effects of thermal springs on specific diseases.

Particularly in Europe, especially Austria, Switzerland and Germany, even from the early 1980s, were from the first countries to understand the changing of the tourism market and started building and organizing their more environmentally and ecologically friendly tourism backed by relevant development policies.

4.3 Main Categories of Alternative Tourism

The four (4) main categories of the Alternative Tourism are the following:

- Rural tourism
- Ecotourism
- Adventure tourism
- Thematic tourism

Rural tourism, sometimes called ethno-tourism, refers to all tourism activities in a rural area. It is mainly the visit of people for the sole purpose

¹ Asklepieia were the healing centres of ancient Greece. Centres of worship to honour Asclepius, the protector of the art of medicine.

of leisure and pleasure while actively participating in a rural lifestyle. It has close ties with ecotourism, as they both have the respect of the natural environment in their basis.

Ecotourism, as well known as green tourism, is associated with various forms of tourism in nature. The tourist could be visiting fragile, pristine, and relatively undisturbed natural areas, or/and areas of ecological interest, recognized ecological value, such as National Parks, wetlands, Natura 2000 and other protected areas. It is intended as a low-impact and often small-scale alternative to standard commercial mass tourism.

Adventure tourism is rather a new concept in the tourism industry. It is also interconnected with the rural, green and thematic tourism as it may involve exploration or participation in some adventure activities in their areas. We could say it is a niche sector of the tourism industry, overlapping with other categories of tourism and travelling.

Thematic tourism doesn't have a linear definition as it may include various forms, activities and services practically impossible to classify them fully, and it keeps evolving with the changing in trends and needs. For its implementation we could streamline the thematic tourism as that special form of tourism, which attract visitors-tourists, with special interests who want to experience authentic experiences and, with utmost respect to the environment and encourages the interaction of visitors-tourists with the local natural environment and the local human factor.

All aforementioned categories of tourism have the common element that they are ever susceptible to modern trends in the global tourism market affecting the tourism demand and tourism supply. Also, according to World Tourism Organization (UNWTO), all these forms or alternative tourism can be domestic or international, and like all travel, it may be only for 24 hours, it may include an overnight stay, but not lasting longer than six months or/and one year.

4.3.1 Sub-Categories of Alternative Tourism

The four (4) main categories of the Alternative Tourism mentioned above have the following sub-categories:

- ✓ Business - Conference - Exhibition Tourism
- ✓ Coastal and maritime tourism (bathing, whale watching, diving, sailing, fishing and cruising)
- ✓ Cultural Tourism
- ✓ Educational Tourism
- ✓ Mountain Tourism (Climbing; Pathways {Μονοπάτια})
- ✓ Religious Tourism
- ✓ Sports leisure tourism (Horse-Riding, Golf, Sea-sports, River-sports)
- ✓ Therapeutic Tourism / Medical tourism (Spa, Rivers, etc)
- ✓ Wine Tourism
- ✓ Winter Tourism
- ✓ Etc.

4.4 Products related to Alternative Tourism

The products connected to alternative tourism are inseparably tied with the physical geography, nature, climate and the land characteristics of the area and the people that live there. They could also be Natural Tourism products (waterfalls, springs, flora and fauna, wildlife, beaches, islands, etc.) and Man-made tourism products (recreation parks, sites and areas of archaeological interest, historical buildings and monuments, etc). The definition of Tourism Product, according to UNWTO, agrees with that division, as it defines it as "a combination of tangible and intangible elements, such as natural, cultural and man-made resources, attractions, facilities, services and activities around a specific center of interest which represents the core of the destination marketing mix and creates an overall visitor experience including emotional aspects for the potential customers. A tourism product is priced and sold through distribution channels and it has a life-cycle".



Natural Tourism product



Man-made tourism product

Usually, when we think of “tangible” tourism products, the ones that we taste or can take with us after we leave a visiting place, we think of cereal products, dairy products, fishing, forest products, such honey, marmalades or other Jams, wood, etc., meat and meat products, olive oil, other oil variables, wine and many more.

The complexity of the physical geography in the Balkans, offers rich locations in faunal and floral influences, influencing greatly the Balkan biodiversity. Common geographical characteristics in the broader area are mountains, plains, seas, rivers, lakes. In addition, the weather in Bulgaria, Greece and the Republic of North Macedonia is similar, though in Cyprus is tropical. With the long history and traditions, they are ideal destinations for modern tourists.

But what are some of the most well-known local products when you visit these countries?

Greece is especially worldwide famous for the Feta cheese, but also other kinds of cheese, depending on the special traditions of its various locales, and other dairy products, such as yogurt and milk. Other popular products for trade purposes or visitors are cereals and their products, meat, fish, honey, wine, olive oil and olives.

In Bulgaria a visitor can also find good olive oil but it is more famous for the specialized production of rose oil and lavender oil. Of course, they also have dairy production, especially focusing on yogurt.

Cyprus' main dairy product is Halloumi cheese, followed by the Anari cheese and yogurt. A local indigenous food not to be found anywhere else is Kolokasi, taro root in English; it is a potato-like root but much bigger. Cypriot Wine, Filfar Orange Liqueur (closer in taste with Whisky) and olive oil are also popular.

The Republic of North Macedonia reflecting on the common history and geomorphology with its neighboring counties they have mostly the same sectors of production and economy. As so, they focus on Kefir Yoghurt, White cheese (similar to feta), yellow cheese (Galichink, Lazaropole), wines, and local alcoholic beverages, such as rakija (a type of fruit brandy).

As it is evident, all countries mentioned above, affected by common history, similar traditions and influences, climate, geomorphological features and locales have a particular passion for producing similar, yet distinctive products such as milk, cheese, wine, oil, etc. The product for the tourist implements the memory of the tourist experience and adds up to the complete experience from the time he leaves home to the time he returns.

4.5 Services related to Alternative Tourism

The ever-expanding alternative tourism model acquire more and more trends and forms, harmonized with the principles of close relationship to the visiting environment and its local culture, providing various forms of entertainment for the modern tourist.

From these forms, created from the needs of the tourists and presented earlier as sub-categories of the Alternative Tourism, such as Business-Conference-Exhibition Tourism, Cultural Tourism, Mountain Tourism, Religious Tourism, Sports leisure tourism, Therapeutic /Health Tourism, etc. we have services that result from and may also include some of the products we discussed before.

For example, in most of the categories if not all, well thought and executed Tailor Made Tours are part of their experience and they certainly help attract more tourists. The more well designed and enriched is the services offered, the more visitors it may bring. Especially in cultural tourism, the wine-tasting, the thematic tourism can include cultural-historical heritage, wines, traditional local cuisine, ethnography, tourism related to esoterism and religion, and traditional music and crafts. These characteristics affect and build the services and the experience in total.

According to the World Tourism Organization, international tourist arrivals reached 1.23 billion in 2016, up strongly from 674 million in 2000. Earnings reached a record US\$ 1.22 trillion, increasing impressively from US\$ 495 billion in 2000. Market share of emerging economies has grown from 30% in 1980 to 45% in 2016, and is expected to reach 57% by 2030, equivalent to over 1 billion international tourist arrivals.

All participating countries in the Smart Rural project, Cyprus, Greece, Bulgaria and the Republic of North Macedonia are countries that invest on their tourism sectors, believe in quality services, they are popular destinations and they have still untapped potential.

	Bulgaria	Cyprus	Greece	Republic North Macedonia	Types of Tourism
Archaeological sites	Ancient Theater of Philippopolis Trapezitsa Fortress Ancient Town Of Plovdiv	Paphos Mosaics Kyrenia Castle House of Dionysus	Acropolis Pella Dion	Kokino megalithic observatory Canyon Matka Cocev Kamen	Cultural

Hotel resorts	Alpin Hotel Premier Hotel Premier Luxury Mountain Resort Riu Pravets Resort	Alion Beach Hotel Louis Ivi Mare Amavi Made	Sani Asterias Grace Santorini Costa Navarino	Villa Vodno Solun Hotel & SPA Bushi Resort & Spa	Well-Being
Monasteries	Rila Monastery Bachkovo Monastery Sokolski manastir	Kykkos Monastery Trooditissa Monastery Gialia Monastery	Holy Trinity Monastery (Meteora) Hilandar Monastery Church of St. Demetrios	Monastery Vodoca St. John the Theologian St. Joachim Osogovski	Religious
UNESCO sites	Ancient City of Nessebar Rila Monastery Srebarna Nature Reserve	Paphos Painted Churches in the Troödos Region Choirokoitia	Acropolis Delphi Delos Mystras Olympia	Lake Ohrid region	Cultural
Wineries & Vineyards	Villa Yustina Dragomir Winery	Vlassides Winery	Kir-Yianni estate	Chateau Kamnik Winery	Wine

	Sintica Winery	Zambartas Wineries Monolithos Boutique Winery	Ktima Pavlidis estate Canava Roussos	Stobi Winery & Restaurant Brzanov Artisan Winery	
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Table 1: Popular Types of Alternative Tourism in the 4 countries.

In the Table above, we see some popular sub-categories of Alternative Tourism and its selective destinations and the types of Alternative Tourism they belong to, in the Bulgaria, Cyprus, Greece and the Republic of North Macedonia.

Tourism and travel-related services include the services provided by all the type of enterprises involved in the alternative tourism, and in the tourism overall, such as, hotels, restaurants, catering, travel agencies, tour operators, tourist guide services, spas, museums, memorabilia stores, wineries, vineyards, horse riding associations and other related services.

A common sector of services between the four countries –ought to be mentioned- that have common ground, roots and primal ingredients is the local cuisine. Regardless of being presented in a 5star hotel restaurant, luxury restaurant, a tavern, a street food festival it is a sector that can also overlap with other touristic attractions and services.

In all four countries, Bulgaria, Cyprus, Greece and the Republic of North Macedonia, the love of food and the art of cooking is known domestically, cross-border and internationally. In all four cuisines the common roots of Balkan, Middle Eastern and Mediterranean influences are clear. It comes as no surprise the similar foods, ingredients, spices, vegetables, herbs, fruits, wines being used.

Finally, the easy cross-border movement of consumers and employees, a crucial aspect of international tourism, allows skilled and unskilled workers to become services exporters by working for foreign businesses or by just by selling craft items or even performing abroad in cultural shows.

4.6 Religious Tourism

Religious tourism, spiritual tourism, sacred tourism, or faith tourism (Gannon, Baxter, etc. 2017) is a category of alternative tourism popular in Bulgaria, Cyprus, Greece and the Republic of North Macedonia. It is a type of tourism with two main subtypes: pilgrimage, meaning travel for religious or spiritual purposes, and the viewing of religious monuments and artifacts, as an offshoot of sightseeing.

Pilgrimage tours and all related activities are motivated by the need for pilgrimage, the participation in religious ceremonies / events, the fulfillment of a vow, the expression of worship and the fulfillment of an internal search for the Divine.

All tourist activities related to the branch of sightseeing can be by an individual or a group traveling to places, locations, monuments, buildings, monasteries, temples related to the history and development of religious activity or religious significance in general. So from this aspect is also connected to reasons of religious, historical, cultural and educational interest.

Though, tourists above 55+ make up approximately half of all religious tourists, it is becoming increasingly popular in younger ages, especially nowadays that a lot of people are looking in to more spiritual ways to decompress from the demanding everyday life. The UNWTO estimates that tourists take 600 million national and international religious trips per year.

Regardless of Bosnia and Herzegovina, Egypt, Iran, Jordan, Nepal, Peru and Turkey being the defacto popular religious destinations, there is a vastness of religious churches, monasteries, locations etc. in Bulgaria, Cyprus, Greece and the republic of North Macedonia. Apart from visiting as individuals or part of an organized tour, the visiting tourists also like to interact with local people by joining them in religious celebrations or eating

at their homes. There is expected significant growth in the coming years in this sector.

Special sacred sites had always had their significance among local believers and casual visitors. Today, there are more challenges and needs to guarantee the longevity of this touristic sector. These sites need protection, conservation, specialized construction work and restoration. In some places, there is a lack of guardians of these places of worship and the sources of funds for maintenance are somewhat problematic. This aspect of religious tourism is not the first we think of but it is important for the safety, functionality and longevity of the place. Everyone remembers the recent major damages of the Notre-Dame cathedral, in Paris, and the immediate movement of funds.

The management of religious touristic destinations presents many challenges that are unique in both measurement and application. Sites of religious significance and worship have considerable heritage value. The management of heritage sites present particular problems, one of which relates to the cost of maintenance.

Most religious sites are owned by religious organisations and this may cause challenges for their management in that they must find a balance for the needs of their worshippers with the needs of the visitors and they need of maintenance of the sites. Certain places of worship such as Orthodox churches or Mosques may also function as community centres. That means they may need to work outside of the usual schedule, restricting access to certain parts of the temple affecting possible maintenance work.

It is therefore important to find a way to help religious tourism sites stay competitive. Creating a network, not only for the local or domestic community, and not only for maintenance purposes, but even a wider one with a global reach would be a logical, important and viable solution. The start of an enterprise culture in the maintenance work of those places would be a workable idea, of course without it over spilling to the spiritual authentic side of religious tourism.

4.7. Health Tourism

Health tourism is often thought as a recent phenomenon but in reality, it has been around for thousands of years. Greeks and Romans, they had in their overall culture travelling in spas, baths or rivers all over the Mediterranean. The same for other ancient civilizations travelling to special healing places. And now we have people travelling either domestically in the EU or visiting from abroad to sojourn the special healing spas, places, lakes etc.

Health tourism is the special form of tourism, which consists of providing high-level services to visitors-tourists related to prevention, treatment and improvement of their physical, mental and spiritual health. Extra health and leisure services can be combined and they may include services such as transport, accommodation, and hospitality.

Health tourism consists of medical tourism, wellness tourism (to enhance health) and spa-thermal tourism (spas that combine medical and health components). The three categories are different but they may also interconnect.

Tourists-visitors during their stay at the tourist destination combine medical care with leisure, information, transportation, sightseeing and local cuisine for themselves and their companions.

Health tourism is a broad concept. And it has common characteristics in every country but it is also affected by local culture and geography in the EU. In other countries they are more focused in spa treatments (aesthetic care, anti-aging, etc), in other countries, they are more connected to the seaside, the slower pace of life and in others in rivers or springs with healing properties. Of course, the whole definition of health tourism across the EU is diverse and some overlapping is expected.

Although, it is difficult to accurately estimate the total size of the health tourism sector within the EU because of the fragmented data and due to the overlapping sub categories, it is evident that the industry has grown substantially in the past decades as citizens of the EU travel more and more in other countries.

Primarily, the top health destinations for Europeans were France, Germany, Italy, and Spain. However, the European Directive on Cross-Border Healthcare (Directive 2011/24/EU) helped push the health and medical tourism in other EU countries too. Bulgaria, Cyprus, Greece and the Republic of North Macedonia have the geomorphological features to support this with thermal springs, lakes, rivers, etc, natural or man-made. For example, one of the biggest attractions bringing medical tourists to Bulgaria is the thousand or more natural spas across the country. And in Greece, the intense seismic activity results to a lot of thermal springs in the country, with 112 recognized springs (hydrotherapy, mud bath, vapour) and 81 of them are operating (Tsanidis K., 2015).

All four countries have the necessary characteristics to enrich even more their health tourism sector, some of them are already doing that. What it could be suggested would be further and more focused investments in high class accommodation and publicity to explode this promising sector in the proportions it deserves.

4.8 Case Studies

4.8.1 Case Study: Beamish Museum, UK

The Beamish Museum is a clear success story that “added value” attracts visitors. Beamish is ‘the living museum of the North UK’ and it is located in Stanley, County Durham. It was the vision of Dr. Frank Atkinson, the Museum’s founder and first director. The “open-air museum” ‘s guiding principle is to preserve an example of everyday life in urban and rural North East England at the climax of industrialisation in the early 20th century, focusing to the late Victorian and Edwardian eras, together with portions of countryside under the influence of industrial revolution from 1825. On its approximately 350-acre (1.4 km²) estate it uses a mixture of translocated, original and replica buildings, a large collection of artifacts, working vehicles and equipment, as well as livestock and costumed interpreters. In that capacity it opened to visitors in 1972.

Imagine going through a time warp and experiencing the 1820s, 1900s & 1940s altogether. It is a live city, combing three neighboring towns, that you can find: an introductory exhibition, The Beamish Tramway, circling the entire site, the Rowley Station, cottages, a drift mine, a Home Farm, a Co-op store, a Methodist Chapel, a Church, a rebuilt Board School, a Sweet Shop, a Town garage, the Pockerley Old Hall, two banks (Barclay and Co Bank), the Town’s carriage house, a Masonic Hall, the Colliery lamp cabin, steam gallopers, Tea Rooms, Davy’s Fried Fish Shop serving fish and chips, Herron’s Bakery, in The Town, and Hetton Silver Band Hall, in The Pit Village, Pony Stables, and a plethora of buildings and activities.

It is also noteworthy that some buildings, such as St Helen’s Church, were moved stone by stone to the Beamish museum, saving them from demolition, thus adding cultural gems in the city and preserving cultural heritage.

The Beamish Business Model is driven by its Value Proposition. The aim of the proposition is about creating a connection between visitors and the story of the North of England, creating relevance, wellbeing and education for the visitors. It also amplifies regional identity, community memory and economic benefits for the involved stakeholders. Beamish is a paid entry museum and it attracts a divergent audience including families, students, professionals, tourists, etc. The success of the model is creating an awe factor and an emotional connection to its visitor Customer hence leading to the financial success and the longevity of the model. Customer Relationships are important for Beamish. Therefore, local Universities collaborate with the Museum to help international and foreign students get better acquainted with the British culture and heritage via educational visits, excursions and activities.

There is a Joint Committee, but the Museum's governance has evolved to keep partners involved in many matters but not involved with the funding and running of the museum. Local authorities are still key partners in the museum. For example, the support from the Heritage Lottery Fund is a great income for any planned redevelopment.

Another interesting fact about the model in practice is the lack of hierarchy in terms of staffing, in order to avoid conflicts and the tight cooperation of regular staff and volunteers.

Innovation and value are increasing with the addition of new attractions over time, such as the Inn currently in progress. Creating special thematic events, holiday markets, Halloween, Bonfire Night, Christmas, or more 'traditional experiences' help increase the popularity of the museum and generating more income. It definitely adds value to the surrounding area, such as County Durham, Newcastle, Sunderland and attracts North East and national networks and partnerships.

Of course, this business model wasn't done overnight but it took many phases and factors. Nevertheless, it is a successful business model either

for a living museum either how you can take a dead area and transform it in to an idea that at the end will help the local area, the local businesses, local products, etc. It is definitely something that can be applied to many locations and certainly in our participant countries in the SmartRural project.

4.8.2 Case Study: La Maison du Gruyère, CH

La Maison du Gruyère, the Gruyere Cheese factory is a cheese-making dairy factory open to visitors near the popular wall-enclosed hilltop old town of Gruyère and the namesake castle in Switzerland. Gruyère is one of the world's best-known cheeses named after the Gruyères region and produced since at least 1115.

What makes Gruyere Cheese factory distinctive for visitors, apart from its long history is the all about cheese interactive museum that is also totally kid-friendly, with buttons to push, videos to watch and a peek onto the factory floor. The well-thought-out plan and design behind it is apparent everywhere in the Factory and the Museum and especially in the small details. It is astounding that you enter a well-designed place where you can get really interesting information and facts about all the steps of cheese making, especially in this day and age that living in large cities has made us lost touch with more primal sectors of food production.

One of the highlights of the presentation to the visitors is the interactive play based on the five senses: **hearing, smell, touch, sight and taste**. The staircase leading to the exhibition is full with the **sounds** of Gruyère AOP: bells, bellowing, the streams that rush down the mountain-side, a journey inside a drop of milk. As you go on, you find live **aromas** that you can actually **smell**, such as the flora of the high pastures and the hay. There is also a special section of the tour where you can **touch** herbs, cow-hide, lime, milk canisters, cheese probe and brush, etc. As for **sight**, there are everywhere videos, pictures, accessories, interactive games. And last but

not least, you can actually **taste** Gruyère AOP cheese at three different stages of maturity: 6, 8 and 10 months.

Another highlight is the plethora of the audio information available via a headset, free of charge. There are thirteen languages (English, French, German, Italian, Spanish and Japanese as well as Arabic, Chinese, Czech, Hungarian, Polish, Portuguese and Russian for audio and written translations all over the exhibition in Albanian, Korean, Dutch, Finnish, Hebrew, Persian, Romanian and Turkish.

Then you enter the gallery where you can see the cheese machines behind glass. It should also be mentioned that there a good network of local sights between the Gruyere Cheese factory, the nearby Cailler Chocolate Factory and the Gruyères town.

Of course, the whole project wasn't built in one day but it had a strong base and steady evolution since 1969. The Gruyere Cheese factory makes a good case study for Greece, Bulgaria, Cyprus and The Republic of North Macedonia because they already have the strong base for something similar and some preliminary examples towards that direction. It is also a good example how far you can go with clear goals and vision, strong will, detailed presentation, distinctive demonstration, functional, playful, exploratory, beneficial use of technological means and of course, sound and strong online presence to promote your goals and work.

4.9 Recommended Marketing strategies for Alternative Tourism

Marketing strategies will be presented more thoroughly in Chapter 8 of the Guide. At this point this is an introduction to successful Alternative Tourism Marketing practices.

1. Online Presence

Having an online presence can give your business a proper push to promoting your products and services, attract more customers and give you a head start over your competitors.

2. Working with your local Destination Management Organization (DMO)

The role of the DMO have been increasing in more and more touristic locations over the years. It is a viable and practical way for local businesses to get promoted. If there is not a DMO at your area you could follow VisitMetara's example or the one of the region of Crete and the Municipality of Santorini and start building your local network.

3. Promoting your product / services via an Online Travel Agency (OTA)

Selling and promoting your services via a well-known and popular OTA can also help your business gain more customers. Some Popular OTA Booking.com, Priceline.com, agoda.com, expedia.com, tripadvisor.com, etc

4. Get on Directories and Listings

Google, is currently considered the largest directory. If you also have present up-to-date Social Media accounts working along the directories that could help your business too.

5. Give out discount codes to customers to share with their friends

Of course, that depends on having a well-built mailing list and willing to keep in contact with your customers via sending them updates and offers. As they say nothing beats word of mouth marketing.

6. Well-designed Business Website

Having a well-designed website working along the listings, directories, OTA, DMO can help you build credibility among potential customers and promotes your products and services easier and in a larger scope.

7. Experiment with PPC advertising on Google

PPC stands for pay-per-click, a model of internet marketing in which advertisers pay a fee each time one of their ads is clicked. Essentially, it's a way of buying visits to your site, rather than attempting to "earn" those visits organically. Search engine advertising is one of the most popular forms of PPC.

PPC is a great strategy especially for small businesses like tour and activity companies to get more bookings. The idea is that you bid on a keyword (i.e. words people enter into Google's search bar when they're searching for something) and your company's website will turn up in the search results page. When someone clicks through to your website, you pay for that click. If they don't, you don't pay.

8. Partner with other local businesses

In every community but even more in smaller communities, partnering with other businesses (accommodation providers, other tour and activity providers, etc) in your destination can be a great way to market your product and the whole destination. In these cases, when the tourists visit your area, they view the entire stay, (activities, tours and accommodation) as one entire experience.

Chapter 5 – SWOT & GOPP

5.1 SWOT Analysis

5.1.1 SWOT Analysis: Agro-Food Sector

The main goal of the SmartRural project is the creation of transnational cooperation for the enhancement of entrepreneurship in rural areas in the BalkanMED countries through SmartRural model specialization. The project seeks to achieve these objectives through the provision of free non-invasive technical, financial and advisory support to entrepreneurs. It will also provide technical assistance to the rural public authorities to apply and implement a business welcome policy based on the principles of smart specialization. All these are comprised in a SmartRural development model. All of these are included in the development model for SmartRural.

One of the key objectives of the SmartRural project is to build up-to - date sectoral intelligence on the most important issues relating to the Agro-Food sector, which can be addressed at regional, national and interregional levels, in close cooperation with the relevant regional and national development policies of the regions concerned, and this is the main objective of the deliverables.

1. The establishment of a durable business oriented transnational network consisting key stakeholders and target groups from all participating countries will provide permanent exchange of experiences and expertise.
2. The support to public engagement processes and local partnerships will identify entrepreneurial opportunities & will disseminate innovative strategies & tools for sustainable rural development in the Intervention Area.
3. The testing of SmartRural model, according to the cooperation potentials & business opportunities at local and international level in order to foster employment opportunities and business activities, as well as, to transfer know how to other territories of European Union.
4. Capacity building of new and existing entrepreneurs in order to implement their business ideas or to expand their enterprises.
5. The promotion of project's outputs & results.

6. The strengthening and attractiveness of the business environment in rural areas by identifying and utilizing the comparative advantages in green, blue & social economy by developing methodologies, tools and policy recommendations.

7. The sustainability of future investments by establishing permanent structures of support.

To this extent, the project’s partners identified the S.W.O.T. analysis as the most appropriate approach to describe the strengths, weaknesses, opportunities and threats within the Agro-Food sector, from a local/regional/national/interregional perspective, where:

- Strengths: attributes that give the Agro-Food sector in the specific implementation area an advantage over others.
- Weaknesses: features that create for the Agro-Food sector in the specific implementation area a disadvantage in comparison to others.
- Opportunities: characteristics that the Agro-Food sector could benefit from.
- Threats: external elements in the environment that might cause trouble to the Agro-Food sector.

This S.W.O.T. analysis focuses on the following six (6) macro axes:

- 1.** Agrofood Market/Business-Economic Environment
- 2.** Agrofood Architecture
- 3.** Research/ Innovation/Technology
- 4.** Sustainable Development (environment/biodiversity)
- 5.** Human Capital
- 6.** Collaboration/Clustering/Networking

STRENGTHS

- Well-developed research installations and facilities in the involved countries, regions.

WEAKNESSES

- The small size of farms makes them less competitive.
- Most of the countries/regions have limited investments in

- Full integration possibilities into supply chain.
 - Low cost and young age of human capital in IPA countries.
 - Experienced population in the field of agriculture
 - Favorable climate conditions and biodiversity
 - Organizational powers.
 - Access to bigger European markets.
 - Availability of innovations.
 - The presence of a large number of Agro-Food items of high quality.
 - Presence of abundant but unexploited natural capital.
 - High number of trademarks listed for exports.
 - Strategic geographical position for greater access to supply chain
 - Low land prices in IPA countries
 - Strong assets of the Balkan Mediterranean area in the agriculture
 - Experience and heritage in Agro-Food sector that may be preserved in the future
 - Small scale of businesses in the intervention area makes them flexible & dynamic
- Protected Designation of Origin (PDO), Protected Geographical Indication (PGI), Traditional Specialties Guaranteed (TSG), and Organic products.
- Lack of a system of standard quality control.
 - Difficulties to identify new markets/ clients.
 - A limited number of successful networks / channels for geographic and business partnerships.
 - Difficulties in integration to the supply segment.
 - Lack of a common price policy.
 - Packaging and other unsuitable advertising methods.
 - Difficulties in keeping accounting data.
 - Low level of innovation and spirit of integration for SMEs in the Agro-Food sector.
 - Low business acumen and low awareness of technology and innovation.
 - Low level of provision of facilities for alternative tourism linked to the Agro-Food sector (e.g. gastronomy and wine tourism).
 - Proportionately low percentage of educated workforce.

- Limited transfer of R&D from Institutes to businesses.
- Limited and scattered farms with a high degree of farm production diversification.
- The new generations are not serious enough about the Agro-Food sector
- Undeveloped logistics infrastructures in rural areas (transport, market, water, energy).
- Main buyer of goods are local markets.

Opportunities

- Rising demand for Agro-Food products
- Increasing investments and projects in R&D
- R&D specialization and expertise in Agro-Food industry
- Potential synergies among counterparts and industries like tourism
- Availability in the market spaces
- Benefits in the market.
- Price diversification
- Availability of a technical assistance and consulting services.
- Small growth in innovation and technology from R&D institutes to Agro-Food companies.

Threats

- *A poorly defined snapshot of Albania as a producer of organic products*
- *Barriers in exports owing to certification.*
- *Trade agreements.*
- *Lack of well-defined and clear internal reference norms.*
- The economic and debt crisis has severely affected the economy.
- Rising competition from south/eastern nations.
- Scattering of investment in R&D and lack of goals
- Wealth and resource inequality between nations and regions
- Important differences concerning R&D potential between regions.

- Marginal boost in networking and clustering practices between SME's.
- Growing research skills through financial assistance and education opportunities in the areas of business growth, technological innovation, advancement in organization and management.
- The younger generations are highly educated in Information Technology.
- Highly intensive growth in the Agro-Food technological advancements and their implementation
- Development of new businesses in the intervention area
- Greater attention to sustainable development.
- New farmers seek professional training
- Availability of loans and financial resources for SME's.
- Diversification of goods concentrated on real consumer demand.
- Strengthened networks for collaboration in rural areas
- Substantial downturn in the economy of the majority of countries / regions.
- High Unemployment rates
- SME's face challenges with financing
- Environmental risks due to expansion in Agro-Food and tourism industries
- Trade agreements between members of the EU and the IPA are not so welcoming as to facilitate transnational trade in the Agro-Food market.
- The accumulated and growing pressure on bioversity.
- Human capital drain due to economic crisis.
- Agricultural policies for the domestic products of neighboring non-EU member countries are very defensive.

5.1.2 SWOT Analysis: Alternative Tourism Sector

Based on the findings from both studies about the Current State of the Business Environment of the Intervention area and the Business Potential Study of the Rural Areas of the Intervention area it was cemented what all

Project Partners knew before the start of the Project, that their similarities are much greater than their difference, even in the Alternative Tourism sector. It will be more evident in the following SWOT Analysis.

All four countries have remarkable natural, cultural and historical resources for potential development of rural, religious, eco-tourism and cultural tourism. This attracts a lot of locals but also foreign tourists. Due to the geomorphology of many mountain and rural areas they do not have an alternative for development besides the type of Alternative tourism. As stated by the SmartRural Project, the sustainable development of alternative tourism may revitalize some of the poorest regions of the intervention area.

During the last years there was an increased interest by large numbers of tourists from Germany, France, England, The Netherlands, USA, Israel, etc. A lot of new businesses have started such as agencies, family owned hotels, guest houses, sports clubs, luxury hotels, budget hotels. Of course, there was also increased interest in buying property not only in villages and small towns but also towns and cities by foreigners.

It should be mentioned that the success of tourism development and its alternative forms are seriously threatened by the lack of subsidies, by restitution processes and the old-fashioned management. In this sense, local government and local public authorities should be determined to modernize and keep up-to-date their policies, structures, goals and infrastructures.

Another aspect that the local governments should do from here on and onwards, as the worldwide outbreak of COVID-19 taught us and brought the world to a standstill and affected the tourism industry in the worst possible way is being more prepared for crises situations, as best as possible, and be open to cooperating closely with foreign countries, EU organizations and international bodies, such as World Health Organization, etc. Standing in solidarity with affected countries and by emphasizing on tourism's proven resilience is the best way to overcome delicate situations as those.

Strengths

Rich and varied natural, historical and cultural resources with European and world importance;

Weaknesses

Lack of a steady and focused national strategy for alternative tourism and its products;

Insufficiency of financial resources promoting alternative tourism;

<p>Recognition of alternative tourism as an engine for integrated and steady development;</p>	<p>Insufficiency of promoting decisively the development in tourism by central and local authorities;</p>
<p>Significant native expert capacities in the frame of alternative forms of tourism;</p>	<p>Lack of strategic thinking and eyesight for presenting the Alternative Tourism product on foreign markets;</p>
<p>Progress in building up the media image of the alternative forms of tourism in the Project Intervention Areas;</p>	<p>The building up of the media image of the Alternative Tourism destination abroad is sporadic at best;</p>
<p>Businesses that belong to the private sector usually have more initiative than the national planning;</p>	<p>Insufficient e-marketing;</p>
<p>Increase in the number of tour operators offering specialized tourism services and products;</p>	<p>Tourist fairs without clear focus and target group;</p>
<p>New additions in Alternative Tourism accommodation, i.e. Guest houses, small family hotels, budget hotels, luxury hotels etc;</p>	<p>General State Structures & Infrastructures in need of modernization and improvement;</p>
<p>Traditional local hospitality, delicious and gourmet cuisine;</p>	<p>Lack of more interconnection of Alternative Tourism destination with varied attractions;</p>
<p>Introduction of specialized publications and training for new tourism professions;</p>	<p>Need for more education and qualification of the human workforce;</p>
<p>Interest in publishing of modern bilingual maps (including GPS points) & GIS applications</p>	<p>In some cases, limited variety of products and lack of innovatory ideas;</p>

Presence of the country in publishing plans of all significant international guidebooks;	Lack of waste management, unhygienic settlements and uncoordinated garbage depots out of the settlements;
Successful initiatives for creating tourist products; transborder co-operation;	Construction of buildings on the seaside and in close proximity to natural parks, which endanger the ecological balance and decrease the aesthetic value of natural landscapes;
Introduction of marketing researches;	Cultural and historical heritage in bad condition and left to the mercy of fate; lack of innovative interpretation and inclusion in the tourism product;
"Green" thinking and increase in awareness of environmental issues on a wider social level.	Urbanisation and aging of local population in the mountain and semi-mountain regions

Opportunities

Threats

Developing of legal framework with more focus on specialized tourism (e.g. rural, culture, adventure, eco, etc);	National structures and bodies without concern for the development of alternative tourism;
Improving the public and tourist infrastructure;	Old-fashioned and hostile to the tourist business legal framework;
Emphasizing on the quality of the services;	Inability of the country to deal with the lack of respect and the lack of organized maintenance of cultural monuments;
Active informing about the alternative forms of tourism and increasing the tourist culture;	Low prices and packages attracting marginal groups of tourists and blurring the image of the

Make the access of the small and medium businesses in tourism easier;	destination as “cheap” and “of poor quality”;
Better efficiency in use of the resources of the parks and raising their protection as a priority;	Beating down of prices and inadequate offers in combination with undistinguished quality of services;
Investing in transborder tourist products;	Uncontrolled building/overbuilding affecting the natural beauty of the landscape and the attraction of tourists;
Development of thematic routes according to sustainable criteria;	Depopulation of villages and population ageism;
Leading in quality-oriented standards in the categorization of guest houses and rooms, family hotels, chalets, camping sites;	Disappearing of the traditional crafts, skills and capabilities;
Development and boosting of new national networks for support of authentic tourism;	Overuse of specific tourist sites can lead to decrease in value of local resources; and also retract from other tourist sites.
Creation of new up-to-date centers for professional training of new tourism professions;	Chaotic planning of the tourist development on regional and national level;
Effective, targeted and up-to-date advertising of Alternative Tourism and its products globally.	Non-productive and disabled partnerships in the business area.

5.2 The Goal-Oriented Project Planning (GOPP) Method

GOPP (Goal-Oriented Project Planning) is a project management tool in which all stakeholders are involved in a common project together with the help of an external moderator and via interactive workshops and work at implementing different goals during the project lifecycle.

The GOPP method is effective in helping groups define clear objectives and design related action plans. Due to the way it is used, it is also a great method for improving team effectiveness.

GOPP aims to:

- to make the project goals and responsibilities more coherent and transparent
- to help clarify the responsibilities of each project partner
- to provide trust and self-confidence to all project partners hence help reduce the risk of lack of commitment during the implementation of the project
- to improve the quality of the analysis while designing the phases of the project
- to help improve the capacity of the partners to achieve more results in a limited time.

A successful GOPP workshop session needs firstly a skilled and independent facilitator or moderator. The facilitator should always be objective and ensure that the discussion remains focused and that all the participants are involved on an equal basis. The moderator can pinpoint what is blocking the participants from making the desired progress and decisions and determine the best solutions to solve it. He can also determine which concrete project products can be delivered in the time available.

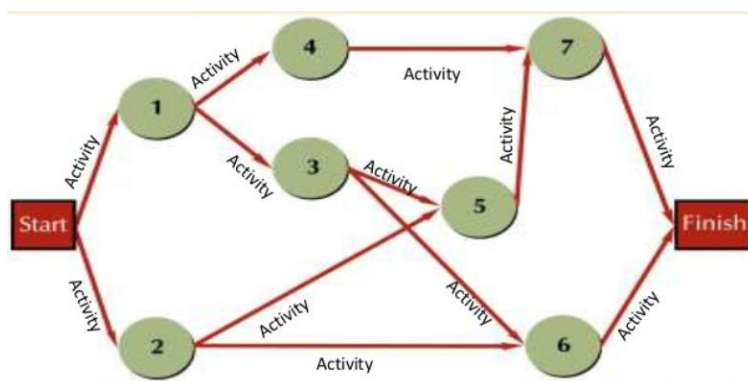


Image XX: Planning Project Activities using GOPP

<https://www.slideshare.net/VinayKumar19/goal-oriented-project-planning-for-effective-problem-solving-by-vinay>

The moderator can prepare a planning procedure that will guide the group through all the steps needed to solve the issue or problem that blocks their progress and deliver the planned products. For a GOPP workshop to be more effective a maximum number of 20 participants is enough. Its duration may vary from 1 to 5 days, depending on the needed results to be reached.

GOPP method can help project partners categorize their goals in the following three categories:

'A' Priority Goals: "Must do" Goals

'B' Priority Goals: "Desirable to do" Goals

'C' Priority Goals: "Can Wait" Goals

Categorizing your goals using this prioritization you can clear the immediate aims of your project.

As expected GOPP method can be useful whenever an analysis and decision-making process is at play within a partnership or an organisation. Ideal situations which can be used are the following:

- projects funded or co-funded by the European Commission; especially where there is a transnational partnership
- local development processes
- changing processes within organisations
- social and economic research
- meetings, conferences, workshops

GOPP is useful with the following types of plans:

- Purposes of missions
- Objectives
- Strategies
- Policies
- Procedure
- Rules
- Programmes
- Budgets

The idea behind GOPP is to make certain that:

- the decisions are reached and recorded
- if anything left undecided the reasons for this are agreed
- team members all agree on the aims and actions of the Project
- all team members are involved

Of course, a key success factor to GOPP is for the facilitator/moderator to always be neutral and objective.

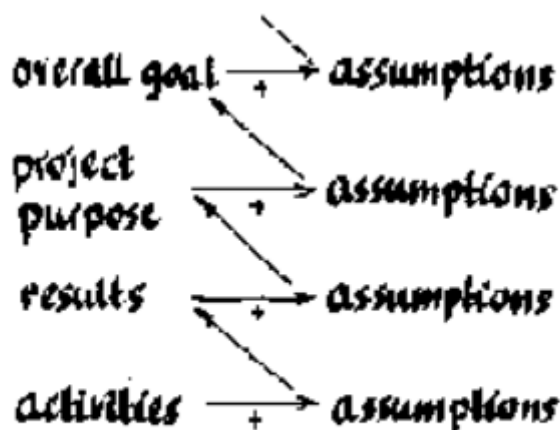
But what the Project Planning Matrix (PPM) would be shaped? As it is evident for the table below, the purpose of the project describes the intended impact or the expected benefits of the project as a precisely stated future condition. Then the activities and the assumptions required to ensure the intended results are defined.

Project Planning Matrix (PPM)	Project Title Estimated	Project Duration	PPM prepared on (date):
Summary of objectives/ activities	Objectively verifiable indicators	Means/sources of verification	Important assumptions
Overall goal to which the project contributes	Indicators that overall goal has been achieved		for sustaining objectives in the long term
Project purpose	Indicators proving that the project purpose has been achieved		for achieving the overall goal
Results/outputs	Indicators proving that the results/outputs have been achieved		for achieving the project purpose
Activities	Specification of inputs/costs of each activity		for achieving the results/ outputs

Table XX: Project Planning Matrix (PPM)

Source: <http://www.nzdl.org/gsdImod?e=d>

The connection between assumptions, activities, goals and results using the PPM is depicted vividly in the image below.



FIGURE

Image XX: Project Planning Matrix (PPM)

Source: <http://www.nzdl.org/gsdImod?e=d>

If we had to narrow down epigrammatically the steps that are taking place with the GOPP method, they would be the following:

1. Identify the favourable pre-conditions and assess any previous work done in the Project Intervention Area.
2. Analyze the Participants and the target groups involved.
3. Define the core problem(s).
4. Analyze the causes and effects of the core problem. And lay it out in a way that shows the multi-level causal links and branches (problem tree).
5. Hierarchize the defined problems and translated them into a prioritization of objectives which then are analysed (objectives tree).
6. Define potential alternative solutions for the problem(s).

7. Use the Project Planning Matrix (PPM) to describe the intended impact or the expected benefits of the project plus the activities and the assumptions.
8. Determine the most necessary assumptions.
9. Choose Indicators.
10. Identify information sources for each indicator.
11. Identify and analyze the relevance and risks of the assumptions which are essential prerequisites for the success of the project.
12. Check whether the project management can guarantee successful results.
13. Evaluate and define the means and costs for each individual activity.

Chapter 6 – Business Plan Guidelines

6.1 Entrepreneurial Opportunities

6.1.1 Tourism Sector

6.1.1.1 Introduction

Amid recent economic recession, tourism-related capital expenditure has risen significantly over the last few years and is expected to continue to expand after 2010. Both the private and public sectors are increasingly driven to make this investment more sustainable. There is also a growing awareness of the need to preserve the unique ecological, social and cultural assets of destinations. It is clear that the strategic advantage of a destination is preserved by a safe environment. Tourism investment is capable of providing community well-being through substantial economic development and job opportunities for local residents. However, inadequately-planned and poorly controlled investment can have very significant social and environmental consequences for countries and can impact the competitive advantage of countries in the short, medium and long term. This publication illustrates the important value of implementing sustainable tourism investment standards and recognizes interested parties at the stage of the process.

The most important recommendations for more sustainable tourism investments are:

1. proper zoning, with the strict protection of biologically-sensitive coastal areas as a critical aspect of coastal and marine conservation
2. development of a clear tourism niche and product, privileging developments with clear positive economic knock-on effects e.g. tourism vs second homes
3. investment planning (genuine financial needs, flows and predicted rates of return) incorporating environmental benefits and costs
4. ensuring resources for proper monitoring and evaluation
5. innovative property regimes that can facilitate the application of desired social and environmental conditions to investments.

The popularity of a destination depends on the reputation of potential visitors and on its competitive advantage, an advantage measured by both fixed and variable factors. Fixed variables include distance from the point of origin (i.e. travel time and travel cost from the point of origin) and distance from the point of origin. Attractiveness of the location, represented by its long-term attributes and its previous awareness of climate, culture, natural beauty and tourism and Its' special characteristics, among other things.

A sustainable competitive advantage is gained when sustainable tourism practices are implemented. A sustainable competitive advantage is also a

branch of responsible development. Sustainable tourism takes economic, environmental and socio-cultural dimensions into account at the same time, where a harmony between these aspects is important to ensure long term sustainability. According to the World Tourism Organization (2004), sustainable tourism should make optimal use of environmental resources, respect the socio-cultural authenticity of host communities and ensure viable, long-term economic operations, providing socio-economic benefits to all core stakeholders.

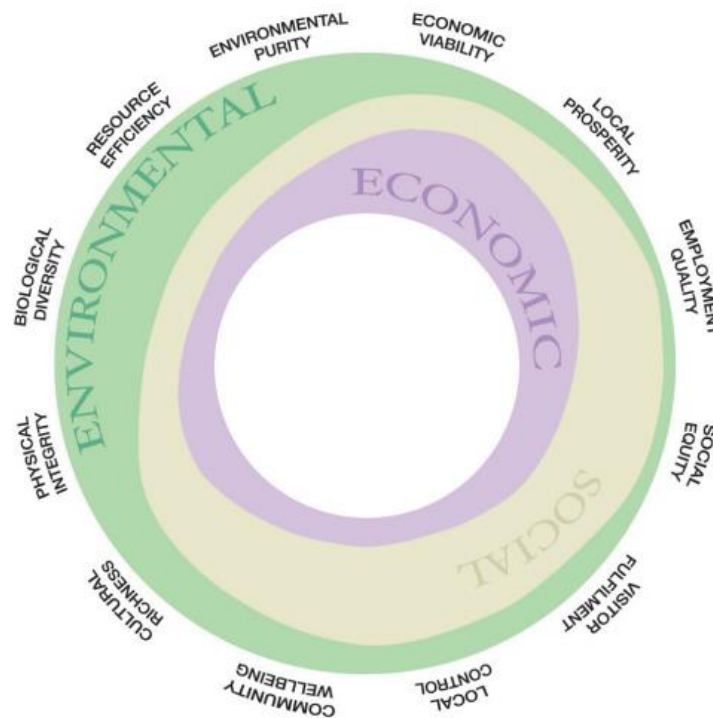


Figure 1 UNWTO/UNEP goal-based approach to sustainable tourism
Each dimension of sustainable tourism requires the close liaison between community, private and public sectors with different intensity. The best way to understand these interrelations and the repercussions for sustainable tourism is to look at the tourism investment process.
From UNEP-WTO (2005) *Making tourism more sustainable – A guide for Policy Makers*.
© UNTWO, 9284405309.

6.1.1.2 Tourism investment process

Tourists require a wide range of goods and services in order to travel. Most tourists require at least five: travel agents, transport, accommodation, catering and entertainment services at the destination. According to Salma (2006) “there are substantial gaps and limitations, in both the definition and the measurement of tourism investment and related variables”. It can be argued, though, that any increase in capital stock or productive capacity in the tourism industry belongs to tourism investment. A sequential approach to the tourism investment process is presented below. While it may not conform to all tourism projects, it gives a good approximate representation of the majority of them.

1. Pre-Project phase

First, it should be noted that the tourism environment depends partially but critically on the planning, regulation and monitoring driven by the public sector. The first step of the tourism investment process consists of an assessment of the business environment. Key issues here are the attractiveness of the site, its unique characteristics as well as possible locations and transportation facilities. A preliminary tourism market analysis should be considered in order to assess the market structure, competition, and current

2. Project design

A detailed proposal and evaluation take place. Further tourism market studies identify the kind of tourism products and market segments to be targeted. Following this study, the tourism concept is proposed and incorporated into the physical design of the tourism product. Every tourism investment project depends on a finance provider. Finance and partnerships are discussed at this stage, determining how much money is needed and for how long, the expected return on investment and projected profit levels.

3. Project implementation

Construction and project development monitoring takes place. Architects, contractors and engineers play an important role in determining the details of the project, and influence decisions concerning sustainability. Real estate promoters are present during all stages of construction, and ensure that developments meet the requirements set down in the original project documents. As promoters usually build on their own land, the next step is selling or renting out the newly constructed or renovated facilities. Finally, monitoring is carried out in order to check whether financial commitments, deadlines and quality engagements have been respected.

4. Management

Tourism operators are the key players in tourism management. Their role normally begins at the end of the investment process, once development is complete. However, recent analyses show that they could have a much more important bearing on destination planning and growth. The operator is frequently more interested in sustainability than the owner/builder.

5. Project appraisal

Once the project has been running for some time, it should be evaluated. One key criterion for investors is the return on investment. Managers, on the other hand, are also concerned with the quality of the services offered and feedback from tourists. The public sector needs to monitor whether previous commitments to the host community and the environment have been respected. Finally, issues concerning life-cycle management and reinvestment or refurbishment are also considered.

Stakeholders' expectations and challenges

Selecting sustainability includes a concerted effort by visitors, the local communities, the private sector and the government sector. The overview of economic development shareholders is shown in Figure 2, which shows the range of participants and the complexity of their inter-relationships.

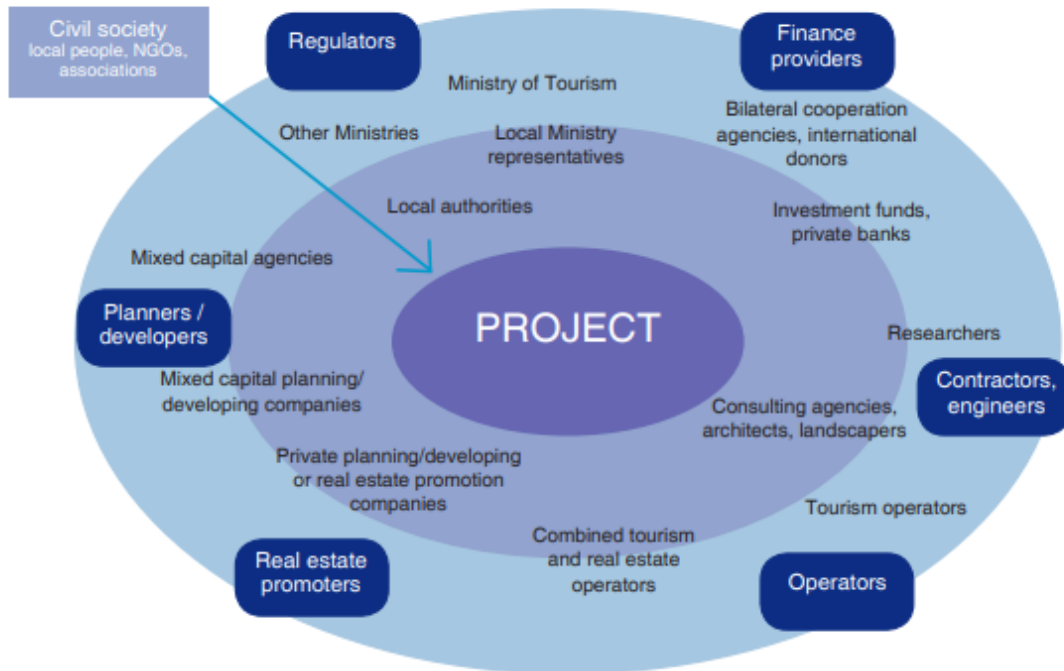


Figure 2 Tourism investment stakeholders

Besides that, stakeholders frequently do not share the same perspective, the same planning timeline and often may have potential conflict of interest in regards to tourism investment. Figure 3 indicates the general time horizons for stakeholders. Further review of the aspirations of key stakeholders and the obstacles they may face in making them sustainable

is presented here.

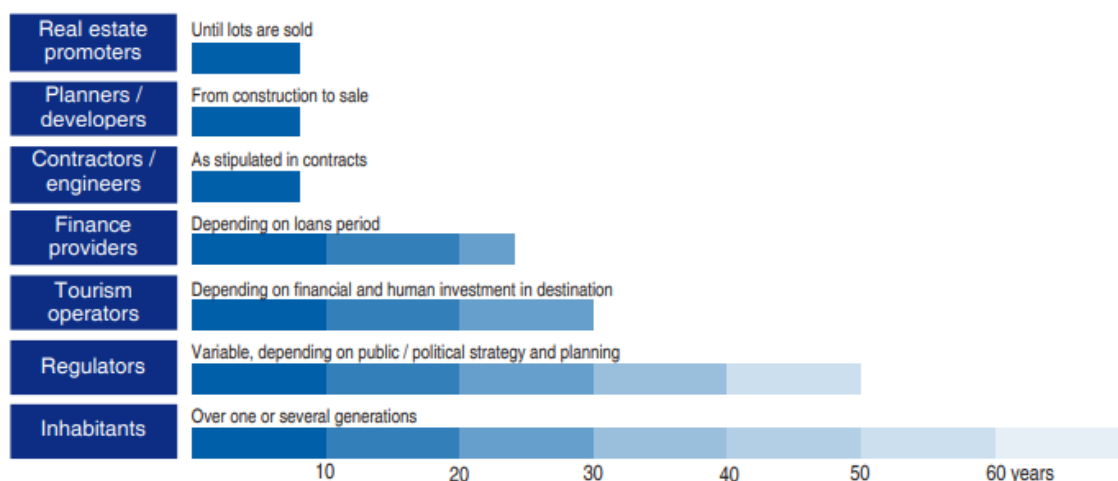


Figure 3 Estimated time horizons of tourism investment stakeholders

What Are the Sectors Within the Tourism Industry to Invest?

1. Transportation

The transport sector is responsible for helping visitors to get where they need to go through the provision of transport. Which may include supplying them with the ways to get to their planned vacation spot in the first place, but may also include helping them to get around when they reach the destination.

Services related to road, rail, air and sea travel are included in this industry.

- Airline Industry
- Car Rental
- Water Transport
- Coach Services
- Railway

2. Accommodation

The hospitality industry is fundamental to the tourism and leisure sector, since people traveling to various areas need to stay, rest, sleep and relax. In fact, according to many meanings, tourists are only considered as such if their stay is longer than 24 hours and they use some form of overnight accommodation.

There are a range of different components within this category, spanning from the hotel industry to camping, hostels and cruises. These sub-sections are described in detail below:

- Hotels
- Shared Accommodation

- Hostels
- Camping
- Bed & Breakfast
- Cruises
- Farmhouse Accommodation and Agri-Tourism
- Time-Share Accommodation

3. Food and Beverage

The food and beverage sector has an essential role to play in the tourism sector, supplying visitors with necessary drinks and food at all stages of their tourism experiences, including travel, spending quality time in their chosen accommodation, and when they are out and enjoying the location to which they have traveled.

In parallel with providing for basic needs of travelers, moreover, the food and beverage industry also gives them opportunities for interaction, meet new people and enjoy themselves.

- Restaurants
- Catering
- Bars & Cafés
- Nightclubs

4. Entertainment

Many visitors are heading to different sites in search of entertainment. These travelers may be attracted to entertainment choices that are not accessible at their home area, or they could possibly need more general entertainment that would be accessible almost everywhere in the world as part of their journey.

Entertainment experiences or venues are often the biggest feature for visitors to a specific tourist spot. But in the other hand, several other entertainment products are set up to capitalize on established visitors.

- Casino
- Tourist Information
- Shopping
- Tourist Guides & Tours

5. Connected Industries

Ultimately, there are also a variety of sectors which are either directly or indirectly linked to the tourism sector. This would include industries focused on directly connecting consumers with travel services, but also industries focused on supplying customers with valuable details that will help them travel.

Some of the most important associated industries are further detailed below:

- Financial Services
- Travel Agents

- Tour Operators
- Online Travel Agencies (OTAs)
- Tourism Organizations
- Educational

6.1.1.3 Tourism Trends "Related" With COVID

The following are among the developments in tourist industry that will have to be addressed by those involved in handling tourism in response to the global pandemic of COVID that has impacted the tourism sector as a whole.

1. Safety & Hygiene Tourism Trends

Whether it is airlines, cruises, hotels, restaurants or pubs, safety and hygiene levels have been key since the breakout of COVID. With all of this in perspective, there are a range of tourism trends related to the above, like increased washing, socially distanced positioning, hand gel distribution and mask compliance in some environments.

This is also a crucial part of tourism advertising, and businesses need to state clearly what their health and safety plans are and what steps they are introducing to keep consumers safe. The hazard of COVID has meant that people are more hesitant to travel and visit the hot spots of tourism, so they would need to be convinced that they are secure.

2. Increased Emphasis on Leisure

COVID has pushed countries to introduce travel limits, although many companies allow workers to operate from home and use video calling. As a result, market events have been especially negatively affected and one of the related developments in hospitality has been a change in focus towards leisure customers.

The disease outbreak has been stressful for individuals, and many are desperate for a vacation. If your company is usually centered on corporate clients, you might want to consider opportunities to alter this approach, at least on a temporary basis. In this method, you will probably need to adjust your brand message and even the distribution channels that you use to drive sales.

Depending on the organization, you may want to concentrate your efforts on families, couples, or social groups, and you could theoretically build package packages that cater to these demographics. It is indeed a good idea to assess how your rivals have reacted to the crisis and whether they're doing something you can encourage.

3. Shift From International to Local

The numerous travel restrictions and the unwillingness of many people to travel overseas have meant that many in the tourism sector need to concentrate on local rather than foreign customers. This does not mean

abandoning on foreign visitors completely, but it is likely to entail a shift in the core marketing strategy.

With hotels, it would be better to emphasize exactly the sort amenities that would cater to the local market, such as your restaurant, gym facilities, Wi-Fi, and even the idea that your hotel rooms are suitable for remote work. Air carriers and tourism management firms would also need to change gear and prioritize domestic visitors.

It is important to note that local consumers are often less likely to cancel because they would just have to pay attention to local restrictions and are therefore not likely to have to quarantine during their stay.

4. Growth of Contactless Payments

Contactless payments have been a standard when it applies to tourism technology for some years now, but the advent of solutions such as Google Pay and Apple Pay has helped push things to a whole new level, ensuring that tourists do not even have to carry a bank card or credit card to pay for food, hotel accommodations, transportation, and other utilities.

Enabling contactless payments made it possible for tourism companies to minimize friction and increase the speed of check-ins and check-outs. It also ensures that products can be paid easily, enabling spontaneous purchases. With coronavirus, contactless payments are more demanding than ever before, as workers and consumers often generally avoid cash transactions.

6.2 Determining the needs and essential requirements of the business

A good business plan should be a model for a successful company. It should incorporate strategic plans, create marketing and sales strategies and overall create the framework for effective and efficient operation of the business. For many entrepreneurs building the business plan is their first step to determine whether they are going to proceed with the investment and materialize the business idea.

The business plan should:

- Be as accurate and rational as possible.
- Serve as a starting point to the activities of the company for the first months and years, providing a roadmap for managers of the organization to follow.
- Communicating the intent and vision of the company, defining management roles, detailing staff requirements, providing an overview of marketing strategies, and evaluating current and potential market competition.

- Establish the basis for investors and lenders by creating a financial plan to assess the business.

Who can be persuaded by your business plan?

1. Possible future funding sources
2. Prospective partners and investors
3. Human Capital
4. Potential joint ventures
5. The Entrepreneur

Executive Summary

The Executive Summary is a concise overview of the mission and objectives of the organization. While it can be difficult to fit into one or two pages, a good overview includes:

- ✓ A short summary of goods or services
- ✓ A summary of goals
- ✓ A solid review of the industry
- ✓ A sophisticated rationale (including a brief look at your competition and your competitive advantage) for viability
- ✓ Projections for growth potential
- ✓ An analysis of funding requirements

First and foremost, an Executive Summary should help you:

1. Refine the definition and tighten it.
2. Determine the targets.
3. Make the remainder of the process quick.

A successful executive summary 's vital components:

Company overview in one sentence

Have a one-sentence description of your business at the top of the page, right under your business name, which sums up the essence of what you are doing.

Problem

In a couple of sentences, describe the problem in the specific market that you are solving. For its customers, every organization solves a problem and fills a gap in the market.

The Solution

This is your service or product. How are you approaching the issue in the specific market that you have identified?

Target Market

Who is your target market, or your ideal customer? How many are there? Being precise is key here.

Competitors

How does your target group solve their problem? In the market you are participating are there any substitute or alternative products/solutions?

Company Outline and Team

Present to your team a brief summary and a brief description of how you and your partners are the best people to execute your idea.

Potential investors place a significant weight on the team, sometimes more than the concept, because even fantastic ideas need good execution, in order to become successful ventures.

Financial Outlook

Optimally, illustrate the main elements of your financial plan with a graph showing your expected revenue, expenditures, and profitability. In this section you should provide additional information about the business model.

Funding Requirements

You must include the specifics of what you need in the executive summary whether you are writing a business plan to get a bank loan or because you are seeking angel investors or venture capitalists for funding. You should not include terms for a future investment. Rather, you should add a brief statement that reveals how much cash you need to raise.

Traction and Milestones

The last key aspect of an executive summary that investors may like to see is the progress you have made that you plan to accomplish so far and possible milestones. If you can show that your future clients are already interested in your product or service, or even purchasing it, this is important to demonstrate.

Opportunity

In a business plan, there are four major chapters: opportunity, execution, company outline, and financial plan. The business plan 's opportunity section is where the actual content of the plan resides, providing information about the issue you are addressing, the approach, to whom you plan to market, and how your product or service fits into the current competitive environment.

The Problem and Solution

Begin the opportunity chapter by explaining the problem you solve for your clients. What is the main problem they have? How they are solving this

problem at the moment? The current solutions to your customer's dilemma may be very costly or inefficient. For a company with a physical site, there might be no current options within a suitable traveling distance. Identifying the issue that you solve for your customers by far the most important aspect of your business strategy and is key to a successful business.

After you have described the issue of your target group, your approach should be described in the next section of your business plan. Your solution is the good or service that you plan to deliver to your customers. What would that be and how is it provided? How actually is it going to fix the dilemma your consumers have?

Target Market

Once you've outlined your issue and solution in your business plan, it's necessary to switch your attention on your target market: who do you sell to? Based on the type of enterprise you are starting up and the type of outline you are writing; you do not need to go into too much depth here. Nevertheless, you need to know who your client is and to provide a reasonable approximation of how many of them exist. If your product or service doesn't have enough customers, it might be a bad sign.

Economic Analysis and Market Research

Since you're going to do a business study, begin with some research. Next, define the business segments and assess the size of each segment. A consumer segment is a group of people (or other companies) that you might possibly be selling to. But don't fall into the pit of describing the market as "everyone." Although it might be appealing to claim that your target market is anyone, practically, you need to aim for a specific segment of the market in order to be competitive.

TAM, SAM, and SOM

A successful business plan would describe the target market segments and then include some data to show how rapidly each segment is rising. A classic strategy for determining target markets is to use TAM, SAM, and SOM breakdowns to look at market sizes from a top-down perspective as well as a bottom-up perspective.

Definitions:

- TAM: Your Total Available or Addressable Market (anybody you want to target with your product)
- SAM: Your Segmented Addressable Market or Served Available Market (the section of TAM you target)
- SOM: Your Share of the Market (the subsection of your SAM that you can reasonably reach, especially during the first few years of your business)

When you have established main market segments, you can address trends for all these markets. Find out, if the markets are growing or, are they

shrinking. Think about changing consumer demands, preferences, or other potential market shifts.

Customer Archetype

After your target market segments are established, it's time to identify your ideal client for each category. Think of it as a form of personality or a "role" that your customer correlates with. The goal should not be to typecast your customers as to establish realistic representation of their motives and expectations. Having a good customer archetype can be an incredibly valuable tool to help you recognize the marketing and sales strategies that you will need to employ to target these ideal customers.

Key Customers (only for B2B)

In fact, this segment is only needed for businesses (large) that have very few customers. Many small companies and traditional start-ups will miss this and carry on. So, if you're supplying other companies (B2B), you may have a few key customers who are vital to the success of your company, or a handful of key customers who are industry leaders in your market. If that is true, provide additional information about these key customers and how they are crucial to the company's performance.

Competition Analysis

You should define your competition as soon as you follow your target market segment. Who else is offering solution to your customers base. Do you have any competitive advantages over the competitors?

Many business models use the "competition matrix" to quickly compare their services with their competition. The most essential thing to explain in this section of your business strategy is how your approach is different in that regard than any other solution that a potential customer may consider. Investors are going to be asking what advantages you have over the market and how you intend to distinguish yourself.

COMPETITIVE ANALYSIS MATRIX						
	Trait 1	Trait 2	Trait 3	Trait 4	Trait 5	Trait 6
Competitor 1	✓		✓		✓	✓
Competitor 2	✓	✓	✓			✓
Competitor 3	✓			✓		
New Organization	✓	✓	✓	✓	✓	✓

One of the greatest errors that new entrepreneurs make in their business

models is thinking that there is no competition. The truth is that all companies have competition in their respective field. Competition comes in two forms, direct and indirect. Direct competition is when a company is offering similar products/services with your business. When a consumer is solving their problem by choosing a totally different kind of solution, then it is considered indirect competition.

Future Products and Services

Most businessmen have a picture of where they want to do business in the future if they are effective. Although it's appealing to spend a lot of time researching potential possibilities for new goods and services, you're not allowed to expand too much on these concepts in your business plan. It is definitely useful to have a paragraph or two on potential future plans, to show investors where you're aiming in the longer - term, but you don't want your strategy to be overshadowed by long-term plans that may not succeed. The focus should be on the current markets and services you want to develop.

Operations

How the company functions, is the operations section. It's about logistics, technology, and other bits and pieces. You might not even need the following pages, depending on the type of business that you are beginning.

Sourcing and fulfillment

If your business buys the goods it sells from other sources, it is important to provide information about where your products come from, how they are shipped to you, and eventually how the products are delivered to the consumer, which is sourcing and fulfillment.

Investors may want to hear about the success in dealing with these vendors if you are importing products from suppliers overseas. If your company is going to supply your customers with goods, you can explain your plans for shipping your products.

Technology

If you are a tech firm, explaining your technology and what your "secret recipe" is essential to your business strategy.

In your business plan, you may not have to give away confidential information, but you need to explain how your technology is different and better than other approaches out there. You may want to explain, at a greater extent, how your technology functions. Here, you will not have to go into extreme detail, but if an investor is interested in more specifics, they will ask and you can provide the detail. Note, your aim is to keep your business plan as brief as possible, so too much detail could make your plan way too long quickly here.

Distribution

A logistics strategy for food companies is an essential aspect of the complete business plan. Service companies should, for the most part, miss this section and continue through.

Distribution is how you get your product into your clients' hands. Each industry has different supply chains, and researching those in your industry to find out what their distribution model is the best way to build your distribution plan.

Here are a few popular delivery models for your company that you may consider:

Direct distribution

Selling directly to customers is the easiest and most profitable choice by far.

You can consider distributing the revenue savings directly to your customers or you can just boost the profit margins. The logistics of how you get your goods from your warehouse to your consumers will also need to be addressed, but a direct distribution system is typically fairly straightforward.

Retail distribution

The trouble of dealing with thousands of individual suppliers is not recognized by most major retailers.

Alternatively, they tend to buy from lots of manufacturers through big distribution firms that purchase goods and then make that inventory available for purchase by retailers. These distributors, of course, take a portion of the transactions going through their warehouses.

Representatives of Producers

Usually, these are salespeople who work for an organization named "representing." They also have connections with retailers and distributors and operate on the right platform to market their goods. Commonly, they operate on contract and it is not unusual for a rep to be needed to get access to a distributor or supplier for a new business.

OEM (original manufacturer of equipment)

If your product is sold to another company and then integrates your product into the finished product, then an OEM channel is used.

Car parts manufacturers are a good illustration of this. Although big car manufacturers produce large parts of their vehicles, they also buy major components from third-party suppliers and integrate those parts into the assembled automobile.

Milestones and metrics

A business plan is just a document on paper, complete with a timetable, specified positions, and key responsibilities, without a real roadmap to get the job done.

Although your business plan's milestones and metrics segment might not be long, it is crucial that you take the opportunity to look further towards planning the next essential aspects for your venture. Investors would like to see that you recognize what needs to be done and that you are operating on a realistic timeline in terms of making your goals a reality.

Begin with a brief analysis of your milestones. Milestones are significant events anticipated. For instance, you would have milestones associated with clinical testing and regulatory approval processes if you are manufacturing a medical product. You could have milestones correlated with designs, locating suppliers, and first-order receipt if you are manufacturing a consumer product.

Traction

If you are looking forward to milestones, you may also want to step back and look at the important successes you have already accomplished. Investors like to call this "traction." What this means is that some evidence of early progress has been shown by your company.

Any initial sales, a good pilot program, or an effective relationship may be Traction. It can be significantly important to share this assurance that your business is more than just a concept that it has solid proof that it is going to be a winner.

Metrics

Your business plan should outline the key indicators that you will observe as your business gets up and running, in addition to milestones and traction. Indicators are the figures you constantly watch to judge the company's fitness. They are the growth factors for your business strategy and your economic strategy.

KPIs for agriculture industry

They typically refer to metrics that apply to modern industry when analysts speak about KPIs, or "key performance indicators." However, KPIs, as applied to the world of agriculture, are noticeably absent.

Farms and other related businesses are just as vulnerable as anybody else to the price mechanism. When profits fall and costs increase, farming companies go out of business. In reality, this doesn't happen at all. When they do their accounts, farm managers frequently indulge in guesswork about their results or get input once a year. In other sectors, they don't have the same constant drip stream of data you find. That's a problem. Agriculture needs to become much more reliant on data.

Examples of Agriculture KPIs: a few examples of the types of metrics to monitor

- The stock yield. There is a small supply of capital for agricultural enterprises, be it land or buildings to house livestock. The stock yield is an attempt to calculate how effectively you use the assets that are available to you. For example, it tells you the number of bushels of corn you grow on a specific acre, or the number of heads of cattle you can rear in your current shelters. Many variables, including your breeding processes, the weather, and environmental catastrophes, will affect yield.
- Wages to revenue. Optimally, you want to produce more sales per dollar spent on wages relative to your rivals. This metric will tell you whether or not you are hiring people to have a real impact. The more income per dollar spent on salaries you can generate, the more productive your people are.
- Consumption of food and water. Essential and expensive farm inputs are feed and water. The more you are able to mitigate them without productive disruption, the more profitable your farm will be.

Examples of Tourism KPIs:

- **Revenue**
Your total revenue is the simplest and one of the most significant KPIs. There are also plenty of great programs out there to help you organize your finances, but it is worth investing in a professional bookkeeper if you can to help guide and oversee all financial decisions.
- **Customer acquisition costs (CAC)**
As the saying goes, it takes money to make money sometimes. You have to promote the company and do everything to get customers to the entrance. But at what expense? The CAC is basically your cost for publicity. It's the resources that you need to retain and develop new clients.
- **Customer retention**
How long do your customers stay around? Are they coming back? Do they bring in new customers? Do they share their experience online or via word of mouth? You should keep your clients and make them satisfied as a company owner, not only looking for new ones.
- **Referral rate**
You need to monitor how many clients you receive from other clients. The referral rate lets you keep your CAC lower, and has shown progress in growing your ROI statistically. Referral systems work, so it's time to put one together for your business if you don't have one already.
- **Cost of goods sold (COGS)**
It's also vital to examine at the value of the service now that we've talked about the importance of customers. Any expenditure directly related to the provision of a service is the cost of goods sold (COGS).

This covers the expense of workers, salaries, benefits and start-up equipment for a tour operator.

- **Customer satisfaction**

A common mistake that companies make is to assume that all their business troubles will be solved by getting more clients. But your buyers are not going to be very happy if the deal is not very good or the cost outweighs the benefit. Getting a lot of clients won't mean much if few of them are pleased with the services you're offering. It can potentially work against you, since these clients are likely to share their encounters with friends, family members, or even strangers through them.

Why use KPIs?

- ✓ Increase productivity and profit
- ✓ Save time on your agriculture program
- ✓ Make more informed business decisions

Key assumptions and risks

Finally, the key assumptions you have made that are important for the success of your company should be detailed in your business plan.

Thinking about risk is another way to think about main assumptions. With your venture, what risks are you taking? For instance, you are making an assumption that people would want what you are developing if you do not have a proven market for a new product. When you rely as a big promotional platform on online ads, you make assumptions about the expense of that ads and the proportion of ad viewers who will actually buy the product.

When you start a company, realizing what your assumptions are will make the difference between success in business and financial disaster. You will set out to show that your conclusions are right when you accept your conclusions. The further your expectations can be eliminated, the more probable it is that your organization can thrive.

Company overview

Most definitely, the company summary would be the shortest portion of your business plan. For a proposal you want to share with your business associates and team members only internally, skip this segment and move on.

For a strategy that you are going to share with people outside your organization, this segment typically includes:

- ✓ Mission statement
- ✓ Intellectual property
- ✓ Company's legal structure and ownership
- ✓ The business location
- ✓ A short history of the company

Financial plan

The last part of your business plan should be the financial plan. This might be the most difficult thing entrepreneurs encounter, but it doesn't have to be as overwhelming as it seems. Business finance is less difficult than you think for most start-ups, and a business degree is definitely not needed to create a solid financial forecast. That said, there are plenty of instruments and tools out there to help you develop a strong financial plan if you need extra help.

For the first 12 months, a standard financial plan would include a monthly sales and income estimate, and then an annual estimate for the following three to five years. Usually, three-year forecasts are sufficient, but some investors would ask for a five-year estimate.

Sales forecast

Your sales forecast is the revenue projection for the next few years. How much you are going to sell during the next years. Usually, a revenue forecast is subdivided into many tables, with a row for every key product or service you sell. Don't make the mistake of breaking down your prediction of revenue into awful detail. Only emphasis at this stage on the high-level.

For each sales row, the sales forecast will also include a matching row to cover the cost of products sold, also known as COGS (also known as direct costs). The costs involved with making your product or delivering your service are shown in these rows. Just those costs specifically related to the manufacture of your goods should be counted in COGS, not normal business expenditures also including leases, insurance, wages, etc. That will be the cost of supplies for restaurants. For a product company, it would be the cost of raw materials. For a consulting business, it might be the cost of paper and other presentation materials.

Personnel plan

Your plan for staff specifies how much you plan to pay your staff. For a small business, you should list every job on the staff plan as well as how much job would be paying each month. The staff plan is usually subdivided into functional categories such as "marketing" and "sales" for a larger corporation. What is usually called "employee burden," which is the expense of an employee above compensation, may also be included in the personnel plan. It covers payroll taxes, insurance, and other necessary costs that you will incur every month for having an employee on your payroll.

Income statement or Profit and Loss statement

The profit and loss (or P&L) is also known as the income statement, where the figures all fit together and show whether you're making a profit or taking a loss. The P&L draws information from your revenue forecast and your staff

schedule and also provides a list of all your other continuing costs involved in operating your business.

Income Statement	Assumptions	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue		40,000	75,000	100,000	200,000	300,000
Gross margin %		55.0%	55.0%	55.0%	55.0%	55.0%
Cost of sales		18,000	33,750	45,000	90,000	135,000
Gross margin		22,000	41,250	55,000	110,000	165,000
Research and development		5,000	6,000	8,000	17,000	25,000
Sales and marketing		6,000	7,000	8,000	16,000	24,000
General and administrative		5,000	6,000	9,000	17,000	26,000
Operating expenses		16,000	19,000	25,000	50,000	75,000
Depreciation	20.0%	5,000	14,000	11,600	9,680	11,744
Operating income		1,000	8,250	18,400	50,320	78,256
Finance costs	4.0%	600	2,248	1,615	956	487
Income before tax		400	6,002	16,785	49,364	77,769
Income tax expense	20.0%	80	1,200	3,357	9,873	15,554
Net income		320	4,802	13,428	39,491	62,215

Cash flow statement

The statement of cash flow is often confused with the statement of profit and loss, but they are very different and have very different purposes. The cash flow statement keeps track of how much cash (money in the bank) you have at any given point, while the P&L reports your gains and losses.

Understanding the distinction between cash and income is the secret to identifying the discrepancy between the two claims. When you make a sale, the best way to focus on it is. You don't have the cash from the sale immediately if you need to give your client a bill and so your customer needs 30 or 60 days to pay the bill. However, the day you made the purchase, you would have booked the sale in your P&L and shown a benefit from that sale.

A standard cash flow statement begins with the amount of cash you have on hand, adds fresh cash earned from cash sales and invoices charged, and then subtracts cash paid out as you pay bills, pay off loans, pay taxes, etc. This will then leave you with your total cash flow (cash in minus cash out) and your ending cash starting cash + cash in – cash out = ending cash).

Cash Flow Statement	Assumptions	Year 1	Year 2	Year 3	Year 4	Year 5
Net income		320	4,802	13,428	39,491	62,215
Add back depreciation		5,000	14,000	11,600	9,680	11,744
Changes in working capital						
Accounts receivable		1,068	-4,315	-3,082	-12,329	-12,329
Inventory		562	-3,884	-2,774	-11,096	-11,096
Accounts payable		-541	2,589	1,849	7,397	7,397
Other liabilities		242	948	1,237	5,072	4,966
Cash flows from operating activities		6,651	14,140	22,258	38,216	62,898
Amount paid for long-term assets		-5,000	-50,000	-2,000	-2,000	-20,000
Cash flows from investing activities		-5,000	-50,000	-2,000	-2,000	-20,000
Proceeds from long-term debt	4		46,000			
Proceeds from issue of share capital			5,000			
Repayment of long-term debt		-4,805	-15,830	-16,463	-11,716	-12,185
Cash flow from financing activities		-4,805	35,170	-16,463	-11,716	-12,185
Cash flow		-3,154	-690	3,795	24,500	30,713
Beginning cash balance		5,000	1,846	1,156	4,951	29,451
Ending cash balance		1,846	1,156	4,951	29,451	60,164

Balance sheet

As part of its business strategy, the last financial statement that most organizations would need to build is the balance sheet. The balance sheet offers a summary of the business's financial performance. It lists the assets, the liabilities and your (the owner's) equity in your company. You will calculate the company's net worth if you deduct the company's liabilities from assets.

Balance sheet	Assumptions	Opening	Year 1	Year 2	Year 3	Year 4	Year 5
Assets							
Cash		5,000	1,846	1,156	4,951	29,451	60,164
Accounts receivable	45	6,000	4,932	9,247	12,329	24,658	36,986
Inventory	90	5,000	4,438	8,322	11,096	22,192	33,288
Current assets		16,000	11,216	18,725	28,376	76,300	130,438
Long-term assets		20,000	20,000	56,000	46,400	38,720	46,976
Total assets		36,000	31,216	74,725	74,776	115,020	177,414
Liabilities							
Accounts payable	60	3,500	2,959	5,548	7,397	14,795	22,192
Other liabilities	60	2,500	2,742	3,690	4,927	9,999	14,966
Current liabilities		6,000	5,701	9,238	12,324	24,794	37,157
Long-term debt	3	15,000	10,195	40,365	23,902	12,185	
Total liabilities		21,000	15,896	49,603	36,226	36,979	37,157
Equity							
Capital		10,000	10,000	15,000	15,000	15,000	15,000
Retained earnings		5,000	5,320	10,122	23,550	63,041	125,256
Total equity		15,000	15,320	25,122	38,550	78,041	140,256
Total liabilities and equity		36,000	31,216	74,725	74,776	115,020	177,414

Use of funds

You should have a short section in your business plan if you are raising capital from investors that explains precisely how you plan to use the funds in your shareholders. This segment does not have to go into excruciating detail on how to spend every last dollar, but instead shows the key places where the funds of investors will be invested. This may include marketing, R&D, distribution, or maybe inventory purchasing.

Exit strategy

A segment on your exit strategy is the last thing that you would need to include in your financial plan chapter. Your preparation for eventually selling the company, either to another company or to the public in an IPO, is an exit plan. They'll want to share your thoughts on this if you have investors. You can bypass the exit strategy portion if you're running a company that you want to hold control of forever, and you're not looking for angel investment or VC financing. After all, your investors will want to get a return on their investment. Again, here, you don't need to go into extensive specifics, but if you are good, you can find some organizations that might be interested in acquiring you.

6.3 Entrepreneurial Ecosystem

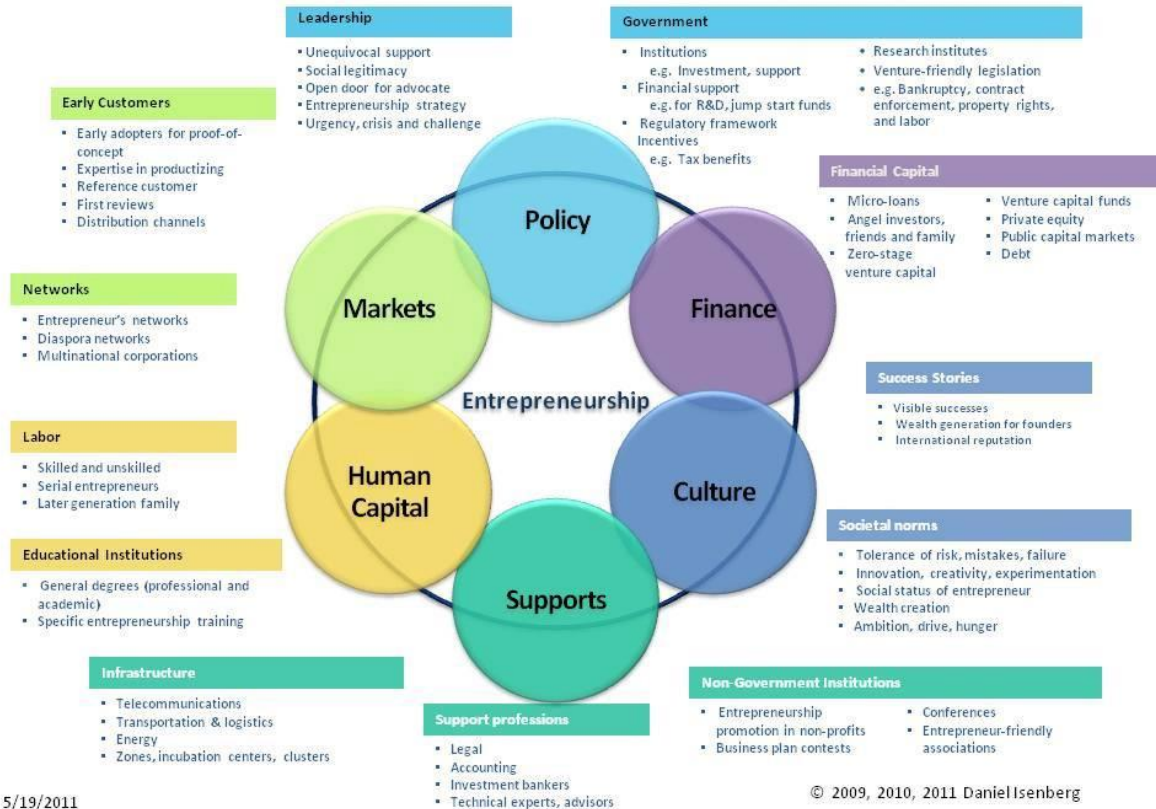
Anything in this world is part of an ecosystem, the wetlands, the plants, the animals, even the business most of us are a part of. As an entrepreneur you will hear the term Entrepreneurial Ecosystem. According to Babson Global, the ecosystem has six parts:

1. Culture
2. Markets
3. Human Capital
4. Finance
5. Supports
6. Policy

There are a number of other models for the Ecosystem, but we are using this one as a framework. First, we need to define what is an Ecosystem.



Domains of the Entrepreneurship Ecosystem



Definition of Entrepreneurial Ecosystem

According to Mason and Brown (2014), "The Entrepreneurial Ecosystem is a set of different individuals who can be potential or existing Entrepreneurs, organizations that support Entrepreneurship that can be businesses, venture capitalist, business angels, and banks, as well as institutions like universities, public sector agencies, and the entrepreneurial processes that occur inside the ecosystem such as the business birth rate, the number of high potential growth firms, the serial entrepreneurs and their Entrepreneurial ambition."

What do you understand about the Entrepreneurial Ecosystem?

As described earlier, the Entrepreneurship Ecosystem is a mixture of social, economic, cultural and political components within the region. In addition, an enhanced Entrepreneurial Environment is created with the aid of a variety of elements to promote and expand which will aid the businesses and start-ups that are starting to grow. Further, the new Entrepreneurs are motivated to take the risk of starting a business and start the search for funding sources.

Inside this local business environment, all these organizations are connected together, officially and unofficially, to improve their output. Therefore, the whole system can function and the collaboration between these subsystems must be performed so they can accomplish their goals.

The defining characteristics of the Entrepreneurial Ecosystem are:

- ✓ Comprises of six domains
- ✓ Each Ecosystem is unique
- ✓ Entrepreneurial Ecosystem's defining root causes has restricted practical value
- ✓ Entrepreneurial Ecosystem are comparatively self-sustaining

Key Domains of the Entrepreneurial Ecosystem

- **Policy**

Around different parts of the world, the foundations of government regulations are broad, and any government policy can maximize or drastically reduce the capacity to start and expand business. In this domain, there are different factors, such as a simple action to start a company, tax incentives, and laws that may be business-friendly. Similarly, this domain also covers the physical infrastructure, where there is access to utilities, transport and telecommunications, which, according to the World Economic Forum, also can affect businesses.

- **Finance**

It is very efficient and beneficial for all forms of companies to have financial reserves as they can sustain growth by acquiring more capital. The financial resources are a key aspect of any company, as they provide support for the appointment and purchase of human resources, as well as for the purchase of rental properties as well as tools and investments in marketing and sales, and for the monitoring of customers. The financial options that are available to the start-up enterprises have also begun with friends and family, investors, venture capital, private equity, as well as access to debt.

- **Culture**

It has been claimed that strong cultural support is important for an organization to create an evolving entrepreneurial ecosystem. The risk tolerance and failure within an organization, the priority given to self-employment, the promotion of creativity, success stories, research cultures and role models are factors that are often of great significance in terms of cultural support, as stated by the World Economic Forum. All the above, establish a cultural sphere in the Ecosystem.

- **Support**

A number of distinctive institutions and organizations, are helping the growth and expansion of the company. Some of the characters involved are mentors, advisors, specialists such as accounting, incubators, accelerators, human resources, and so forth.

- **Human Capital**

The human capital domain is comprised of the quality and the quantity of human resources. The working environment is built appropriately on the

basis of the talents and abilities that employees have. There are several aspects in this area, such as technological and managerial expertise, the experience of an entrepreneurial business, the availability of foreign employees and the possibility of outsourcing.

- **Market**

The reflection of the consumer's willingness to purchase goods but also the company's services is represented by the market domain. Besides that, the capacity of customers is considered to be a key aspect and there are some other components of the business domain, such as the domestic and foreign markets, small, large and medium-sized enterprises, which are essential to reach and expand throughout the country.

Exhibit 2-1: Entrepreneurial Ecosystem Heat Map by Continent/Region: Pillars Readily Available in Your Region

Pillar	US - Silicon Valley	US - Other Cities	North America	Europe	Aus/NZ	Asia	MEA	South/Central America and Mexico
Accessible Markets	92%	83%	85%	72%	69%	68%	68%	62%
Human Capital Workforce	93%	87%	90%	81%	81%	73%	50%	71%
Funding and Finance	91%	76%	82%	57%	69%	44%	55%	45%
Mentors/Advisers/Support Systems	91%	72%	78%	52%	58%	38%	36%	35%
Regulatory Framework/Infrastructure	67%	57%	62%	54%	54%	39%	55%	42%
Education and Training	80%	62%	70%	60%	38%	34%	32%	27%
Major Universities as Catalysts	88%	67%	75%	52%	42%	30%	23%	27%
Cultural Support	90%	64%	75%	33%	35%	26%	45%	16%
Average Score	86%	71%	77%	58%	56%	44%	45%	41%

Heat Map Key
■ Highest % of Respondents
■ Approximately Half % of Respondents
■ Lowest % of Respondents

Source: *Entrepreneurial Ecosystems Around the Globe and Company Growth Dynamics*, World Economic Forum (2013)

Measuring the Entrepreneurial Ecosystem





According to Strangler and Bell-Masterson (2015), there are indeed various measurement levels for Ecosystems of entrepreneurship. In their paper, they concentrate on the overall success of the Ecosystem, in terms of results and vibrancy. They propose a series of metrics that can be applied to measure the key features of the Ecosystem.

The four indicators they propose are:

Indicators of Entrepreneurial Ecosystem Vibrancy
Density
Fluidity
Connectivity
Diversity

1. **Density:** for which three measurements are recommended: density of new and young firms, share of employment in new and young firms, and high-tech (or your preferred sector) density. At the core of any entrepreneurial ecosystem are the entrepreneurs themselves, so naturally we want to know how many entrepreneurs are in a given city or region.
2. **Fluidity:** which we can measure in three ways: population flux, labor market reallocation, and number of high-growth firms. One of the principal resources that entrepreneurs need is people, and population flux should provide a mixing and remixing of people, strengthening entrepreneurial bricolage.
3. **Connectivity:** which we can measure with data on: program connectivity, spinoff rates, and dealmaker networks. Connections matter, and a dense network of connections, among a small number of programs, is arguably more important than a sparse network among a larger number.
4. **Diversity:** which they propose to measure along three dimensions: economic diversification, immigration, and income mobility. The first measure of diversity is economic diversification, an important concept because no city or region should be overly reliant on one particular industry.

MEASURING ENTREPRENEURIAL ECOSYSTEM VIBRANCY

Indicator	Measure	Possible Sources
 DENSITY	New and young firms per 1,000 people	Census Bureau, Business Dynamics Statistics (BDS)
	Share of employment in new and young firms	Census Bureau, BDS
	Sector density, especially high tech	National Establishment Time Series (NETS)
 FLUIDITY	Population flux	Internal Revenue Service
	Labor market reallocation	Quarterly Workforce Indicators (QWI)
	High-growth firms	Inc. 5000 and NETS
 CONNECTIVITY	Program connectivity	Under development
	Spinoff rate	Possibly: CrunchBase; LinkedIn
	Dealmaker networks	Private databases, including Capital IQ
 DIVERSITY	Multiple economic specializations	Quarterly Census of Employment and Wages (QCEW)
	Mobility	Equality of Opportunity project
	Immigrants	American Community Survey (ACS)

Source: Stangler, D and Bell-Masterson, J (2015). *Measuring an Entrepreneurial Ecosystem*. Ewing Marion Kauffman Foundation (2015)

These metrics are proposed by the authors as a hypothesis that requires observation in order to be conclusive. Those would be the indicators that are important to capture the vibrancy and the evolution of the entrepreneurial ecosystem. It is acknowledged that there are much more important indicators to the regional authorities and entrepreneurs. Nevertheless, once these benchmark metrics have been implemented, and the data is collected and monitored, they can offer a clear sense of where they stand to those engaged in an entrepreneurial ecosystem, and also point them in the opportunities for future steps they may take to improve liveliness. Future work should focus on developing measures for specific programs and actions within an ecosystem.

8.4 Marketing Strategies

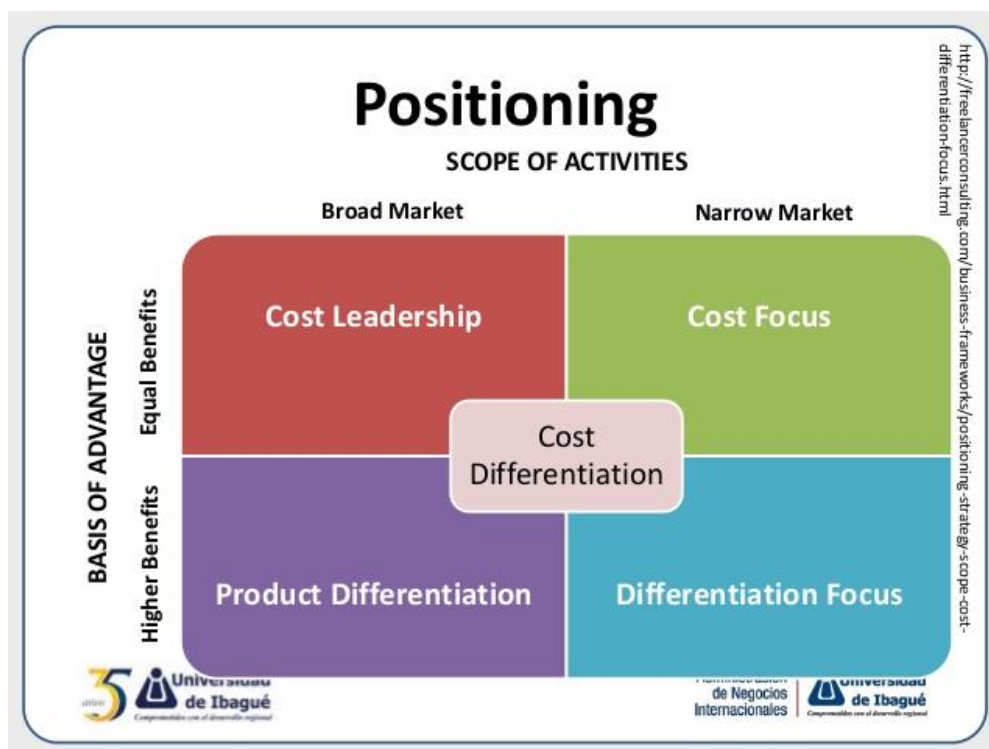
Marketing and sales plan

The marketing and sales strategy portion of your business model outlines how you arrange to achieve your target market segments (also known as target marketing), how you intend to sell to those target audiences, what

your pricing structure is, and what kinds of events and collaborations you will need stay ahead of competition. When you first think about drafting your marketing strategy, you must have an excellently-defined target market and have your customer persona in mind. Without a clear idea of who you're selling to, a marketing and sales plan would have no meaning.

Position Statement

Your positioning statement is the first step of the marketing and sales strategy. Positioning is how you are going to try to introduce your business to your clients. What is the perception of your brand in the marketplace? Are you a low-priced solution, or are you a premium luxury brand on your market? Do you offer something that your rivals are not offering?



Take some time to evaluate the current market conditions before you start composing the positioning statement.

- What features or benefits do you offer that your competitors don't?
- What are your customers' primary needs and wants?
- How are your competitors positioning themselves?
- How do you plan on differentiating from the competition? In other words, why should a customer choose you instead of someone else?
- Where do you see your company in the landscape of other solutions?

You can use this simple formula to develop a positioning statement:

For [target market description] who [target market need], [this product] [how it meets the need]. Unlike [key competition], it [most important distinguishing feature].

Pricing

The objective is to show you that you know your market and that you realize how you're going to hit your market. Marketing and promotions must result in consumers-the goal is to provide a clear explanation of how the customers will be obtained and retained.

Choosing on your price may sound more like an art than a scientific method, but there are some simple rules that you should follow:

- Covering the costs. There are always exceptions to this, but most of the time, you can charge your customers more than it costs you to offer your product or service.
- Primary and secondary profit center pricing. Your initial price might not even be your primary profit source. For instance, you could sell your product at or below your cost, but require a much more lucrative service or support contract to go along with your purchase.
- Matching the price of the market. Your prices need to balance customer needs and expectations. Price is too big and you do not have any buyers. Price is too low and people can undervalue your bid.

There are three different approaches when it comes to choosing a pricing strategy.

- **Cost-plus Pricing.** You will decide the pricing based on a number of factors. You should take a look at the costs and then mark up the bid from there. This is generally referred to as "cost-plus pricing" and can be useful for producers where it is important to cover initial costs.
- **Market Based Pricing.** Another approach is to look at the current business situation and then the price depending on what the consumer expects. You could price your positioning at a high-end or low-end market.
- **Value Based Pricing.** A pricing technique mainly based on the perceived value of a good or service to the customer. Value pricing is consumer-focused pricing, meaning that businesses base their pricing on how much the customer thinks a commodity is worth.

Promotion

With price and positioning taken care of, it's imperative to consider at your promotion plan. The promotion guide defines how your strategy to interact with your current and potential clients. Realize, it's crucial that you want to quantify how much your promotions cost and how many sales they deliver. Promotional services that are not profitable are difficult to sustain in the long term.

Packaging of products

If you are selling products, the product packaging is important. If you have pictures of your packaging, like those in your marketing plan, that's always a smart option.

Be sure also that packaging portion of your strategy addresses the following questions:

- Is your packaging compatible with your positioning strategy?
- How does your packaging express your key value proposition?
- How do you relate your packaging to your competition?

Advertising

Your marketing strategy should provide a summary of the types of ads you plan to spend your money on. Are you going to be advertised online? Or maybe in traditional, media platforms? Your strategy to analyze the efficacy of your ads is a key component of your advertising plan.

Public Relations

Having the media to cover your company. Public Relations can be a perfect way of reaching out to your clients. Having a notable review of your product or service can give you the attention you need to develop your company. If public relations are part of your marketing tools, please clarify your strategies here.

Content marketing

A common promotion technique is to participate in what is called content marketing. It's when you publish valuable knowledge, insights, and advice — mainly created available for free — such that your target group will get to know your business via the experience you have. Content marketing is about training and educating your customers on subjects that are of interest to them, not just the functionality and benefits that you deliver.

Social Media

Nowadays, the presence of social media is practically a necessity for the vast majority of companies. You don't need to be on every social media site, but you'll need to be on the platforms your customers are on. Now more, prospects are using social media to gather information about businesses and find out how reactive they are.

Strategic Alliances

As part of your marketing strategy, you can depend on working closely with another organization in the form of a collaboration. This partnership can help by giving your company access to a particular market segment while enabling your partner to deliver a new products and services to its customers. If you've already formed partnerships, it is necessary to include those partnerships in your business strategy.

6.4.1 Marketing Strategy for the Agro-Food Sector

Product Differentiation

How can I differentiate my product so that it stands out to the target consumer?

- **Packaging**

Packaging is what introduces a commodity to a customer in retail markets. What's inside of the

What drives repeat sales is the package? The jar type (or package, bag, bottle, etc.), the cover,

The label, graphics and text promote the item to the customer and differentiate the product from the consumer from competing products. By protecting the product from spoilage and damage, packaging serves a vital function. operating as a display system and offering a simple way of using and storing the contents, by listing ingredients, diet, health statements, an informative intent Recipes and usage tips; a sales target by sharing the tale of the product. Packaging sends a quality and price message. Stuff to consider: kinds and forms container sizes (in particular, consumption effect, retail price), federal legislation, commodity. Packaging sends a message about quality and price.

- **Labels**

A key packaging component is labels. The mark places the object with the client. The mark attracts the buyer to the brand. The label tells the tale of the product. The label draws the customer to the product. The label tells the product's story and significantly impacts the purchase decision. Keep always in mind that the label must be appealing to your target consumer. Labels, even those that are simple, are costly. Mistakes in design, text or printing can be extremely costly to a company. We suggest professional guidance. Consider hiring a graphic designer for this job.

- **Company and product name**

While most businesses start with one or two products, a line of products will inevitably start. Although the initial appeal might be regional, the product may ultimately be sold outside the state or area. Does the name of the business and product face the challenges of more widespread distribution?

Distribution Resources and Channels

In-house Sales Marketing

In-house marketing (direct distribution of do-it-yourself to clients, retailers, food service and Distributors) is how most organizations start out. That involves doing your own marketing. The organization conducts research, develops programs for marketing, public and media relations, Media packages, advertising, sales sheets and other materials and a broker / sales agent or distributor's services are offered.

Brokers and Sales or Manufacturer Representatives

Brokers and sales or manufacturer representatives are professional sales people whose job it is to be a sales agent. They are not buyers, they are sellers. You hire them and they get paid a sales commission based on the invoice. The rate ranges from 5% for distributor sales to 10% for retail sales. They tend to represent particular types of markets and regional types. As a consequence, a business may have more than one broker. The broker needs to have faith that the amount of your line would be adequate to compensate for his or her time and effort since they operate on commission. The broker works with a number of various businesses. You need to provide the broker with sales literature, samples, a promotion program and materials, pricing and credit information.

Distributors

Distributors purchase, distribute and supply goods to distributors, other retailers, restaurants, etc. They are clients of intermediary marketing. Distributors represent their customers in the capacity of brokers. They make sales calls, prepare sales plans, sales and benefit plans, reporting, selling inventory and billing systems, selling and occasionally stocking and pricing products, teaching shop workers how to sell products, set up and perform installation demonstrations, supply and position shelf tags and other points of purchase, create in-store promotions, provide co-op advertising, handle damaged and broken products, rotate stock, remove unsold products with store credit - in other words everything it takes to warehouse and sell a product for atypical 30% margin.

Food Retailers

1. Supermarkets

The decision to sell to a supermarket is a marketing decision. While most people buy their food in a supermarket, placement of a specialty product in a supermarket can be seen as making it less special or more convenient, especially in the view of specialty retailers. Producers need to weigh the advantages and costs against their objectives. The average margin for a supermarket product is 30%, but for a lower turnover, a specialty product can reach between 40% and 50%. Note that the supermarket margins are very small at 1-2 per cent.

Supermarkets make money on inventory turnover-the more a commodity flips or sells, the more profit there is. That's why they're worried about the movement. A yearly commodity. The merchandising strategy is an important aspect of the selling presentation.

2. Specialty retailers

Specialty stores are the core market for specialty food products. Owners are typically on-site and they're typically the main buyer. They're looking for products that help the store's picture, products that are not available on

the mass market, upscale, hard-to-find, exclusive, etc. Personal services are an integral part of their business. Specialty stores are seeking new items at trade shows (e.g. the Fancy Food Show, the Natural Foods Expo) trade magazines, word-of-mouth and consumer recommendations. Most of them buy direct from manufacturers and distributors. They're looking for specialist companies of creative products and well-thought-out advertising programs.

3. Natural foods retailers

Natural food items must be sensitive to packaging (environmentally conscious and suitable, nutritional information) and ingredients (no preservatives, additives, chemicals, coloring agents, artificial sweeteners). Retailers have requirements for ingredients and packaging. Many natural food retailers are expanding into specialty foods. Not strictly fresh and cooked food. Organic food is a fast-growing segment of the natural food industry. The natural food consumer is well educated and label conscious.

Foodservice

Food service-restaurants, catering establishments, hotels, hospitals, schools, etc., is an emerging market for specialty food items. The best items are those that are challenging or time consuming for the chef to create and add value to the menu. Entry into the food service market segment is achieved either directly or by operating through distributors of food service. As in the retail food system, food service distributors typically fall into three basic groups: chains, purchasing companies and unaffiliated independents. In comparison to the food retail system, the distribution networks for food services tend to be less concentrated, more organized and dominated by large companies. Chains, party purchasing

Mass-merchandisers

Mass-merchandisers, retailers such as K-mart and Wal-mart, buy in bulk and sell in bulk. Global large-scale supermarkets, department outlets, retail stores and clubs prefer working with major wholesale manufacturers with comprehensive distribution capabilities. The marketing process starts with research and typically contributes to development of a written plan for sales. Visit prospective stores, build a sense of what they're doing, and how they merchandise niche items, who are their clients. If you believe like there is a place your product, call the company headquarters and find the appropriate purchaser; Call him / her and tell him / her on the phone if your product is feasible (volume, size). Entrance point-direct, via a wholesaler, UPC marking, other requirements and whether a proposal would be accepted. If so, ask for proposal information and forms.

Warehouse clubs

Warehouse clubs are approached in the same way as other mass retailers. Their requirements are a little different. Clubs seem to want a shift in the product mix, instead of the same thing weekly basis. Frequently changing

goods produces a sensation by acquiring intensity-desirable goods are here now, gone tomorrow; fresh and different. Things are arriving all the time. Entering the store offers a sense of the company's brand marketing style, product demands and consumers. Recognize how the goods are packaged. The buyers are located at the headquarters of the company. When talking to the purchaser, the product, packaging, quantity and distribution needs shall be decided. Since warehouse clubs are not related to the promotional timetable, they will make offers on short notice. Most are looking for decent, quality bargains and can also sell surplus pieces. Once more, the concern is to make sure that selling to a warehouse club corporation is in line with your marketing plan.

6.4.2 Marketing Strategy for the Alternative Tourism Sector

1 Partner with other local businesses

Collaborating with other companies (hosting organizations or other tour and activity providers) at your location can be a perfect way to advertise your service and your destination. When tourists visit your city, they see the whole stay (activities, tours and accommodation) as a whole experience. By bundling your items, you will offer a better overall experience to your guests. It also saves time for the clients, instead of studying and comparing various individual things that make up who they are.

2 Selling your service to an Online Travel Agency

Working with an OTA is useful as it offers you a voice to reach a wider audience. From the major players like TripAdvisor Experiences to the smaller, more niche platforms that concentrate exclusively on diving excursions around the world, there's an OTA out there that can help you meet your target audience.

3 Work with your local Destination Marketing Organization

A Destination Marketing Organization (DMO), also described as the Convention & Visitors Bureau (CVB), is responsible for promoting the territory and its main components: lodging, restaurants, attractions, festivals, transport, guided tours and any other retailer catering to travelers in any shape or form. Many destinations already have a destination marketing agency that focuses exclusively on advertising your destination to the world. A few DMOs, to turn their websites into OTAs and to allow local suppliers to promote and sell their services on their websites.

4 Get on directories and listings

People often head over to Google, the largest directory ever, when they start planning for an upcoming trip. From there, they move on to TripAdvisor, Expedia, and so on to book and pay for different travel products like accommodation, transport, tours and activities. This indicates that you need to be where your customers are looking for details. This includes promoting your company on Google, TripAdvisor. If you have extra time,

build profiles on social media sites such as Facebook and Instagram and refresh them regularly with a quick photo or two.

5. Give out discount codes to customers to share with their friends

You need to create your mailing list first to do this. When you've made a good list, try to keep in touch with your customers by giving them notifications every month or so. You can also submit coupon codes to share with your mates.

Nothing beats the term marketing. Getting a happy customer share a lot with their mates is sure to help you get more bookings.

6. Focus on your content

If you have a website, please be sure to have a blog and find time for it. Nothing replaces good (that is, valuable) material. It's perfect for SEO, and it will attract traffic to your website. It also illustrates insider awareness of the destination, creating trust among potential customers.

To create good content, you're going to need these four things:

- ✓ *Extremely targeted content for a very specific group of readers.*
- ✓ *It contains high-quality visuals like pictures, screenshots, infographics, or videos.*
- ✓ *It's inspiring or triggers the sense of adventure in your readers.*
- ✓ *It's on a platform with a clean and professional design.*

7 Experiment with PPC advertising on Google

Pay-per - click ads is a fantastic technique that small businesses like tour and activity companies can play with in order to get more bookings. The idea is that you are bidding on a keyword (i.e. terms that people enter in the Google search bar when they're looking for something) and your official website will appear on the search results page. You pay for the click when someone clicks on your website. If they don't, you're not paying. It really isn't as complicated as it sounds.

Chapter 7 - Business Sustainability: Environment, Economy, Society

7.1 Sustainability

Sustainability is a characteristic of a process or state that can be maintained at a certain level indefinitely. The term, in its environmental usage, refers to the potential longevity of vital human ecological support systems, such as the planet's climatic system, systems of agriculture, industry, forestry, and fisheries, and human communities in general and the various systems on which they depend. Sustainability rests on the principle that we must meet the needs of the present without compromising the ability of future generations to meet their own needs.

As such sustainability is a crucial element for the longevity of any activity and especially those directly or indirectly related to the agro-food and tourism sectors. The following subchapters present the key principles for effective sustainability.

7.2 Principles

7.2.1 Interdependence, participation, information provision and improving science

- Promote interdependence by being mutually responsible for and sharing a common set of principles with others,
- Be informed about the impact that each one of us has on a global level,
- Natural resources should be protected and managed for those that cannot do so themselves,
- We should encourage and facilitate refinement of and access to information,
- We should work to improve scientific and technological knowledge through innovation,
- We should encourage and facilitate public awareness, and involvement with relevant issues,

- In order to protect the environment, the precautionary approach should be widely applied.

7.2.2 Provide intergenerational equity and durability

- Development should be equitable for both present and future generations,
- Individuals should discourage transference of impacts that cause degradation in regions beyond the individual,
- Individuals should reduce and eliminate unsustainable patterns of production and consumption,
- Notification about natural disasters and emergencies is necessary,
- Buffers between development and natural systems should be provided,
- Efforts to maximize locally available, drought-tolerant water supplies should be encouraged and promoted.

7.2.3 Maintain and, if possible, enhance the quality of society through community building

- Communities should be the primary focus of responsibility for creating a sustainable society,
- A sustainable society should value cultural diversity,
- A community should contain an ample supply of open space,
- Infrastructure systems that encourage more efficient, productive use of resources should be used,
- Communities should use and invest in technology that supports the ability of local enterprises to succeed, improves civic life, and provide open access to information and resources,
- Employment and a healthy and safe work environment should be available to anyone willing to prepare themselves (education, training, attitude and ethic) for work,
- Individuals should have the opportunity to obtain education and training to develop work and life skills,
- Materials and methods of construction should be specific to the climate and region,

- Measures to minimize the impacts of vehicles and transportation should be promoted and encouraged,
- Streets, pedestrian paths and bike paths should contribute to a fully integrated system to all destinations.

7.2.4 Maintain and, when possible, enhance the quality of human life

- Humans have the right to live meaningfully and are required to act responsibly,
- Participation by indigenous people should be encouraged,
- Involving minorities is vital to the development of diverse and sustainable communities,
- Efforts to reduce and eliminate poverty should be taken,
- Today's youth should be mobilized to ensure a better future for everyone,
- The basic necessities of life must be made available to all,
- The maintenance and improvement of health should be at the center of concerns regarding the environment and development,
- The human need for mobility of people, raw materials, manufactured goods, food, water, and wastes must be met with minimal impact to natural resources,
- Safety needs include feeling protected from harm and free of anxiety and should be promoted,
- The human need of feeling closeness, love, and affection is integral part of an individual's well-being,
- Individuals have an innate need to feel valuable and worthwhile,
- Learning, understanding and creativity are involved in meeting a person's potential.

7.2.5 Maintain and, if possible, enhance economic vitality

- Landowners have the right to use resources responsibly,
- Sustainable economic growth is essential,
- Government, business, education, and the community should work together to create a vibrant local economy,

- Communities and regions need a vision and strategy for sustained economic development,
- Efforts should be taken that give first priority to support existing enterprises and local entrepreneurship as the best source of business expansion and local job growth,
- Communities and regions should identify specific gaps and niches their economies can fill,
- Publicly supported economic development programs, investments, and subsidies should be evaluated on their long-term benefits and impacts on the whole community, not on short-term job or revenue increases,
- Enterprises have a responsibility to act as civic partners, contributing to the communities and regions where they operate,
- New development should take place in existing urban and suburban areas before using more agricultural land or open space,
- Livable Communities that promote walking, bicycling, and transit access should be available for employment, education, recreation, entertainment, shopping, and services,
- Communities should have an appropriately scaled and economically healthy center focus,
- Communities should encourage decisions that lead to a distinctive identity,
- Communities and the private sector should cooperate to create regional structures.

7.2.6 Maintain and, if possible, enhance the quality of the environment

- Environmental protection is an integral part of development,
- Environmental impact assessments are essential,
- Provide timely information and assistance for environmental issues,
- Places that are environmentally vulnerable shall be given priority,
- Environmental disputes should be resolved peacefully,
- Authorities should promote internalization of environmental costs,
- Appropriate food sources, clean water and space to live are critical to natural systems,

- Provisions for wildlife should be promoted and encouraged,
- Habitat and Natural Resource Areas should be identified, preserved and restored as valued assets,
- Catchment areas should be incorporated in ways that serve to recharge groundwater, reduce runoff, improve water quality and decrease flooding,
- Community design should maximize the use of recycled water for appropriate applications,
- Efforts should be taken to help conserve natural resources,
- Efforts should be taken to promote good energy management and improve efficiency,
- An Integrated Pest Management approach should be used,
- Science-based best management practices (BMPs) should be used for nutrient management.

7.3 THE VALUE OF SUSTAINABLE BUSINESS POLICIES

Cost savings

Cost savings can manifest in many forms such as greater resource efficiency, waste management, water reduction and energy conservation.

Increasing talent

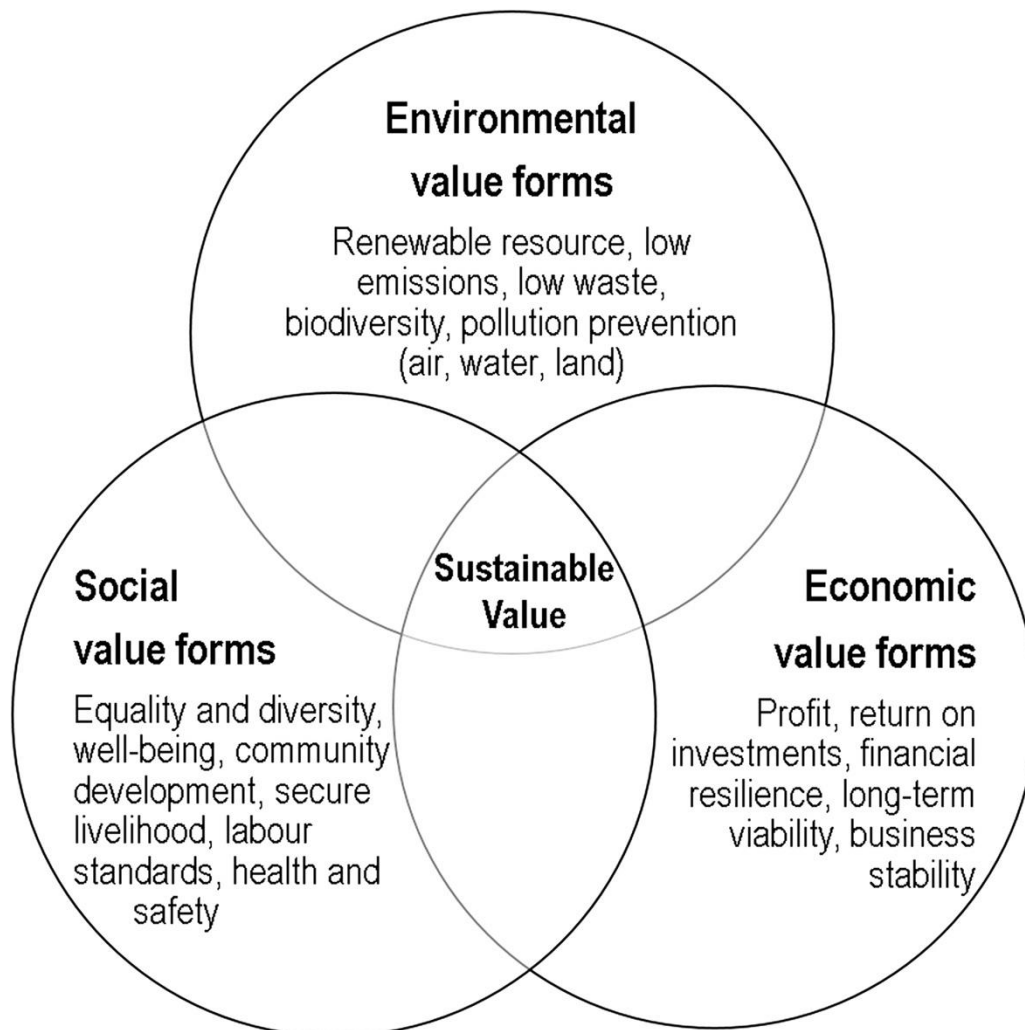
Sustainability is closely linked to social integrity and purpose. Simple, sustainable practices, such as the sharing economy, hold the key to creating an open and inclusive work culture with shared purpose.

Coupled with the offering of volunteering opportunities, this sense of purpose is credited with engaging and attracting talent, particularly millennials who increasingly want to work for companies that do good.

Reputation and retention

Goodwill is an incredibly valuable business asset. What's more, it has become a staple in society as accountability and transparency rise in

importance. Organizations are expected to demonstrate their social purpose to stakeholders including of course their customer.



7.3 CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) refers to operating a business in a manner that accounts for the social and environmental impact created by the business. CSR means a commitment to developing policies that integrate responsible practices into daily business operations, and to reporting on progress made toward implementing these practices.

Common CSR policies include:

- Adoption of internal controls reform;

- Commitment to diversity in hiring employees and barring discrimination;
- Management teams that view employees as assets rather than costs;
- High performance workplaces that integrate the views of line employees into decision-making processes;
- Adoption of operating policies that exceed compliance with social and environmental laws;
- Advanced resource productivity, focused on the use of natural resources in a more productive, efficient and profitable fashion (such as recycled content and product recycling); and
- Taking responsibility for conditions under which goods are produced directly or by contract employees domestically or abroad.

7.4 ENVIRONMENTAL COMPLIANCE

Environmental Compliance Assurance

EU ACTION PLAN



Promote means helping businesses and others to do the right thing;

Monitor means using inspections and other checks to collect information about levels of compliance and provide solid evidence for enforcement;

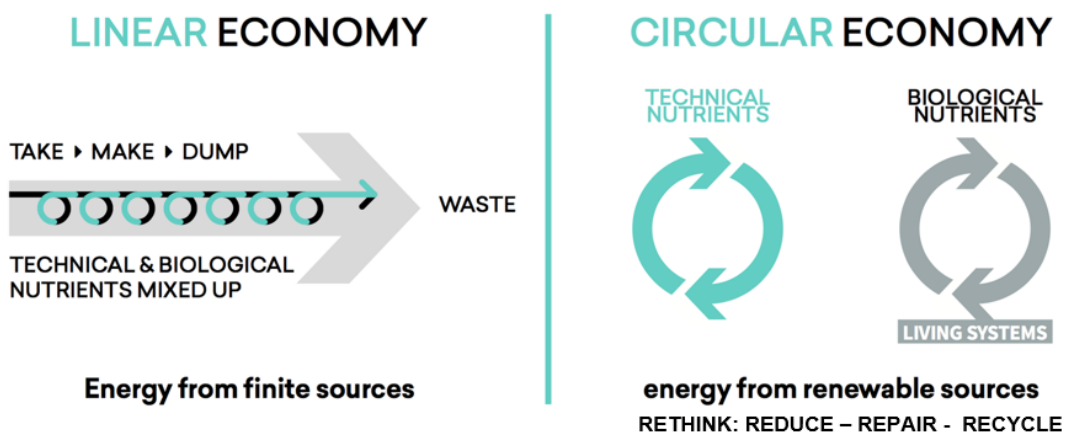
Enforce means stopping those who disregard the rules, sanctioning them and obliging them to rectify the damage.

Compliance assurance is essential to:

- Achieve environmental results by ensuring compliance with regulatory requirements,
- Confirm socially desirable behavior,
- Remove opportunities for non-compliance and create deterrence,
- Reverse an offence and/or punish the offender,
- Provide equitable treatment to the regulated community,
- Ensure credibility of laws and government institutions,
- Realise long-term economic advantages. (OECD, 2004)

7.5 A CIRCULAR ECONOMY

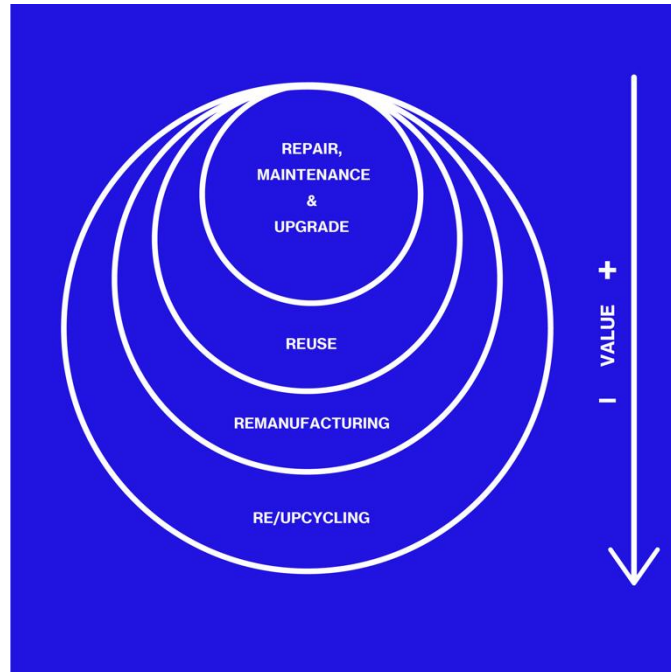
Circular Economy, is an economic system that aims to **reduce waste** and to regenerate products and services. This innovative economic system is based on the philosophy of '**Remake, Reuse, Recycle**', so that when it's possible this type of economy reuses and reintroduces materials on the market. This happens in the tourism field as well, although the circular tourism economy is constantly growing.



after W McDonough and M Braungart

The three Rs (3R)

Reduce, Reuse and Recycle. The rule of the three Rs (3R).



7.6 BUSINESS SUSTAINABILITY IN ALTERNATIVE TOURISM SECTOR

Several international organizations related to tourism, the environment and culture (UNEP, UNESCO, etc.) suggest any kind of tourism activity to be planned, managed and developed so as:

- a) be environmentally tolerated in the long run,
- b) to bring sustainable economic benefits to the developing areas,
- c) be morally and socially compatible with local communities and
- d) to ensure the preservation of natural and cultural capital for future generations.

Prerequisites for the successful implementation, operation and efficiency of the above features according to the WTO, the European Union and other international organizations, are:

1. the *cooperation* of those involved in the tourism process,
2. *local participation* in tourism development planning,
3. the *training* of professionals, citizens and tourists and
4. the *high quality* of the tourist services and facilities offered.

Proposed measures

Mobility: Sustainable Forms and Sharing Economy

- Strengthening sustainable mobility within a tourist destination: establishing and implementing a sustainable mobility plan in the municipality; incentives for environmentally friendly public transport: electric, methane –or gas-powered buses, incentives for the use of electric cars and other means of transport
- Rental of bicycles (including electric) and development of cycling infrastructure: from cycling paths to charging points, accessibility and provision of information, collection and management of data, etc.;
- Promotion of soft mobility and sharing economy: car sharing
- Developing an incentivizing support environment for the development of electric mobility, including the introduction of uniform EU standards for charging stations for electric cars, assurance of data that are open and interoperable and guidelines for effective management of charging infrastructure.

Food: Locally Produced Food and Food Waste Reduction

- Reduction of waste food and packaging waste, particularly single-use plastics; larger number of well-marked waste separation containers in public areas (importance of provision of information and education);
- Prevention of food waste: seeking solutions which would prevent food that cannot be sold in light of its imminent expiry date, in light of excess production, changes to its packaging and other reasons which do not reduce the edibility of food, to be thrown into the trash (alternative sales channels, processing, new products) – integration with tourism providers, joint purchasing, delivery of sufficient quantities;
- Adjustment of short supply chains of organic local food for tourism providers or inclusion of tourism and catering in short supply chains;
- Development of joint purchasing: establishment of a public digital platform that brings together local food producers who more easily provide reliable deliveries to the tourism industry by joining forces;
- Development of joint ordering: establishment of autonomous models of collaboration with local providers for the realization of joint orders (associated with short supply chains and subject to sufficient incentives for green public procurement proceedings)
- In collaboration with cooperatives, the promotion of organic production and processing of food and bringing together this activity and vulnerable groups.

Accommodation: Diffused Hotels, Efficient Energy Use, Renewable Energy Sources

- Diffused hotels can act as hotels that bring together local providers; they can also facilitate the valuation of the available built environment of natural people; they can promote a multi-purpose use of building; they can form part of the emerging sharing economy
- Development of IoT (Internet of Things) and introduction of sensors for the monitoring of the consumption of resources (water, electricity), automatic and remote control of devices (shut-down of all devices, activation of heating/AC, etc.) can contribute significantly to the efficient use of individual accommodation units (room, apartment, etc.), generate resource savings which can be reflected in advantages for guests (local crypto currency)

Waste: Re-Use of Items/Objects – Re-Use Centres

- Creating centralized eco-laundrettes for accommodation providers (such as temporary accommodation providers);
- Selecting equipment on the basis of re-use: second-hand equipment, restored in re-use centers, most of which are social enterprises;
- Forging systematically links between providers of green services and environmentally-friendly products;
- Selecting new hotel industry models (such as rental instead of 'purchase' of beds, purchasing lighting service instead of the traditional purchase of lights and light bulbs);
- Using upgraded waste separation models for waste generated in accommodation or catering establishments.

Zero Waste

Zero Waste is a goal that is both pragmatic and visionary, to guide people to emulate sustainable natural cycles, where all discarded materials are resources for others to use. Zero Waste means designing and managing products and processes to reduce the volume and toxicity of waste and materials, conserve and recover all resources, and not burn or bury them. Implementing Zero Waste will eliminate all discharges to land, water, or air that may be a threat to planetary, human, animal or plant health.

It's really about redefining the system. We currently live in a linear economy where we take resources from the earth and then dump them in a giant hole in the ground. The goal of zero waste is to move to a circular economy where we write trash out of existence. The circular economy mimics nature in that there is no trash in nature.

7.7 SUSTAINABILITY PROVISIONS IN THE AGRO-FOOD SECTOR

Contribute to food security and nutrition

- Eradicate extreme poverty,
- Ensure access to nutritious food,
- Increase smallholder productivity and incomes,
- Investment in rural infrastructure and extension services,
- Functioning of food commodity markets,
- Reduce food waste and post-harvest losses.

Respect tenure of land, fisheries, forests and access to water

- Ensure access and rights to land and resources,
- Achieve broader access to drinking water,
- Achieve access to adequate sanitation.

Conserve and sustainably manage natural resources, increase resilience and reduce disaster risks

- Build resilience of poor to climate vulnerability,
- Implement resilient and sustainable agriculture practices,
- Achieve sustainable management of natural resources,
- Reduce waste generation including through recycling,
- Strengthen resilience to natural disasters,
- Conserving and restoring natural ecosystems,
- Sustainable management of forests and halting deforestation,
- Halt the loss of biodiversity and degradation of habitats.

Promote safe and healthy agriculture and food systems

- Reduce illness from hazardous chemicals and pollution,
- Early warning, risk reduction and management of national and global health risks,
- Improve water quality and reduce pollution,
- Promote a safe and secure environment for workers,
- Urban air quality and municipal waste management,
- Prevent and reduce marine pollution of all kinds.

Respect cultural heritage and traditional knowledge and support diversity and innovation

- Maintain the genetic diversity of plants and animals,
- Support innovation and value added to commodities,
- Strengthen and protect cultural and natural heritage,
- Fair benefit sharing from using genetic resources,
- Promote access to environmental technologies.

Incorporate inclusive and transparent governance structures and processes

- Encourage company sustainability reporting,
- Develop effective and transparent institutions,
- Promote rule of law and equal access to justice,
- Ensure inclusive and representative decision-making.

Assess and address impacts and promote accountability

- Ensure public access to information,
- Increase availability of data and build local capacity,
- Measure progress on sustainable development.

Chapter 8 - Innovation

8.1 Introduction to Innovation

The concept of innovation can often times be misleading and vague, creating the sentiment of it being a difficult subject to tackle and often intangible as per its outcomes. According to many reputable sources (McKinsey, Phillips et.al.) innovation is the characteristic that drives success. Often innovation can sound like a buzzword, there are however solid reasons and arguments to support its importance in achieving success and sustainability.

Innovation not only allows organizations to stay relevant in the market or industry they act in, but it also creates opportunities for economic growth. However, for many it can sound like a vague term ***“as it is a complex phenomenon and process involving translation of knowledge into new techniques, products, services”*** (El Bilali, 2018).

Innovation can refer both to internal changes to an organization or structure (e.g. a switch of the types of crops) as well as to external, i.e. in comparison to the sector as a whole. In particular, regarding the agro-food sector it is considered crucial for sustainable development and achievement of long-term food security.

Variations in the use of the term innovation usually include incremental vs. radical innovation and product vs. process vs. organizational innovation. An important aspect of the development of innovation in recent years has been the attention to sustainability. As a result, the interest has shifted from technological innovation to disruptive niche innovations fundamental for socio-technical transitions.

Alas, despite positive innovation benefits, the correlation between innovation and sustainability is far from straightforward. Therefore, focus is gradually moving from innovation process to its impacts in terms of sustainability and its contribution to sustainability transitions in the agriculture and food systems.

This guide describes the diversity of innovation in relation to the agro-food sector. It also presents frameworks of technological innovations, both currently relevant as well as more long-term ones, and methods of managing innovation.

8.2 Defining Innovation

As mentioned above innovation can truly seem like a confusing buzzword, often with a vague meaning and difficult to guide, quantify, measure or plan. Although, more often than not innovation is associated with technology and R&D breakthroughs however the true definition of innovation refers to driving revenue.

Thus, business innovation refers to the implementation of new processes, ideas, services or products with the end goal of enhancing revenue. In such a context innovation can affect an organizations' revenue both directly and indirectly. Launching a new product with high demand in the market will usually lead to the increase of sales and thus a higher revenue. However, similar results could be achieved by improving/streamlining a process, making so that less resources (time, effort, materials etc.) are required, thus driving down expenses.

In general innovation, goes far beyond the confines of research labs to users, suppliers and consumers everywhere – in government, business and non-profit organizations, across borders, across sectors, and across institutions.

Historically, innovation has proven to be the cornerstone of sustained economic growth, prosperity, change and evolution. Arguably is the concept that drives everything forward ensuring improvement in every aspect of life as a consequence. It is the using of new ideas that lead to the making of any new products, services or processes. There are numerous examples of organizations that failed due to lack of innovation. Nokia, the Finnish telecommunications giant in the 1990s and early 2000s was at the forefront of mobile phone technology. However, with the mass appeal of internet use other companies understood that data would be the future of communications. Nokia's mistake was underestimating the fact that a

drastic change was required causing them to follow changes to late thus making their products less competitive in the market.

Obviously, such an example focused on technology is used to highlight the importance of innovation and how quickly it can affect an organization's place in the market. Typically, in the Agro-Food and Alternative Tourism sector, which are the focus of this guide, changes prove to be usually slower but that does not mean that innovation is not a crucial part of them.

8.3 Types and Categories of Innovation

There are many ways to categorize and distinguish the various types of innovation stated in literature depending on the dimension tackled on a given circumstance. As presented by Garcia and Calantone (2002) in their literature review, 15 types of different categorizations of innovation were identified in a 21-study review. The variations in the interpretation of the concept depend highly on the level of the value chain where innovation is located (Twomey & Gaziulusoy, 2014). According to Stummer (2010) three different categorizations can be achieved depending on the innovation type (product, process, market or service), its dimension (subjective or objective), the scope of change (radical, incremental, reapplied) and finally on how innovation was generated (closed or open). However, extensive and exhaustive cataloging of the innovation types would go beyond the scope of this guide.

The Oslo Manual, i.e. the Organisation for Economic Co-operation and Development's document "The Measurement of Scientific and Technological Activities, Proposed Guidelines for Collecting and Interpreting Technological Innovation Data", identifies four types of innovation as follows:

- "Product innovation: A good or service that is new or significantly improved. This includes significant improvements in technical specifications, components and materials, software in the product, user friendliness or other functional characteristics.

- Process innovation: A new or significantly improved production or delivery method. This includes significant changes in techniques, equipment and/or software.
- Marketing innovation: A new marketing method involving significant changes in product design or packaging, product placement, product promotion or pricing.
- Organisational innovation: A new organisational method in business practices, workplace organization or external relations.”

This type of categorization provides a clear framework which helps to easily identify its applicability in both sectors of interest, i.e. the Agro-Food Sector and Alternative Tourism Sector.

8.4 The Importance of Innovation

As stated in the previous chapter the different types of innovation that you are likely to run across include product, process, supply chain and marketing. In this chapter, we present the reasons that make innovation such an essential part of the development and success of an organization.

- Continuous Improvement

Innovation, even when not radical but implemented in small increments, can provide organizational sustainability by means of making continual improvements on any point of a productive chain (i.e. repackaging, rebranding, product adjustments etc.). It is an essential characteristic of any entrepreneur or manager to acknowledge the need to innovate in order to ensure long term stability for the organization.

- Creative Development

Qualities of innovative nature are essential for businesses in today's highly competitive market. Growth can be achieved by means of creativity, which can differentiate a product, a service, a process and so on from the competition. There is a need to think outside the box to find an answer one has never come up to. Thus, creativity is a skill that opens up different

avenues of innovation and helps an organization keep up with the latest developments and trends.

- Brand Enhancement

Innovation can drive growth and sustainability through branding improvements, the identification of marketing opportunities and branding differentiation. Branding is considered a key factor to success and thus innovating in this area can further support the business. Developing or retooling the business' personality can help businesses stand out from you competitors, creating a unique identity among customers.

- Reacting to Competition and Trends

Innovation can help identify existing opportunities or ones which are will likely to present in the near future. Successful businesses beyond responding to current customer needs must be able to spot future ones, and come up with ways to meet them effectively.

- Create a Unique Selling Point

Generally, innovation is seen as something that adds value to a product or a service. In that regard, small differences, when used in the right way can provide a significant commercial advantage. Overall, it has been observed that costumers respond better to products and services that feel new rather than a maybe cheaper option which does not however offer something different.

- Using Innovation as a Tool to increase Productivity

Innovation can also affect your business in parts you don't expect. At certain points, all professionals the longer they work or run a business may feel bogged down with work and feels their productivity waning. Here come innovation aftereffects, not only the expected technological advancement ones but the new processes that come with them. Usually processes more creative, streamlined and focused that help the workflows hence increasing productivity.

- Exploit Social Media

In this day and age taking advantage of the immediate response and feedback and popularity of social media is essential for any organization that thrives for success. In that regards, the power of social media could be used as a tool to identify, directly by including the businesses costumer base which are the innovations that would attract and drive sales. In this way a business creates a duality of results as it receives easy feedback on what could be done differently while at the same time endorsing their clients with the power of involvement.

- Exploit the Full Potential of What You Already Have

Innovation should not be focused solely on creating new products or services. It should also be aimed towards established business processes in order to improve efficiency, enhance an existing service, expand the customer base etc. Another “byproduct” of innovation is the likelihood to maintain a strong base of staff and collaborators and/or attract better versed people for a given position.

8.5 Innovation in the Agro-Food Sector

According to the High-Level Panel of Experts on Food Security and Nutrition (HLPE, 2017), there are numerous innovations in the agro-food sector that can support and enhance the need for food and nutrition security. Such innovations are the use of drones and sensors in mobile devices to enhance precision agriculture, information and communication technologies including big data, which will allow for a direct and immediate overview of the production by presenting at once data and information on water, climate, soil quality, etc. Other examples include climate centric agriculture, which will allow the reduction of greenhouse gas emissions, thus aligning with EU targets and methods to support and improve waste management along the totality of the value chain.

Finally, if we were to drive agro-food innovation a step further it would be important to mention that the most prominent but at the same time

challenging innovations are identified in the fields of precision breeding and genomics.

As was expected and analyzed in previous chapters, the majority of innovations focuses on technological advanced focused either on production methods or more indirect methods of enhancing productivity. However, this highlights a gap created in the organizational side of the process. As stated by Wyckoff (2016), there is a need to strengthen the capacity of farmers, entrepreneurs and generally the rural population to access the knowledge, recent developments and innovation trends so that they can be implemented in their productive chain.

Innovation Type	Ideas
Product Innovation	New crops
	Varieties of animal breeds
	New agricultural products
	New services in relation to a variety of activities <ul style="list-style-type: none"> • Agritourism • On site product processing • Offering agricultural services • Lease agriculture space
Process Innovation	Adoption of environmentally friendly and sustainable systems (e.g. organic farming, low water crops)
	Adoption of computerized monitoring systems
	Adoption of RES
Organizational Innovation	Use e-commerce to purchase supplies
	Use e-commerce to sell products
	Website creation
Marketing Innovation	Engage in social media marketing
	Create collaboration clusters

Figure 2: Examples of Innovations in the Agro-Food Sector (Avolio et.al. 2014)

Examples of Future Challenges to be Addressed by Science, Technology and Innovation in Ensuring Food Security

Food security dimension	Challenges to be addressed by innovation
Food availability	Biotic stresses (pest, diseases, weeds, etc.) Abiotic stresses (soil salinity, climate variability) Improving crop productivity Improving livestock agriculture Water scarcity Soil degradation Need for precise integration, scheduling of inputs for increased yield Farming in urban environments Power and control-intensive operations
Food access	Post-harvest loss (storage, refrigeration, transport) Need for harvest and agro-processing equipment
Food use / utilization	Lack of nutritious foods, especially staple crops Lack of information on healthy diets
Food stability	Inability to predict when and how to farm Lack of financial mechanisms to ensure income

Source: UNCTAD (2017).

Figure 2: Examples of Future Challenges to be Addressed by Science, Technology and Innovation in Ensuring Food Security

The literature on innovation and transitions is enormous, but this review focused only on key concepts and frameworks that are relevant for the agro-food sector. Innovation is widely recognized as a critical dimension of sustainable consumption and production, sustainable food systems included. However, many questions have been raised on the ability of the current innovation model to meet food security and nutrition of future generations in a sustainable way. There are several variations in the use of the term 'innovation' that depend on the novelty of knowledge used in the innovation, where the innovation is located in the value chain, or the extent of innovation impact. Technical innovations are widely advocated for a sustainable intensification of food production, while social innovations seem more relevant in consumption stage of the food chain.

In the last decades, there has been a shift from an innovation concept centered on research to innovation as a result of interactions among several actors that establish diverse networks and linkages in an innovation system. Furthermore, recognition of the complexity of systemic innovation or transition favored the emergence of some heuristics such as the Multi-Level

Perspective (MLP) on transitions. Recently, the scope of innovation in the agrofood sector was broadened with a particular focus on innovation impacts in terms of sustainability that's to say contribution of innovation to agro-food sustainability transitions. This is shown by the growing emphasis on the concept of 'sustainable' innovation also in the agrofood arena.

Moving towards 'sustainable' or 'sustainability-oriented' innovation seems to be a step in the right direction to overcome resistance to change in the agro-food arena thus making smoother transition towards sustainable food systems.

Future agro-food innovation needs to address not only simple technological and technical issues, but also social ones and to innovate in scales of thinking and action in order to contribute more effectively in addressing pressing challenges such as climate change and lack of food and food insecurity.

8.6 Innovation in the Alternative Tourism Sector

Every industry has the need for innovation from time to time either by their own volition or by new needs of their sector. The tourism sector is no exception. This also makes the innovation inseparably connected with entrepreneurship and new trends. Entrepreneurship is the process a company or an industry follows to develop new business ventures, or grow existing ones. Possible new trends may also cause for the need for the industry to explore new ventures.

The landscape, especially in this era is rapidly-evolving, making changes and new trends appear even more frequently. New destinations, advances in technologies, alternative means of transport, changing demographics, changing social norms, even local upheavals or natural processes of the Earth can lay the fruitful ground for innovation. This fluidity of the industry landscape creates the necessity of innovative and risk-taking professionals who have the mindset and the will to either bring new changes and new opportunities in their sector or follow up really quickly when they happen. Innovation has vital need of these kind of people.

Since the Innovation in the Alternative Tourism Sector is so strongly linked with new trends, we should mention that there is a whole chapter dedicated to future trends afterwards, where we are going to present the focal points of the Innovation in the Alternative Tourism.

As we can see, the new technologies and the internet are the ideal medium for tourism in general. For every tourism destination, organisation and supplier, larger or smaller, electronic platforms and online presence offer them new and more cost-effective ways of promoting their business but also reach a broader scope of clients worldwide.

As expected, it is rather evident from recent World Tourism Organization researches that all of this digital transformation will impact internally and externally the Alternative Tourism businesses. The business functions will transform further, enabling the whole entity to work in a fully integrated way, through the use of all common channels and systems.

For example:

- Use all the technological means for internal and external communication
- Set and use a common line of tools, standards and protocols
- Use customer and product data as a common resource for innovation
- Maximising the synergies of your operating teams to share sector resources and business values.

Indeed, the internet use for travel and tourism is continuing to expand at an impressive rate. As such, the adoption of the new ways and trends is vital for the enhancement and longevity of the business. Thus, overall making innovation an important requirement in remaining competitive and therefore, building strong and sustainable businesses.



Figure 3: Stakeholders involved in the Innovation of the Alternative Tourism Sector

Source: <https://www.unwto.org/what-is-tourism-innovation>

According to a study based on analysis of seven case studies drawing examples from different regions of the world as well as different sized locations in both the developed and developing world its deduced that despite their diversity in setting, each case study showcases innovations of strategic importance in the following four categories of benefits, i.e.:

- Implementation,
- human partnership dynamics,
- operational effectiveness,
- economic performance.

It is clear from all of the above that innovation can be an essential and leading approach in regards to development and enhancing sustainability. Therefore, it is important to identify its most crucial aspects, towards which to swift the attention. A recent study (Heslinga J.H. et. al) identifies the following five key elements of innovation:

- Stakeholders collaboration

Studies show that one of the most important success factors of sustainable tourism in lies in the involvement of the community and the great organizational interdependence.

- Tourism financing systems must be transparent and fair

Following the previous point, it is essential that financing systems affecting the sector should be transparent, fair and inclusive even for entities not directly related to tourism.

- Vision and leadership

A clear vision for the future is needed to be able to successfully develop sustainable tourism at a destination. That vision must be formulated in such a way that it is attractive for a broad range of stakeholders.

- Reduced seasonality dependency

The longer the tourist season is for an area the better options for sustainability it provides.

- Circular economy and sustainability of resources

Sustainability, and more precisely sustainable mobility and energy can be crucial aspects of successful development. Especially, energy efficiency may not be a direct service or product aimed towards a tourist/visitor but can however provide crucial benefits in terms of cost reduction and sustainability.

Chapter 9 - Quality

9.1 Product Quality

The Meanings of “Quality”

There are many meanings of the word “Quality” but two of them are of essential relevance to the quality of management process, according to Juran (1998).

1. “Quality” implies certain product characteristics that meet the needs of consumers which could provide customer fulfillment. The definition of quality is, in this sense, income-oriented. The objective of this higher quality is intended to provide greater customer loyalty and, hopefully, to increase sales. Consequently, it typically needs an investment to have more and/or higher quality features, and thus a greater production cost for the business. Increases in prices are generally involved. In this context, better quality typically is more expensive.
2. “Quality” means freedom from deficiencies, freedom from errors that require doing work over again (rework) or that result in field failures, customer dissatisfaction, customer claims, and so on. In this sense, the meaning of quality is cost-oriented, and higher quality usually “costs less.”

Figure 2.1 explains further the two definitions of quality mentioned above:

Product features that meet customer needs	Freedom from deficiencies
Higher quality enables companies to:	Higher quality enables companies to:
<ul style="list-style-type: none"> Increase customer satisfaction Make products salable Meet competition Increase market share Provide sales income Secure premium prices 	<ul style="list-style-type: none"> Reduce error rates Reduce rework, waste Reduce field failures, warranty charges Reduce customer dissatisfaction Reduce inspection, test Shorten time to put new products on the market Increase yields, capacity Improve delivery performance
The major effect is on sales.	
Usually, higher quality costs more.	Major effect is on costs.
	Usually, higher quality costs less.

FIGURE 2.1 The meanings of quality. [*Planning for Quality*, 2d ed. (1990). Juran Institute, Inc., Wilton, CT, pp. 1–10.]

Meaning of Product Quality

The quality of the product usually depends on key factors, such as:

- The kind of raw materials which are used to create a product.
- How well different manufacturing technologies, are implemented.
- The skill and knowledge of workforce employed in the manufacturing process.
- Accessibility of overhead expenses associated with output, such as power and water supply, transport, etc.

Product quality is subdivided in to two classes of characteristics:

1. **Measured** attributes include characteristics such as a product's form, size, colour, strength, appearance, height, weight, thickness, diameter, volume, fuel consumption, etc.
2. **Attributes** tests and controls characteristics of defective-pieces per batch, flaws per component, number of errors per tab, crockery cracks, double-threading in textile material, decoloring in clothes, etc.

We will classify goods into good and defective on the basis of this grouping. Therefore, product quality focuses on the overall performance of a product.

The five major product quality factors are outlined and listed below:

1. **Quality of design:** The product must be designed as per the consumers' needs and high-quality standards.
2. **Quality conformance:** The finished products must conform (match) to the product design specifications.
3. **Reliability:** The products must be reliable or dependable. They must not easily breakdown or become non-functional. They must also not require frequent repairs. They must remain operational for a satisfactory longer-time to be called as a reliable one.
4. **Safety:** The finished product must be safe for use and/or handling. It must not harm consumers in any way.
5. **Proper storage:** The product must be packed and stored properly. Its quality must be maintained until its expiry date.

Company must focus on product quality, before, during and after production:

1. **Before production,** company must find out the needs of the consumers. These needs must be included in the product design specifications. So, the company must design its product as per the needs of the consumers.
2. **During production,** company must have quality control at all stages of the production process. There must have quality control for raw materials, plant and machinery, selection and training of manpower, finished products, packaging of products, etc.
3. **After production,** the finished-product must conform (match) to the product-design specifications in all aspects, especially quality. The company must fix a high-quality standard for its product and see that the product is manufactured exactly as per this quality standard. It must try to make zero defect products.

Importance of Product Quality

- **For the business:** Product quality is very important for the company. This is because, the consumer's interest, reputation and profits of the brand would be impacted by low quality goods. It can also influence the company's sustainability. So, having better quality goods is really necessary for any business.
- **For the customer:** For customers, product quality is indeed very critical. They are happy to pay high rates, but they demand commodities of the highest quality in return. They can buy from suppliers if they are not happy with the consistency of the company's goods. These days, in the local market, very high-quality foreign goods are available. So, if domestic enterprises do not boost the quality of their goods, they will fail to succeed in the industry.

9.2 Quality Management

9.2.1 How to manage for quality: The Juran Trilogy

To achieve quality, it is good to start by building the organization's "vision" along with strategies and priorities. The conversion of targets and goals to results is accomplished through managerial processes which are sequences of actions that produce the desired outcomes.

Three managerial processes are used to achieve Quality:

- **Quality planning.** It is a systematic mechanism for product creation (both products and services) that ensures that the end outcome satisfies consumer specifications. The techniques and consistency methods along with the technical resources for the individual product being produced and distributed, preparation are integrated. The creation of a modern automobile involves automotive engineering and similar disciplines, the development of an appropriate treatment path for juvenile diabetes would be focused on the expert approaches of specialized clinicians, and the strategies of an accomplished hotelier will be required to prepare a new strategy for guest facilities at a resort. All these three need the quality planning process, processes, software, and procedures to ensure that the final designs for automotive, diabetic treatment, and resort facilities not only

follow those specifications but also meet the requirements of the customers who will purchase these products.

- **Quality control.** It is a universal managerial process for conducting operations so as to provide stability, to prevent adverse change and to “maintain the status quo.” To maintain stability, the quality control process evaluates actual performance, compares actual performance to goals, and takes action on the difference. Quality control is one of the three basic managerial processes through which quality can be managed. For a few decades, the word “control” had a broad meaning which included the concept of quality planning. Then came events which narrowed the meaning of “quality control.” The “statistical quality control” movement gave the impression that quality control consisted of using statistical methods. The “reliability” movement claimed that quality control applied only to quality at the time of test but not during service life In the United States, the term “quality control” now often has the narrow meaning defined previously. The term “total quality management” (**TQM**) is now used as the all-embracing term.
- **Quality improvement.** Means, the coordinated development of beneficial change, the accomplishment of unparalleled success standards. Breakthrough is a synonym.

Two Kinds of Beneficial Change

1. **Product features:** These can increase customer satisfaction. To the producing company, they are income-oriented.
2. **Freedom from deficiencies:** These can create customer dissatisfaction and chronic waste. To the producing company, they are cost-oriented.

Quality improvement to increase income:

1. Product development to create new features that provide greater customer satisfaction and hence may increase income.
2. Business process improvement to reduce the cycle time for providing better service to customers.

3. Creation of “one-stop shopping” to reduce customer frustration over having to deal with multiple personnel to get service.

Quality improvement to reduce deficiencies that create chronic waste:

1. Increase of the yield of factory processes
2. Reduction of the error rates in offices
3. Reduction of field failures

The end results in both cases are called “quality improvement.”

These processes are now known as the “Juran trilogy.” These processes are similar to and can also be used in financial management. These financial processes consist of: Financial planning, Financial control and, Financial improvement. The financial analogy encourages managers to understand that they can manage efficiency by applying the same principles. Since the concepts are similar, managers are not expected to alter their philosophical approach and can apply their previous experience in managing finance into the process of quality management.

Quality planning	Quality control	Quality improvement
Establish quality goals	Evaluate actual performance	Prove the need
Identify who the customers are	Compare actual performance with quality goals	Establish the infrastructure
Determine the needs of the customers	Act on the difference	Identify the improvement projects
Develop product features that respond to customers' needs		Establish project teams
Develop processes able to produce the product features		Provide the teams with resources, training, and motivation to: Diagnose the causes Stimulate remedies
Establish process controls; transfer the plans to the operating forces		Establish controls to hold the gains

FIGURE 2.2 The three universal processes of managing for quality. [Adapted from Juran, J. M. (1989). *The Quality Trilogy: A Universal Approach to Managing for Quality*. Juran Institute, Inc., Wilton, CT.]

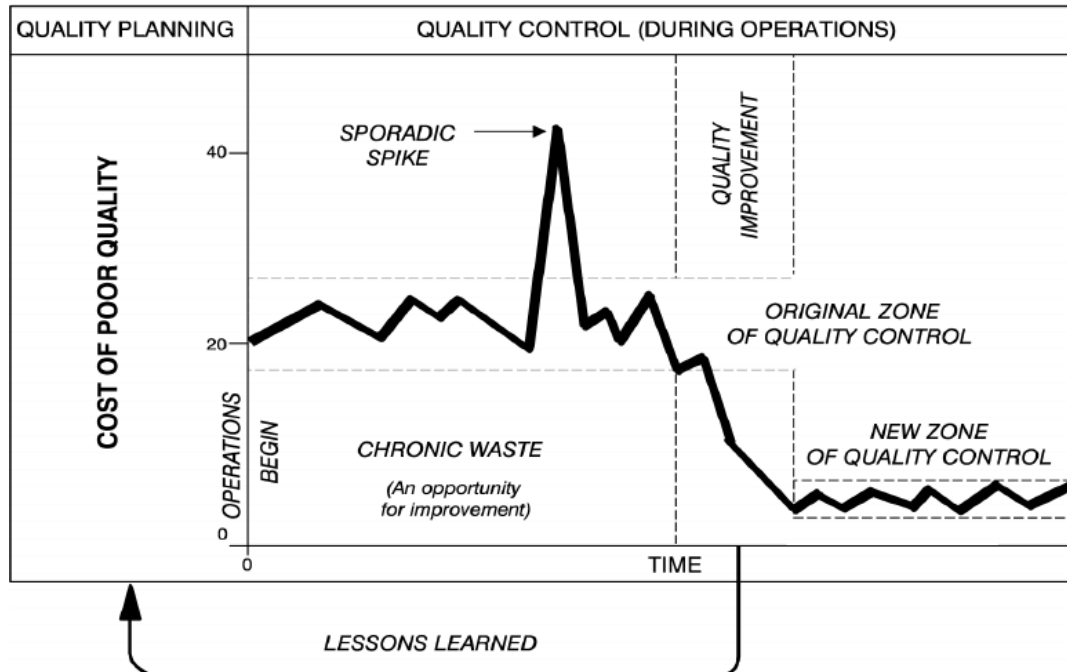
9.2.2 The Juran Trilogy Diagram

The three processes of the Juran trilogy are interrelated. Figure 2.3 shows this interrelationship.

Figure 2.3 reveals that more than 20% of work needs to be redone due to quality defects. This problem is recurrent. There is still have the chronic waste, because the operating process was planned in this way.

In traditional patterns of accountability, the operational powers are unable to get rid of the expected persistent waste. What they should do is conduct quality control — to keep it from getting worse. Figure 2.3 also reveals a rapid intermittent jump that increased the degree of defect to more than 40%. This spike originated from any unscheduled occurrence, such as power failure, process failure, or human error. As part of a quality management duties, the operational forces arrive on the scene and take measures to restore the power structure. This is also referred to as "corrective action," "troubleshooting," "putting out the fire," and so forth. The final outcome is to return the level of error to the forecast chronic level of about 20%.

The graph further suggests that the recurrent waste was pushed down to a level well below the initial level in due time. This advantage resulted from the third phase, quality improvement, in the trilogy. In consequence, the chronic waste is now seen as a possibility for change and measures were taken to make the change.



The Trilogy Diagram and Product Deficiencies

The diagram of the trilogy (Figure 2.3) concerns commodity defects. Consequently, the vertical scale displays measurement units such as low-quality cost, error rate, failure level, service call rate, and so on. Perfection is at zero on this same scale, and what goes up is not good. Lessening the expense of bad production, fulfilling more output commitments, reducing consumer frustration and so on are the consequences of reducing deficiencies.

The Trilogy Diagram and Product Features

When the diagram of the trilogy is extended to product attributes, changes are made in the vertical scale. The scale will now show calculation units such as millions of instructions per second, time interval between errors, percent of on-time deliveries, and so on. What goes up is fine for those graphs, and "product salability" is a rational, generic vertical scale.

Allocation of Time within the Trilogy

A fascinating question for executives is, "How do people allocate their time relative to the processes of the trilogy?" Figure 2.4 is a model developed for a Japanese corporation to demonstrate this interrelationship (Itoh 1978).

The horizontal scale in Figure 2.4 reflects the percentage distribution of any person's time and runs from zero to 100%. In the hierarchy, the vertical scale represents tiers. The graph demonstrates that the top managers spend most of their time on the processes of planning and improving. They also spend a considerable amount of time on strategic planning. The time they spent on supervision is limited and is centered on major subjects of control. In lower tiers of the hierarchy, the time spent on strategic planning decreases, while the time workers spend on control and maintenance increases exponentially. Also, at lowest levels, control and maintenance are controlled by time, but some time is also spent on planning and improvement.

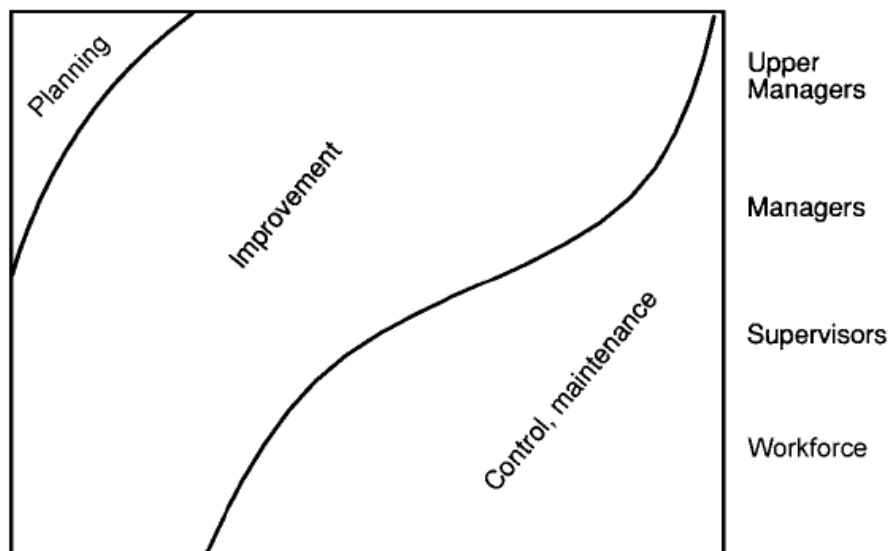


FIGURE 2.4 The Itoh model. [Adapted from *Management for Quality*, 4th ed. (1987). Juran Institute, Inc., Wilton, CT, p. 18.]

9.2.3 The Big Q, Quality Perspective

Which quality management strategy would you rather emulate: Apple's, one of the world's most valuable companies, or GE's, which continues to sell off its business units striving to return to its pre-recession peak?

The clear answer is Apple. But to understand and learn from Apple's successful strategy (and avoid GE's pitfalls), you have to understand these companies' different approaches to quality management.

Big Q Vs Little Q: The Differences

Since the mid-1990s, several businesses, especially GE, have tactically approached quality management ("little q" thinking), concentrating on managing production consistency. Businesses that adopt the "little q" approach, popularized in forms such as Six Sigma, aim to recognize and eliminate the causes of defects and reduce variability in output and business operations.

Although this strategy is clear, and is due to the rise in operating margins of GE in the late 1990s, its gains have been short-lived. Mostly during international financial crisis of 2008, GE 's output declined significantly and has never completely recovered. There has been a change in direction since the 1980's from the Little Q to the Big Q approach from the top managers.

TABLE 2.1 Contrast, Big Q and Little Q

Topic	Content of little Q	Content of big Q
Products	Manufactured goods	All products, goods, and services, whether for sale or not
Processes	Processes directly related to manufacture of goods	All process manufacturing support; business, etc.
Industries	Manufacturing	All industries, manufacturing, service, government, etc., whether for profit or not
Quality is viewed as:	A technological problem	A business problem
Customer	Clients who buy the products	All who are affected, external and internal
How to think about quality	Based on culture of functional departments	Based on the universal trilogy
Quality goals are included:	Among factory goals	In company business plan
Cost of poor quality	Costs associated with deficient manufactured goods	All costs that would disappear if everything were perfect
Evaluation of quality is based mainly on:	Conformance to factory specifications, procedures, standards	Responsiveness to customer needs
Improvement is directed at:	Departmental performance	Company performance
Training in managing for quality is:	Concentrated in the quality department	Companywide
Coordination is by:	The quality manager	A quality council of upper managers

Source: *Planning for Quality*, 2d ed. (1990). Juran Institute, Inc., Wilton, CT, pp. 1-12.

On the other hand, the Big Q approach to Quality Control, aims to achieve what the client needs and to exceed their expectations. This is the distinction between tactical quality management and strategic quality management. Customer satisfaction is the cornerstone of the most popular businesses of today such as Apple, Amazon and Salesforce.com.

To enhance all facets of the enterprise, a Big Q approach increases efficiency beyond only concentrating on operations or production processes. You can find the root causes of many product and service-related issues from this viewpoint. This is usually referred to by, Dr. Joseph M. Juran, as the Pareto Principle (or the 80/20 rule).

How Successful Companies Implement Big Q Thinking

Superiority in quality can also be converted into greater market share, but it takes a special effort to do so. The superior quality must explicitly be based on the needs of the consumer and the advantages that the consumer wants. If quality supremacy is defined only in terms of the internal standards of the organization, the importance may not be interpreted by the client. The principal purpose of the whole company must be to delight the consumer.

1. To encourage workers to fulfill this mission, leaders must develop management policies and practices
2. It is important to change the position of managers from controller to enabler.
3. Coordination of work can be accomplished through complex ties with bureaucratic procedures.
4. Values must supersede economic value, and top-down commands replaced with adult-to-adult conversations.

Big Q Applied to Our Digital Age

The Big Q trend is nothing new. Many companies have used this idea for almost 30 years and transferred quality control from the factory floor to the board room, making quality the responsibility of all. Although it is a positive trend to extend quality beyond the product quality, it presents its own set

of new problems. Nowadays, thanks to innovative technology such as Operational Applications, QMS tools, Artificial Intelligence etc., these problems are being handled more effectively.

Traditionally, departments of quality have been composed of specialized specialists in statistical process management, quality processes, quality of suppliers and the like. The attributes needed to excel in performance have changed gradually. Specialists in Big Q need to be focused on "big picture" market, not just handling production faults. Throughout all main roles and processes, they will need to consider consumer demand and their needs and be able to identify essential market and quality parameters.

A new kind of quality professional is created by this broader focus. Someone that can handle big data, use APPs in real time to maintain control of processes, use scorecards from new QMS software to drive corrective actions, all of these, from anywhere he is which may be far from the measured process.

9.3 Quality Assurance

Quality control and quality assurance have much in common. Each evaluates performance. Each compares performance to goals. Each, acts on the difference. However, they also differ from each other. Quality control has as its primary purpose to maintain control. Performance is evaluated during operations, and performance is compared to goals during operations. The resulting information is received and used by the operating forces. Quality assurance's main purpose is to verify that control is being maintained. Performance is evaluated after operations, and the resulting information is provided to both the operating forces and others who have a need to know. Others may include plant, functional, or senior management; corporate staffs; regulatory bodies; customers; and the general public.

9.3.1 Effects of the Growth of Commerce

Producers and consumers will no longer compete face to face in the marketplace in trade between regions. Items are now processed by supply chains and distributors. Advertising has already been carried out by

marketing chains. The direct touch point of the buyers was now with a certain merchant rather than with the manufacturer. All of this diminished the quality controls inherent in the village marketplace to a point that allowed modern ways of quality assurance to be invented. The quality warranty was one such innovation.

- **Quality Warranties.** In other aspects of commerce and trade, product warranties are now commonly used. They urge suppliers to offer quality priority and encourage sellers to search for safe sources of supply. So critical is their significance that new regulation has introduced requirements to ensure that consumers are not deceived by the language of warranties.
- **Quality Specifications.** Sellers need to be able to communicate to buyers the nature of what they have to sell. Buyers need to be able to communicate to sellers the nature of what they want to buy. In the village marketplace, oral communication could take place directly between producer and buyer. With the growth of commerce, communication expanded to include chains of producers and chains of merchants who often were widely separated. New forms of communications were needed, and a major invention was the written quality specification. Now quality information could be communicated directly between designer and producer or between seller and buyer no matter how great the distance between them and how complex the nature of the product.
- **Measurement.** The development of inspection and test criteria has resulted in the evolution of measuring Instruments. Thousands of years ago, instruments for calculating length, volume, and time developed. Instruments, with ever growing accuracy, have started to proliferate.

The accuracy of time measurements has dramatically in recent centuries.

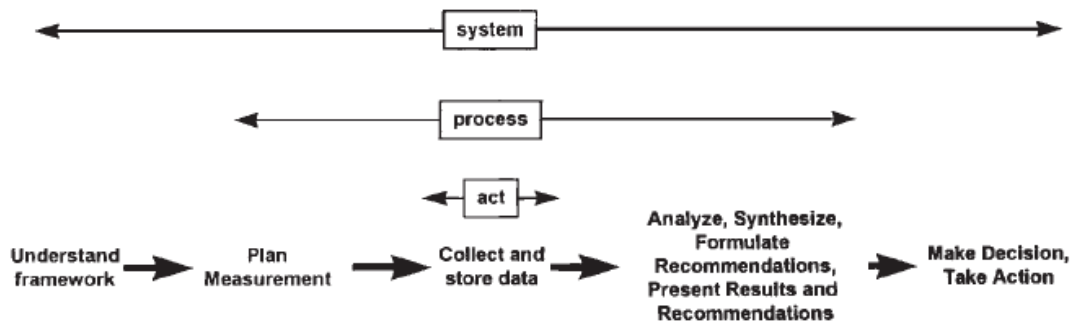


FIGURE 9.1 The act of measurement is but one step in a larger measurement system. Herein we consider the measurement process as consisting of steps needed to collect data and present results. The larger measurement system also embraces the decisions that are made and the framework in which the process operates.

Source: Joseph Juran, A. Blanton Godfrey - Juran's Quality Handbook (1998)

9.3.2 The ISO 9000 Family of International Standards

The ISO 9000 standards exist principally to facilitate international trade. In the pre-ISO 9000 era there were various national and multinational quality system standards. These were developed for military and nuclear power industry needs, and, to a lesser extent, for commercial and industrial use. These various standards had commonalities and historical linkages. However, they were not sufficiently consistent in terminology or content for widespread use in international trade. The ISO 9000 standards have had great impact on international trade and quality systems implementation by organizations worldwide. These international standards have been adopted as national standards by over 100 countries and regional groups of countries. They are applied in a wide range of industry/economic sectors and government regulatory areas. The ISO 9000 standards deal with the management systems used by organizations to design, produce, deliver, and support their products. The standards apply to all generic product categories: hardware, software, processed materials, and services. The standards provide guidelines or requirements on what features are to be present in the management system of an organization but do not prescribe how the features are to be implemented. This nonprescriptive character

gives the standards their wide applicability for various products and situations. The ISO 9000 family does not deal with any technical specifications for a product. The ISO 9000 standards for an organization's management system are complementary to any technical specifications, standards, or regulations applicable to the organization's products or to its operations.

The standards in the ISO 9000 family are produced and maintained by Technical Committee 176 of the International Organization for Standardization (ISO). The first meeting of ISO/TC176 was held in 1980. ISO 8402, the vocabulary standard, was first published in 1986.

The initial ISO 9000 series was published in 1987, consisting of:

- The fundamental concepts and road map guideline standard ISO 9000
- Three alternative requirements standards for quality assurance (ISO 9001, ISO 9002, or ISO 9003)
- The quality management guideline standard ISO 9004

The number of quality systems that have been certified/registered worldwide now exceeds 100,000 and continues to grow. The periodic surveillance audits that are part of the third-party certification/registration arrangements worldwide provide continuing motivation for supplier organizations to maintain their quality systems in complete conformance and to improve the systems to continually meet their objectives for quality. The market for quality management and quality assurance standards is itself growing, partly in response to trade agreements such as European Union (EU), General Agreement on Tariffs and Trade (GATT), and North American Free Trade Association (NAFTA). These agreements all are dependent upon standards that implement the reduction of nontariff trade barriers. The ISO 9000 family occupies a key role in the implementation of such agreements. Certain industry/economic sectors are developing industry-wide quality system standards, based upon the verbatim adoption of ISO 9001, together with industry-wide supplemental requirements. The automotive industry, the medical devices industry, government regulatory

agencies, and military procurement agencies are adopting this approach in many places worldwide.

TABLE 11.1 The ISO 9000 Family of International Standards

ISO 8402	Quality Vocabulary (1994)
ISO 9000	Quality Management and Quality Assurance standards Part 1: Guidelines for Selection and Use (1994) Part 2: Generic Guidelines for the Application of ISO 9001, ISO 9002, and ISO 9003 (1993) Part 3: Guidelines for the Application of ISO 9001 to the Development, Supply, and Maintenance of Software (1991, reissue 1993) Part 4: Application for Dependability Management (1993)
ISO 9001	Quality Systems—Model for Quality Assurance in Design, Development, Production, Installation and Servicing (1994)
ISO 9002	Quality Systems—Model for Quality Assurance in Production, Installation, and Servicing (1994)
ISO 9003	Quality Systems—Model for Quality Assurance in Final Inspection and Test (1994)
ISO 9004	Quality Management and Quality System Elements Part 1: Guidelines (1994) Part 2: Guidelines for Services (1991, reissue 1993) Part 3: Guidelines for Processed Materials (1993) Part 4: Guidelines for Quality Improvement (1993)
ISO 10005	Quality Management—Guidelines for Quality Plans (1995)
ISO 10007	Guidelines for Configuration Management (1994)
ISO 10011	Guidelines for Auditing Quality Systems Part 1: Auditing (1990, reissue 1993) Part 2: Qualification Criteria for Quality Systems Auditors (1991, reissue 1993) Part 3: Management of Audit Programs (1991, reissue 1993)
ISO 10012	Quality Assurance Requirements for Measuring Equipment Part 1: Management of Measuring Equipment (1992)
ISO 10013	Guidelines for Developing Quality Manuals (1994)

Source: Marquardt, D. W., et al. (1991). "Vision 2000: The Strategy for the ISO 9000 Series Standards in the '90s," *Quality Progress*, May, pp. 25–31.

The guideline standard ISO 9000-1:1994 explains many concepts that are fundamental to the ISO 9000 family. Among these is the concept of the four facets of product quality:

1. Quality due to definition of needs for the product.
Defining and updating the product to meet marketplace requirements and opportunities
2. Quality due to product design.
Designing into the product the characteristics that enable it to meet marketplace requirements and opportunities:
 - a. Features that influence intended functionality
 - b. Features that influence the robustness of product performance under variable conditions of production and use.
3. Quality due to conformance to product design.
4. Quality due to product support throughout the product life cycle.

Facets 1, 2, 3, and 4 encompass all stages of the product life cycle.

9.3.3 The commonalities and differences between Quality Management and Quality Control

In the early years of ISO / TC176 work, one of the most urgent needs was to harmonize globally, the definitions of the words Quality Management and Quality Assurance. These two terms used to have used fundamentally different meanings among various nations and regions. The term Quality Management was introduced by Juran in ISO 9000: 1987 as a general term including Quality Control and Quality Assurance. The term Quality Management was defined, included in ISO 8402, adopted internationally, and is now used worldwide. This, in turn, enabled agreement on harmonized definitions of the meanings of each of the terms Quality Control and “Quality Assurance. This, in essence, permitted harmonized descriptions of the meanings of each of the terms to be accepted.

TABLE 11.3 The Prime Focus of Quality Management and Quality Assurance

The Prime Focus of	
Quality management	Quality assurance
<ul style="list-style-type: none"> • <i>Achieving</i> results that satisfy the requirements for quality • Motivated by stakeholders <i>internal</i> to the organization, especially the organization’s management • Goal is to satisfy <i>all stakeholders</i> • Effective, efficient, and continually improving, overall quality-related <i>performance</i> is the intended result • Scope covers all activities that affect the total quality-related <i>business results</i> of the organization 	<ul style="list-style-type: none"> • <i>Demonstrating</i> that the requirements for quality have been (and can be) achieved • Motivated by stakeholders, especially customers, <i>external</i> to the organization • Goal is to satisfy all <i>customers</i> • <i>Confidence</i> in the organization’s products is the intended result • Scope of demonstration covers activities that directly affect quality-related <i>process and product results</i>

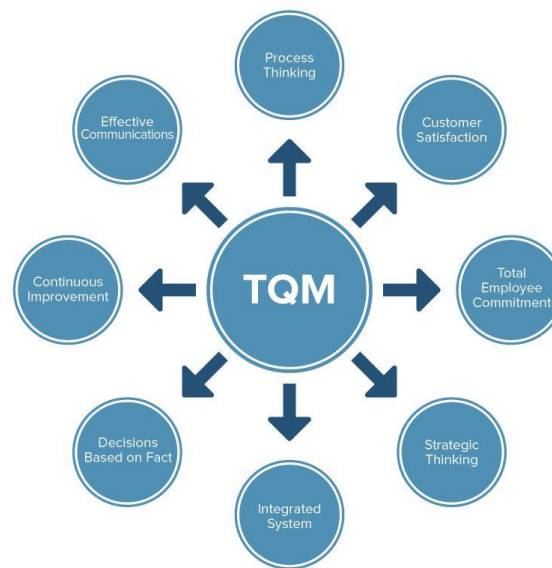
Table 11.3 describes the essence and is the same as the meanings intended in ISO 8402:1986 and ISO 8402:1994. The quality control aspects of the umbrella term “quality management” are focused on the word “achieving,” but all bullet points in the left-hand column of Table 11.3 relate at least indirectly to quality control. The right-hand column of Table 11.3 shows that the quality assurance aspects of the umbrella term “quality management” have primary focus on the notions of demonstrating and providing confidence through objective evidence.

9.3.4 Total Quality Management

Quality management incorporates some fundamental principles: customer satisfaction, leadership, engagement of people, advancement, process design, evidence-based decision making, and customer relationship management, which are the defining elements of contemporary management.

With the terms "Absolute Quality," or "Total Quality Management," commonly used in specialized research and also in practice, a broader quality viewpoint is synthesized, taking into account not only the needs of consumers but also of other stakeholders. In order to meet the requirements of consumers and other stakeholders, TQM (Total Quality Management abbreviation) describes a management philosophy defined by incorporating quality across the enterprise. In terms of both coverage and goals, the "absolute" attribute associated with the quality word implies the broad definition given to quality. Total quality applies to all aspects of the institution's activity; it pursues the full satisfaction of the stakeholders by means of results, deadlines and costs, while at the same time gaining financial benefits; it also assumes a large participation of all employees in achieving quality.

The introduction of the expressions "quality management" and TQM date back to the 1990s and synthesizes an evolved level of quality approach from the perspective of management. The field has been making progress with the major contribution of several specialists, the best-known being Deming, Juran, Feigenbaum, Crosby, and Ishikawa. This process of evolution resulted in the emergence of the global standards for quality systems, the ISO 9000 family of standards (first publication in 1987), which advocated the promotion of principles and methods of quality management in all fields of operation.



9.4 Quality Indicators in the Alternative Tourism Sector

9.4.1 Uniqueness of the Quality in Tourism

Tourist products can be described as products that fulfill the needs of tourists. The complexity of the tourism product is one of its main characteristics, it consists of several goods and services which are offered to satisfy the needs of travelers. It usually involves lodging, travel, and dining, as well as restaurants and attractions and amusement. Subsequently, the consistency assessment of the tourism commodity would take a lot into account. The tourism product is also associated with a tourist destination. According to the World Tourism Organization (UNWTO) the tourist destination is defined as: "A physical space with or without administrative and/or analytical boundaries, in which a visitor can spend an overnight. It is the cluster (co-location) of products and services, and of activities and experiences along the tourism value chain, and a basic unit of analysis of tourism. A destination incorporates various stakeholders and can network to form larger destinations". A tourist destination may be a city, town, or resort in terms of its size, but it may also include several towns, areas, and even an entire nation.

Defining and measuring the consistency of tourism goods is a difficult challenge. Evaluation of a collection of services is required such as, transport, room accommodation, some specific menu, and the opportunity to sit on a beach or to make trips, and also other tangible and intangible elements related to the natural environment, culture and heritage of the region, atmosphere and hospitality. These elements constitute components of the tourism package, which is not just a set of tangible objects, products and intangible facilities, but also emotional impressions.

9.4.2 The Quality Approach in Tourism

One of the key success factors for the tourism sector and tourism service providers has been the focus on quality. Tourism 's new approach to quality is the outcome of highly intensified competition, the increasing demands of different customers, the industry globalization, new technology and growth.

The analysis includes quality and environment models used in the tourism industry, as follows:

1. General models for quality evaluation and certification
2. Specific models for classification of the tourism organizations and quality certification
3. Quality approach in tourist destinations
4. Environmental models and marks

9.4.3 Models for Quality Evaluation and Certification

The quality approach became more relevant in the last two decades in parallel with the SERVQUAL model for evaluation of service quality and international standards for quality systems (ISO 9000 series). Both models are general and applied in all fields, including the tourism sector.

SERVQUAL Dimensions include:

1. **Tangibility**- Physical elements that can be observed. The notion of physical appearance, employees, tools, and communication items
2. **Reliability**- The ability to convey the services which are promised accurately and dependably. This aspect includes the promises which

should be fulfilled relating to pricing, delivery and complaint handling.

3. **Responsiveness**- The enthusiasm to help consumers in a quick style. This aspect advocates optimistic service outlooks and also required employees to pay attention to the request of customers query and their complaints.
4. **Assurance**- The awareness and courtesy of staff and their capacity of exercising trust and confidence.
5. **Empathy**- The attitude of caring and special attention given by service providers to its consumers

The SERVQUAL in Tourism Industry

According to Zhao & Di Benedetto (2013), some tourism scholars have recommended that the service quality role is very important when investigating the problem of tourist dissatisfaction and when trying to attract new tourists or secure revisit intentions. Hudson et al. (2004) revealed that service quality in the tourism industry receives growing deliberation and most of the studies in tourism use the SERVQUAL instrument to evaluate service quality. This model has been utilized to measure service quality in different sectors of tourism industry such as, sport tourism (Kouthouris & Alexandris, 2005), airline tourism (Pakdil & Aydin, 2007), and restaurant (Qin & Prybutok, 2008). Juwaheer (2004) customized SERVQUAL for hotel industry and recognized nine factors in hotel that is assurance, reliability, staff communication skills, extra-room benefits sought and additional benefits, décor and room attractiveness, staff outlook, empathy and accuracy, and hotel surroundings including environmental factors and food and service-related factors.

Service Quality Determinants

In the tourism industry, many quality service models have been developed.

Lehtinen & Lehtinen (1982) advocated three paradigms for service quality:

1. Corporate quality
2. Physical quality
3. Interactive quality

LeBlanc (1992) pointed out six factors of consumer judgment of service quality, which are:

1. Competitiveness
2. Corporate image
3. Courtesy
4. Responsiveness
5. Accessibility
6. Competence

Grönroos (2000) combined various earlier studies and proposed a model of service quality which considers seven factors: skill and professionalism, behavior and attitude, flexibility and accessibility, trustworthiness and reliability, service recovery, atmosphere, credibility and reputation. This model planned to suggest a theoretical structure to understand some features of a service including its process, outcome, and image aspects. It also mentioned to employee's quality in providing services.

A more practical approach is the implementation within tourism organizations of quality management system (QMS) based on the international standard ISO 9001. ISO 9001, "Quality Management Systems, Requirements" is the most popular standard for management systems, applied worldwide in all fields. It is useful to any organization, regardless of its size, activities carried out or type of product. According to ISO 9000, QMS is "a set of interrelated or interacting elements that organizations use it to formulate quality policies and quality objectives and to establish the processes that are needed to ensure that policies are followed and objectives are achieved".

9.4.4 Classification Systems of Tourism Organizations

The term classification, also called grading, rating, and star rating, refers to breaking down and ranking accommodation units into categories. The European Standardization Committee defines the expression "accommodation rating," or "classification scheme," as "a system providing an assessment of the quality standards and provision of facility and/or

service of tourist accommodation, typically within five categories, often indicated by one to five symbols”

The general purpose of hotel classification is the creation of a ranking based on specific criteria, and the assignment of a symbol that certifies the services’ level. The classification creates conditions for the determination of different tariffs corresponding to the hotel or restaurant ranking and provides useful information to make potential guests aware of what they can expect before making a booking. The classification also serves as a reference for the implementation of institutional and public policies to support tourism passing to another level of quality. The beginnings of the tourism entities’ classification are placed in the last century and are connected to “AAA Diamond Ratings System” and “Forbes Travel Guide” in USA and “Michelin Guides” in Europe. But presently, there are wide and diverse classification schemes of tourism establishments. There are several workpapers on this topic, which reveal the extent and diversity of the existing schemes worldwide. As these studies show, between the classification systems, there are differences related to the following aspects: number of categories and name or symbols associated; classification criteria; classification character, obligatory or voluntary; frequency of evaluation. It must be stressed that in the EU, and worldwide, not only are the classification systems different from country to country, but there is also diversity in the level of comfort related to the grading and classification criteria. A single tourist destination often employs multiple classification schemes. It is therefore difficult to understand and compare the quality of tourism services, and especially to consumers, it is difficult to appreciate the significance of the various rating schemes not to mention their reliability. Although the diversity of classification schemes has disadvantages, UNWTO specifies that it is unlikely to reach a single official classification, given the great diversity of contexts in which tourism organizations operate. To mention is the improvement of the classification systems in favor of extending and integrating new criteria, with emphasis on quality and sustainability. Another improvement axis consists of the global focus on sustainability reflected in the classification criteria.

Guests' Reviews

Integrating guests' reviews into hotel classification systems is another important current change, favored by the evolution of online networks and review sites. Online guests' reviews related to facilities and services' quality of tourism organizations or destinations are instruments increasingly used today, along with the official classification and certification of hotels, restaurants, and other tourist establishments. Certain social media websites are becoming more

popular and are likely to evolve into primary travel information sources. The most important travel sites include TripAdvisor, Expedia, Hotels.com, and Travelocity etc., but their number continues to rise. These platforms represent systems that analyze the information on websites and social networks in order to find the overall consumers' rating for a particular establishment. The information thus obtained has multiple uses: it is helpful for customers in choosing the location for travel; it provides data on the service quality used to enhance the overall performance of the tourism organizations and sector; and the online guests' reviews are useful in the process of rating and/or awarding quality marks in tourism.

Regarding the use of online guests' reviews in the classification of tourist establishments, recent studies highlight the need to harmonize the conventional rating systems and social media platforms. As Hensen (2015) says, one can talk about a democratization of the rating process that "will lead to an innovation revolution whereby hotels seek to respond quicker to consumer trends as they have a direct feedback loop to their position in the market". The UNWTO report shows that several countries are moving toward integrated models, distinguishing the next two variants: independent functioning of the two models and respectively their full integration. In the first case, online evaluations are done separately, and their results are included in the organization promoting documents. The second variant, of full integration, is a model in which the overall guests' review ranking is included as criterion within the official classification scheme. According to the UNWTO report, Norway and Switzerland each have documented models for integrating online guests' reviews and hotel

classifications, and United Arab Emirates, Germany, and Australia are also involved in developing integrated systems. In both cases, the integration could effectively help to further reduce the gap between guests' experiences and expectations

Tourism specific models for quality awards: marks, labels, and quality certification

Tourism quality marks are marks used for tourism products and organizations that attest the fulfillment of some quality standards. According to Foris (2014), "Quality mark is a model of good practices for implementing and certifying the quality of tourism services, as a voluntary option of the economic operators in the field". Quality marks are awarded to those tourism establishments that apply good quality management practices and provide improved service quality standards and facilities, over the legal requirements of their specific official classification.

Foris [(2014) underlines that quality certification in tourism can become an effective management tool, designed to develop the level of services' quality. Improving quality does not mean moving to a superior level in the star ranking system but increasing customers' satisfaction and ensuring that they receive the best services corresponding to the category of the tourism unit.

Using quality marks is an advantage for the provider of the tourism services: the quality mark and the associated label distinguish it from other similar units and may be used for promotion, marketing, and other customer targeting purposes. Awarding quality marks helps to improve the organization image and increases the customer confidence in the company's ability to consistently provide services to certain standards and adequate prices. From customer perspective, it means added value, in terms of improved facilities and service quality at their chosen establishment.

It must be stressed that using quality marks is not a new approach in tourism. Both Forbes Travel Guide and Michelin Award have served as quality certification marks for several decades. A specific model also exists

in a luxury category, “The Leading Hotels of the World” (LHW) being considered one of the most significant quality awards that meets the most exacting standards with reference to all aspects affecting guests’ comfort: accommodations, cuisine and other services, facilities, and employees’ behavior. Other classification systems can also include quality criteria whose fulfillment is completed by quality certificates. For instance, in England, the Gold, Silver, and Breakfast Awards complement star and rosette ratings based on the AA classification scheme.

At present, there are wide ranges of quality marks and labels used in tourism worldwide, which have or does not have a direct link with any classification system [47, 48]. They were launched by professional associations or governmental agencies and are different in terms of reputation, criteria, and certification procedure. It is noteworthy that in the last two decades, many programs have been initiated to implement national quality brands in tourism, e.g., “Caledad Turistica” in Spain (2000), “Qualité Tourisme™” in France (2005), “Cyprus Tourism Quality” in Cyprus (2014), Quality Label for Swiss Tourism in Switzerland (1997), “Qualmark®” in New Zealand, T-QUAL Accreditation in Australia, etc. Through these actions, governments aim to achieve national competitive advantages by supporting the implementation of quality systems within tourism organizations.

The movement for simplifying and coordinating national tourism certification is most visible in the EU countries. The European Directive 2006/123/CE and the requirements of the European Parliament Report (2007) call on the European hospitality industry “to pursue its work in relation to the setting up of a European umbrella for quality management systems,” “to promote labeling processes regarding tourist accommodation undertaken in the different Member States, and to promote quality models that have proven effective elsewhere (for example the ‘Qualmark’ in New Zealand) in order to improve visibility” [60]. In response to these directives, the European Parliament’s Commission started preparatory work of the European Tourism Quality Label implementation, whose basic principles for the new label were set in 2012. There is also the possibility of extending the label to cover more than purely quality criteria, like environmental

criteria, or broader criteria covering corporate social responsibility and sustainability. These actions are circumscribed to the long-term strategy launched by the European Travel Commission in February 2014, "Destination Europe 2020," which includes a set of marketing, branding, and promotion actions for Europe as a tourist destination.

9.5 Quality Indicators in the Alternative Tourism Sector

9.5.1 Product Quality in the European Union

Agricultural Product Quality: A success factor for EU food and farming

Quality and organic products are a key part of the Common Agricultural Policy and an important objective of Rural Development Policy. In fact, enhancing food quality throughout Europe partly depends on the EU's rural development policy. Support and opportunities for effective implementation depends on actions in each Member State. However, how we define quality is crucial.

Agriculture remains an essential driver of the rural economy in most of Europe. The vitality and potential of many rural areas is closely linked to the presence of a competitive and dynamic food and farming sector, attractive to young farmers, consumers and citizens alike.

Consumers around the world know that the EU's agri-food sector has a reputation for high quality, thanks to hard work, investment, innovation and attention to excellence. Food and beverages produced in the EU are synonymous with quality and a rich diversity of products, reflecting the various traditions and regions across Europe. Foods with additional selling points, including those associated with fair and ethical trading relationships, and/or local, traditional and regionally specific products, are also important. Food safety and good working conditions underpin European food and farming, whilst marketing standards ensure that a base level of quality is achieved. This is complemented by a wide range of schemes for defining quality products in the market place, through regulation and voluntary guidelines. Pertinent examples include those, which promote the

authenticity and provenance of the food (for example Protected Designation of Origin – PDO, Protected Geographical Indication – PGI, and Traditional Speciality Guaranteed – TSG), organic, and other environmental and animal welfare friendly labelling (see Table 1 for a summary of legally defined and voluntary quality marketing tools in use around Europe).

Such quality schemes can help farmers and their rural communities by supporting the revival of rural economies. They do this by encouraging transparency between producers and consumers in the market place. Thus, they enable rural development, through the establishment of more integrated supply chains based on collaborative and sustainable relationships. The market for quality agricultural products is important. In 2009, the EU retail market for organic products was € 18 billion, for 'designated origin' and 'speciality-guaranteed' products the wholesale market value was € 14 billion, in 2007, whilst 'fair trade' labelled food had a retail market value of almost € 3 billion, in 2009¹. If the value of animal welfare friendly livestock products, and the value of sales through farmers' markets, farm shops and other direct routes to market are taken into account, then it becomes clear that the total value of food sold with specific quality attributes is very large and growing.

Table 1: Examples of food quality marketing schemes designations and tools

Legally defined standards

Protected Designation of Origin (PDO)

Agricultural products and foodstuffs, which are produced, processed and prepared in a designated geographical area using recognised know-how.

Protected Geographical Indication (PGI)

Agricultural products and foodstuffs closely linked to a geographical area. At least one of the stages of production, processing or preparation must take place in the area.

Traditional Speciality Guaranteed (TSG)

Highlights traditional character, specified either in the composition or means of production.

Organic products

The EU-wide harmonised legal definition of production and processing standards for food, feed, seed and unprocessed agricultural products is laid down in Regulation 834/2007. Private standards are based on this Regulation, and can go beyond it. Participation in this scheme is voluntary. The Regulation protects the use of the term 'organic' and includes rules for the use of the EU-organic logo. Defined and certified food and farming method based on principles and practices set out in detailed production and processing standards designed to minimise environmental impact and provide authentic food that tastes good and respects natural cycles and animal welfare.

Farm assurance

Base-line production standards that reflect EU law, a condition to trade in most food and farming markets.

Egg production practices

Defined production practices for laying hens to provide assurance of the system used from caged hens to 'free range' and organic methods.

Voluntary standards and guidelines

Animal welfare friendly

Production systems for livestock, which entail greater respect for the animal with improved health and welfare outcomes.

Integrated production practices

Production practices, which generally reduce the level of inputs like pesticides and other agri-chemicals.

'Slow' Food

Produced, processed and made available using traditional and artisanal methods. Established and promoted as an alternative to the growth of 'fast food' and the associated impact on diet, health and culture.

Farm shop

Retailed direct from the farm, commonly involving the farmers' own produce. Other products from the farm may also be sold. Also often accompanied by on-farm food processing (e.g. cheese or meat products). Rules and guidelines apply to farm shops in many Member States.

Farmers' market

Retailed directly by the producer at local markets. Rules are often applied to control the origin of foods sold at markets.

Fair Trade

Better conditions for the farmer and terms of trade, usually only applied to products from developing countries, but increasingly seen as relevant in Europe.

Source: *EU Rural Review, 8th Edition (2011)*

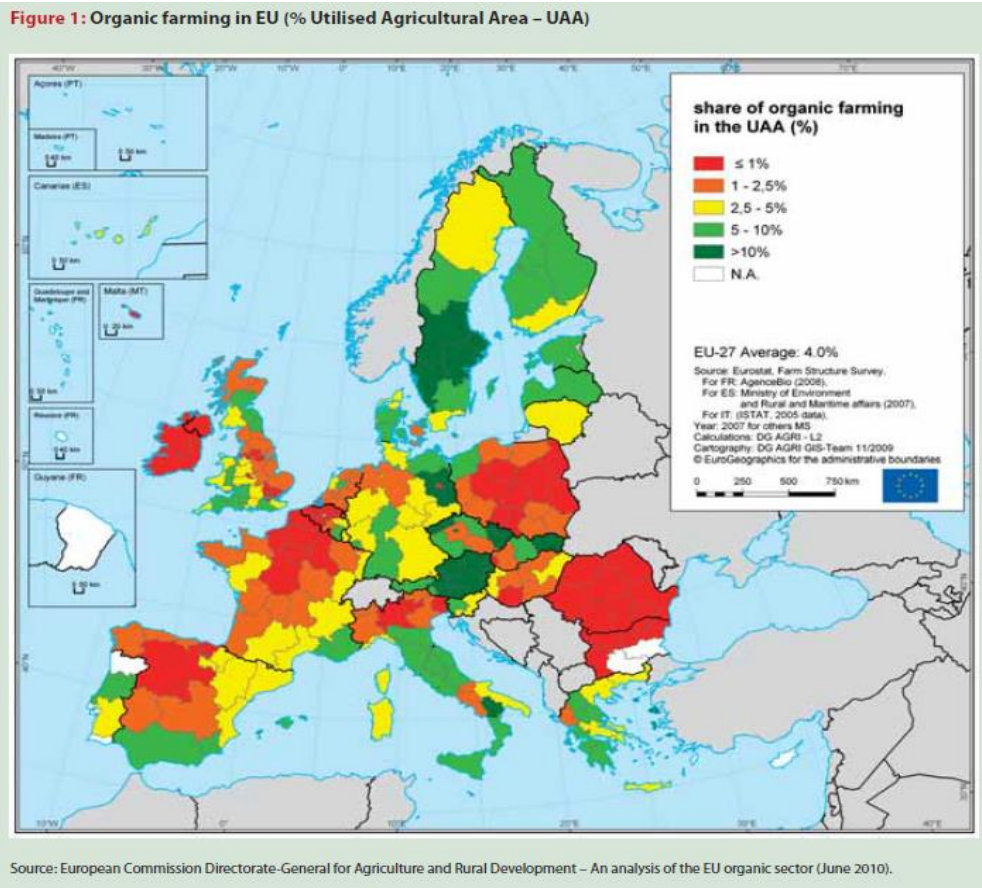
Since 1992, protected agricultural products and foodstuffs have been registered under the PDO, PGI and TSG quality food schemes (see Table 1 for definitions). By 2010, a total of 1000 products had been registered with 47 % as PGI and 50 % as PDO. Only 30 products had the designation TSG. Virtually all Member States have some registered names, whilst Italy with more than 200, has the largest number of designations. The top four

categories of registered PDO and PGI products are fruits/vegetables/cereals, meat/meat products, cheeses, and oils/fats. The market for PDO and PGI products increased by 6 % between 2005 and 2008 and interest in these products amongst consumers continues to be high. Hence, the EU's quality labelling schemes clearly satisfy some key consumer demands.

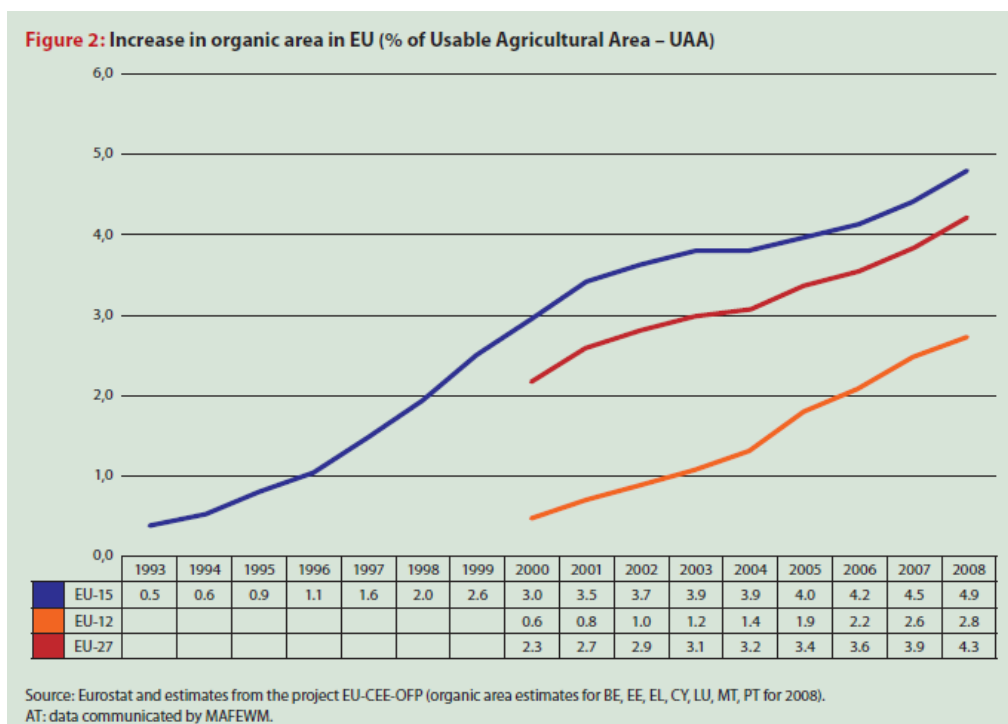
Organic Qualities

The European market for organic food makes up almost half of global organic sales, and in fact increased by 12 % during 2007 to 2008. Germany, France, the UK and Italy represent the largest markets. However, Denmark, Austria and Switzerland constitute the biggest share of consumer spending. Although the global economic crisis has resulted in a decline in markets in a few countries, most continue to show growth even in the face of the economic downturn.

In Europe as a whole, 4.3 % of agricultural land is managed organically, although the proportion varies widely between Member States (see Figure 1) – with the Czech Republic, Estonia, Latvia, Austria and Sweden, all managing 10 % or more of their land organically. There is also quite a wide variation within countries, as regards the extent of organic production – for example, the South West of England and Wales designate a much larger area for organic production than other parts of the UK.



Despite these differences, the analysis shows that the organic sector is expanding across the EU (see Figure 2). This is particularly evident in the 12 newer Member States, with some countries experiencing quite rapid growth since joining the EU. Elsewhere, trends vary among Member States, with some of the so called 'pioneers' of the sector, such as Denmark, Finland, Sweden and Italy displaying no or only slow growth, while other countries experience more robust growth rates.



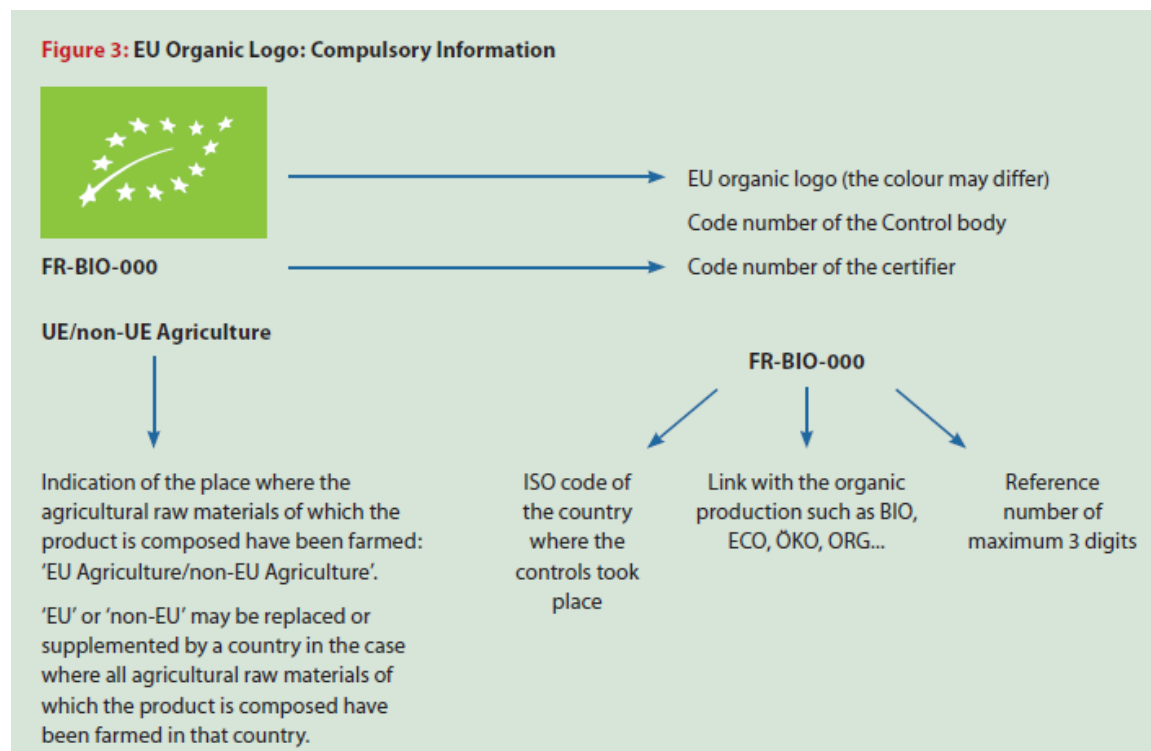
EU logo for organic products

A recent high-profile example of a quality feature is the creation of a new EU logo for organic products. Launched in 2010, this green leaf logo provides a recognizable assurance that certified organic principles and practices have been used on the farm, during production and through the subsequent food processing stages of supply chains. As from 1st July 2010 (with two years of transition) the use of the EU organic logo became obligatory for all pre-packed certified organic products, produced in Europe. For other organic products (non pre-packed or imported) its use is voluntary. Although compulsory, the EU organic logo does not exclude other standards and consequently other organic logos can be included on product labels. Examples include national logos like the AB in France, Bio-Siegel in Germany and Soil Association Certification in the UK.

The new EU Quality Package 2010

Some of the quality labels used to convey quality messages about our food have legitimate legal status, whilst others rely on voluntary guidelines or

informal assurances made by the producer to the consumer (see Table 1). Proposals being discussed for the CAP post-2013 identify several key challenges including maintaining the diversity of agricultural activities in rural areas and enhancing competitiveness. Quality is recognized as a vital tool for achieving these objectives.



Farmers and producers need the right tools to communicate quality aspects of their products and processes. The EU's agricultural product quality policy is being modernized to help EU producers compete better on the grounds of quality. A new Quality Package⁴ launched in December 2010, is spearheading this farm competitiveness initiative and is expected to have a significant long-term impact on EU rural development policy.

Europe's new Quality Package contains a new 'Agricultural Product Quality Schemes Regulation', which helps to imbue existing EU schemes with more coherence and clarity. The Quality Package also reinforces the flagship PDO and PGI schemes, whilst overhauling the TSG scheme. Other key components of the Quality Package include laying down a new framework for the development of 'optional quality terms', such as feeding methods or production systems. In addition, a new general base-line marketing standard is being established for all agricultural products, with specific

powers to adopt place-of-farming and other sectoral rules for product marketing. Lastly, new guidelines about best practices for voluntary certification schemes and product labelling using PDO-PGI ingredients are being introduced.

The Quality Package thus marks the first step in modernizing EU agricultural product quality policy. It specifically mentions organic food and is considered to be particularly complementary to the ongoing development of the EU organic sector. The Quality Package is the result of three years of extensive consultation and participation with stakeholders. It opens the way to a more coherent agricultural product quality policy. It is expected that the legislative proposals to be developed by 2012, through the Quality Package, will enable farmers to better inform customers about the characteristics of their products and so help them achieve a fair price. It will also enable customers throughout the supply chain (agri-food industry, retailers and consumers) to more easily identify the characteristics and quality of products and make more informed choices.

According to Dacian Cioloş, EU Commissioner for Agriculture and Rural Development: The strength of European agricultural production lies in its diversity, in the know-how of farmers, and in the soil and territories of production. Farmers, who are under pressure from the economic downturn, concentration of retailer bargaining power and global competition need these tools to better communicate about their products to consumers. This Quality Package is a first step on the path of building on a stronger and more dynamic farming sector which will be followed by other initiatives

9.5.2 Development of rural areas - Quality production can be an important driver

In rural areas, enabling economic and cultural activity relies, in part, on food and agriculture. Society also expects that the environment will be protected, animals well cared for and healthy food produced. These are the key drivers for development. Throughout the EU, Member State Rural Development Programmes (RDPs) are helping support the development of quality and organic food and farming, through practical initiatives under various RDP measures (see Table 2 for a sample of typical RDP measures

related to product quality). This RDP support is helping to maintain a living countryside and is making direct contributions to achieving the policy objectives outlined in the EU's 'Europe 2020' strategy for a smart, sustainable and inclusive economy.

Table 2: Typical RDP measures supporting agricultural quality products

A sample of typical RDP measures supporting quality and organic rural food and farming initiatives relating to quality (including general support/training/investment etc.) includes:

- Supporting farmers who participate in food quality schemes (measures 132, 133);
- Adding value – implementing quality and traceability policies, developing supply chains and marketing platforms (measure 123);
- Cooperation for new products, process & technologies (measure 124);
- Agri-environment (measure 214);
- Animal welfare (measure 215);
- Implementing local development strategies, competitiveness (measure 411).

In Estonia, you will find an interesting example of this RDP support for quality goods. The Estonian Food Network project is making the production and marketing of organic and local products more effective, responding to increasing demand for organic products, using funds from measure 123 that target added value (implementing quality and traceability policies, developing supply chains and marketing platforms),

New collaborations between farmers, food producers and retailers using RDP funds have been forged within the framework of the project. This new cooperation supports localized food systems and helps maintain local food cultures via direct interventions with communities, to highlight the benefits of using quality products. Project results have led to more income being retained within the region, which is helping to increase income stability for small farmers.

Direct marketing networks have also been developed to supply farm products, including organic food, to provide safe organic farm products to regional nurseries and colleges, and to enable small farmers to add value through the processing of their organic products.

9.5.3 Consumer Views on Quality Products in The Agro-Food Sector

There is an increasing consumer demand for quality agricultural products, but producers need to consider the challenges of consumer behaviour and

the need to provide precise information about their products. A growing number of customers have strong perceptions of both what is good for them and what is good for the environment when it applies to what they place on their plates. Studies of consumer attitudes indicate a preference for food that is organic, nutritious and grown sustainably.

These factors can outweigh price when consumers buy food. Petri Koskela, who is responsible for food quality issues in the Ministry of Agriculture in Finland, says that Finnish consumers prioritize the taste of food and its healthiness over its cost. 'Consumers are more and more concerned about quality and they want more quality products,' he says.

A solution to the difficulty of food processing is the need for quality assurance. The production and use of agricultural products are now isolated by long supply chains. Often, before a finished product hits the store shelf, produce and feed are shipped between several foreign countries. It can be hard to know the steps in between-what exactly goes on in the manufacturing plants. However, customers like to consider how they can trust the finished product if they don't have a good picture of where it comes from.

Trends in Consumer Behavior

- **Consumer concerns**

When asked about their food concerns, customers show broad-ranging worries. Health issues appear to prevail, especially for particular foods over which there have been scares in the past. A regular survey conducted by the United Kingdom Food Standards Agency (FSA) also demonstrates the importance consumers place on health and safety concerns, something to which producers must respond. But consumers also want guarantees on ethical and environmental issues. In the FSA survey (2009), animal welfare ranks alongside food prices as a key concern. Concerns about food waste, use of pesticides, the feed given to livestock and the miles clocked up when food is transported, are not far off. Other factors prioritized by Finnish farmers and suppliers with regard to quality in food are local production,

respect for the environment, and production in compliance with rights of the workers.

- **Purchasing choices**

Consumers have three key options when facing the daunting task of purchasing food that meets these criteria: they can trust a brand, trust a term like 'organic' food, or trust a particular quality assurance mark.

Producers prefer labeling schemes because they allow them to verify the quality of their products. EU labelling frameworks are excellently-developed, with labels including the Protected Designation of Origin (PDO), Protected Geographical Indication (PGI), Traditional Specialities Guaranteed (TSG), and the new EU organic logo sitting alongside numerous national, sector or producer schemes. Nevertheless, producers need to be cautious that labelling schemes do not become too complicated

The Brussels-based European Consumers' Organisation (BEUC – Bureau Européen des Unions de Consommateurs) believes that label overload causes problems. A BEUC representative notes that 'European consumers are increasingly concerned about quality, animal welfare, and environmental and social factors, but they are not always able to find this information on products. There is a proliferation of quality labels, but these are not always verified. In most cases, [labelling] does not help consumers and BEUC is sceptical of whether or not quality labels are always justified'.

- **Trusting organic farming**

So far it is simpler for shoppers to have to trust broader concepts of food production than to fully comprehend a significant number of individual labels. This pattern is most apparent with organic food. Consumers have different considerations in mind when they choose to buy organic, but they select organic food because they think, usually, it offers a higher level of quality than non-organic food. Broadly speaking, organic farming is winning the argument in consumer hearts and minds. Consumers have a desire to shift towards food that is probably safe and less detrimental to the environment. Gradual development in the acceptance of organic food is expected in the next few years.

- **Unpredictable behavior**

Despite rising demand for food quality, it can be hard to predict consumer behavior. Experts support that customers do not actually do what they claim.

With organic food, as an example, consumers 'express a preference [in surveys], and then don't act on it,' as stated by Dr Padel. Consumer behaviour for quality varies between products, and countries. Consumers often say they prefer local products, or might be more likely to buy organic or quality-labelled products for foods that have been involved in safety scares, including eggs or meat. Other consumers will purchase organic food if it is widely available, but will switch to non-organic for comfort, as reported by Dr Padel.

In terms of organic product sales, research into consumer tastes for quality food is being developed. According to, Dr Padel and colleagues, the biggest organic markets in Europe are in the largest nations: Germany, the UK, France and Italy, with Germany a notably predominant position. However, the biggest per head spend on organic products is in Denmark, Austria, Switzerland and Sweden. In most EU countries, the market share of organic food ranges from 2 % to 5 %.

One of the limitations on the growth of markets for premium foods is that there continues to be a cap to how much more customers are going to pay for a high-quality product of a specific commodity relative to the normal quality. According to Dr.Padel, the premium varies between products, but it fluctuates around 20 %, after 20 % willingness drops away'.

The desire to spend a little extra, though, appears to be expanding to a larger pool of buyers. Any false beginnings and backward steps may exist, but market demand for quality food continues to be a major factor in European agriculture's reorientation.

Chapter 10 - BUSINESS START-UPS CREATION PROCEDURES

10.1 Introduction

As described in the previous chapters, there are many different business techniques and models to follow that can prompt profit and success in the agricultural sector. In addition to the above, the importance of the start-up models should also be highlighted, as it is proved to be a contemporary tool for successful business development.

The most important steps to create a successful startup and general guidelines in the following subjects.

10.2 What is a Start-Up?

"A startup is a young company founded by one or more entrepreneurs to develop a unique product or service and bring it to market. By its nature, the typical startup tends to be a shoestring operation, with initial funding from the founders or their friends and families." (Fontinelle, 2020).

In other words, a startup is an entrepreneurial venture that appears in the initial phase of a business idea development. Because of its quick and immediate nature, one of the startup's first tasks is raising a substantial amount of money to further develop the product. To do that, they have to make a strong argument, if not a prototype, that supports their claim that their idea is truly new or a great improvement to something on the market.

Others, refer to the startups as a "state of mind", a joining of people who forgo stability in exchange for the promise of tremendous growth and the excitement of making immediate impact, it is a company "working to solve a problem where the solution is not obvious and success is not guaranteed" (Robehmed, 2013).

The startups in their various stages and various types of organizations in a location (physical and/or virtual), interacting as a system to create new startup companies, is called a "*Start-up Ecosystem*". Different organizations typically focus on specific parts of the ecosystem function and/or startups at their specific development stage(s). Some of its key elements are the flow ideas and invention, the entrepreneurs and start-up team members, angel investors, mentors and advisors, etc.

People in a Start-up Ecosystem, from different roles are linked together through shared events, activities, locations and interactions. As startup ecosystems are generally defined by the network of interactions among people, organizations and their environment, they can come in many types but are usually better known as startup ecosystems of specific cities or online communities (Startup Commons, 2020).

When defining a start-up business, it is important to highlight its connection to the surrounding start-up ecosystem, as it is a dynamic entity that can be affected by external and internal factors and, thus, be subject to periodic disturbances and are in the process of recovering from some past disturbance.

10.3 The Pros and Cons of a Start-Up Model

A key attribute of a startup is also its ability to grow, as it is a company designed to scale very quickly. It is this focus on growth unconstrained by geography which differentiates startups from small businesses. A restaurant in one town is not a startup, nor is a franchise a startup (Medium, 2019).

There is also more flexibility to the different funding sources, such as small business loans from banks or credit unions, government-sponsored Small Business Administration loans, grants made by nonprofit organizations and state governments, incubators, often associated with business schools and other nonprofits, provide mentoring, office space, venture capitalists, etc.

In total, when considering the benefits of working in a start-up environment, the following can be usually observed (Frost, 2020):

- Relaxed working environment: The start-up framework is usually more open-minded with an informal working atmosphere.
- Flexibility: Flexibility and freedom come from setting own goals, having flexible hours, taking on variety of roles and tasks.
- Responsibility: Start-up members take impactful decisions concerning stemming from ability to create and introduce processes within the organization, as well as building its structures.
- Steep Learning Curve: Start-ups operate with “learning by doing” and offer hands-on experience, as well as many opportunities to grow.

Despite the advantages, it is observed that in the early stages, startup companies have little or no revenue coming in. They have an idea that they have to develop, test, and market. That takes considerable money and time. Therefore, the first challenge for a startup is to prove the validity of

the concept to potential lenders and investors. In that sense, startups can be risky propositions but potential investors have several approaches to determining their value. If an idea seems to have merit, potential investors may use any of several approaches to estimate how much money it could take to get it off the ground (Medium, 2019).

Some of the disadvantages of working in a start-up business model can be (Frost, 2020):

- Lack of structure: It is often observed that start-up leaders may be inexperienced and have unclear roles and procedures, lacking overall strategy.
- Low compensation: Start-ups particularly in their initial growth phase, provide low salaries with little-to-no benefits.
- Long working hours: There are often no fixed working hours, creating a no work-life balance.
- Uncertainty and instability: Job insecurity and not knowing what the future holds, are often apparent in the start-up business world.

10.4 Creating Startups, a Guide

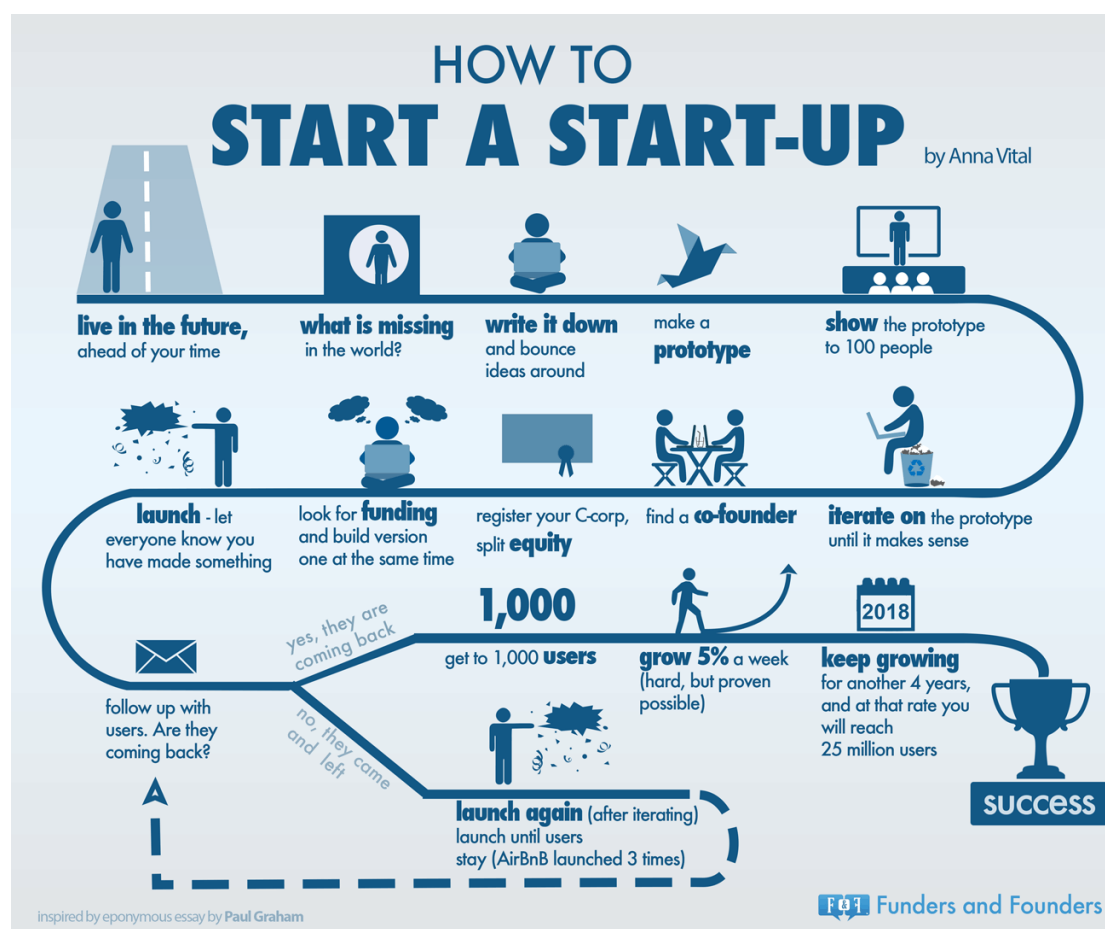


Image: How to Start a Start-up

Source: <https://medium.com/@shippr/working-in-a-start-up-the-pros-and-cons-19-7e4bdd7109a1>

The steps to create a start-up business, can be the following (Campos, 2019):

1. Problem Identification
2. Ideation and Solution/Validation
3. Team Development
4. Consumer Research & Validation
5. Prototype & Validation
6. Marketing Plan
7. Business and Revenue Model
8. Funding

1. Problem Identification

Finding a problem to solve can happen in different ways. Awareness of a problem can arise from a new experience or an existing passion. To come up with a good business solution, the problem should be clear and strong. The following questions may facilitate the problem identification:

- *Is this a problem or a passion that many others have?*
- *Is this problem serious enough to warrant solving?*
- *How often does the problem occur?*
- *Who are the customers with this problem?*

2. Ideation and Solution Validation

Once the problem is clearly stated, a solution should be developed. This is the "ideation process". Ideation is all about having numerous ideas, refining solutions, filtering out the "not-so-great" from the reasonable, and then testing them.

Finding that perfect problem-solution fit demands an understanding of the market and the customer alike. For this reason, extensive research is required to understand the market size and opportunities. This will help develop a competitive advantage and create a startup that will succeed.

3. Team Development

A team is highly important to support all the different stages and processes of putting the business idea into action. It is essential to have a team of people who wish to embrace and boost the project, enjoy working

particularly in the early stages and are able to adapt and work on different roles when necessary.

Overall, a startup team needs the following roles:

- CEO: Leads the team with vision, respect, and responsibility.
- CBO: Supports the growth and creates value by innovating sound business plans.
- CMO: Introduces your solution to the world.
- CTO: Manages tech requirements.
- CDO: Manages and coordinates your startup's design initiatives.

4. Consumer Research & Validation

To reach the potential consumers, defining a target audience is not enough. The research and definition of a "customer persona" is key, as it is a semi-fictional representation of the ideal customer based on market research and real data. This means knowing relevant information such as educational background, personal demographics, and job role.

The best way to validate the customers is to interview them, since the qualitative methodological approach creates a more realistic context of information and data.

5. Prototype & Validation

A prototype is the best tool for testing both the potential and the necessary functionality of an idea, it is a process of using visual resources to describe how a product, service, or system works. It's also the smartest way to think about product design.

A prototype may be in paper or digital, and it explores creatively the different solutions and user experiences of the idea that will be developed. After collecting all the information, the solution can be adapted, either removing or adding features, based on feedback, to reach the next step.

6. Marketing Plan

The next step to create a startup is a marketing plan, which will define the short and long-term goals, and how these will be managed strategically.

Specifically, questions such as *what message do you want to deliver*, *what's the unique value of your solution*, which social media channels will be used, should be answered in a strategic marketing plan.

An important part of the marketing plan is also the creation of a *landing page*, which will redirect your visitors and convert them to "leads", in order

to give straightforward information about the solution to potential customers.

7. Business and Revenue Model

In comparison to a business model, which describes how the company will generate value for its customers, the revenue model is about describing how a company generates revenue with each customer segment containing one or more revenue streams. The business/revenue stage is the point at which every factor related to the sales process has been sorted out.

The business and revenue models need to take into consideration the industry, the product launch timing, as well as the channels used for customer's acquisition. This is also the point to figure out the per-unit cost of producing the solution as well as logistics and operations.

8. Funding

In case self-funding is not a possibility., there are different ways and sources of funding the startup idea, such as:

- Asking for a loan through personal network (family & friends), banks, or public loans.
- Crowdfunding, which indicates to offer rewards in exchange for funding.
- Asking for grants from local governments or private businesses.
- Finding potential investors who may wish to fund the startup idea.

10.5 The Lean Canvas Business Model

A major aspect of launching a new enterprise, either a start-up or a larger cooperation, is that of deciding on a business plan. The "traditional" formula consists of writhing a long and analytical plan that can be pitched to investors, introducing the product and the team. Typically, it includes a five-year forecast for income, profits, and cash flow and it requires research before an entrepreneur has even begun to build a product. The assumption is that it's possible to figure out most of the unknowns of a business in advance, before raising money and actually executing the idea (Blank, 2013).

Once an entrepreneur with a convincing business plan obtains money from investors, he or she begins developing the product in a similarly insular fashion. Developers invest thousands of man-hours to get it ready for launch, with little if any customer input. Only after building and launching the product does the venture get substantial feedback from customers—when the sales force attempts to sell it. And too often, after months or even

years of development, entrepreneurs learn the hard way that customers do not need or want most of the product's features.

Although this method has some advantages, recent studies have shown that it is not the most efficient method to use as a five-year forecast is often not realistic or achievable. Moreover, when it comes to start-ups, they are smaller versions of large companies and so they do not unfold in accordance with master plans. One of the critical differences is that while existing companies execute a business model, start-ups look for one. This distinction is at the heart of the lean start-up approach.

Specifically, the *Lean Canvas Business Model* replaces an elaborate business plan with a single page business model. The lean method has three key principles:

1. Rather than engaging in months of planning and research, entrepreneurs accept that all they have on day one is a series of untested hypotheses, so instead of writing an intricate business plan, founders summarize their hypotheses in a diagram.
2. Lean start-ups use a "get out of the building" approach called customer development to test their hypotheses. They go out and ask potential users, purchasers, and partners for feedback on all elements of the business model, including product features, pricing, distribution channels, and affordable customer acquisition strategies. Using the customers' input to revise their assumptions, they redesign and make further adjustments.
3. Lean start-ups practice "agile development", which originated in the software industry. Agile development works hand-in-hand with customer development. Unlike typical yearlong product development cycles that presuppose knowledge of customers' problems and product needs, agile development eliminates wasted time and resources by developing the product iteratively and incrementally. It's the process by which start-ups create the minimum viable products they test.

In order to fill-in the Lean Canvas Model, the following format is used:

PROBLEM <i>List your top 1-3 problems.</i>	SOLUTION <i>Outline a possible solution for each problem.</i>	UNIQUE VALUE PROPOSITION <i>Single, clear, compelling message that states why you are different and worth paying attention.</i>	UNFAIR ADVANTAGE <i>Something that cannot easily be bought or copied.</i>	CUSTOMER SEGMENTS <i>List your target customers and users.</i>
	KEY METRICS <i>List the key numbers that tell you how your business is doing.</i>		CHANNELS <i>List your path to customers (inbound or outbound).</i>	
EXISTING ALTERNATIVES <i>List how these problems are solved today.</i>	HIGH-LEVEL CONCEPT <i>List your X for Y analogy e.g. YouTube = Flickr for videos.</i>	EARLY ADOPTERS <i>List the characteristics of your ideal customers.</i>		
COST STRUCTURE <i>List your fixed and variable costs.</i>		REVENUE STREAMS <i>List your sources of revenue.</i>		

Image: The Lean Canvas Business Template

Source: <https://medium.com/@davideturi/how-to-compile-a-lean-canvas-the-business-plan-in-one-page-3b10bffef402>

Each block should contain information that relate to the business and facilitate the initiation activities. The following Explanations can be taken into consideration (Turi, 2017):

1. Problem: It contains the set of problems that they need solving.
2. Customer Segments: The problem and Customer Segments can be viewed as intrinsically connected. Without a Customer Segments in mind, the problems cannot be defined, and visa-versa.
3. Unique Value Proposition: A value proposition is a promise of value to be delivered.
4. Solution: A solution to the problem is the key goal of setting up the start-up model. This cannot be answered easily, however at this stage, it is recommended to “get out of the building”, interview the customer segment, ask them questions, and use the feedback (Build — Measure — Learn cycle).
5. Channels: Channels are ways to reach the Customer Segment. Channels can be email, social media, ads, blogs, articles, webinars etc.
6. Revenue Streams:

7. How you price your business will depend on the type of model it is, however, it's quite common for startups to lower their cost, even offer it for free to gain traction, however, this can pose a few problems. The key being it actually delays/avoids validation. Getting people to sign up for something for free is a lot different than asking them to pay. There is also the idea of perceived value. Further reading: Simple pricing strategies for your products or services, the lean way!
8. Cost Structure: This contains the list of all operational costs for taking the business to market. How much will it cost to build / landing page? What is your burn rate — your total monthly running costs? How much will it cost to interview your customer segment? How much do market research papers cost? etc. You can then use these costs and potential revenue streams to calculate a rough break-even point.
9. Key Metrics: Every business, no matter what industry or size, will have some key metrics that are used to monitor performance. The best way to help with this is to visualize a funnel top down that flows from the large open top, through multiple stages to the narrow end.
10. Unfair Advantage: Having an unfair advantage can help when it comes seeking partners & investors. Unfair advantage can be insider information, a dream team, getting expert endorsements, existing customers etc.

10.6 Start-Up Trends by Country

10.6.1 Greece

The Greek startup ecosystem was brought into the spotlight during the financial crisis and it keeps growing ever since. In the latest years, the Greek startup scene grew, with many aspiring entrepreneurs working on promising new ideas and innovative business models. The size of Greek startups is not easily measurable, around 2000 startups have been estimated in 2019. Several developments within 2018 demonstrate the progress that is happening in Greece on the innovation front and set a promising path towards a technologically fueled economic growth.

In fact, Athens was awarded the title of the European Capital of Innovation 2018 and received a €1 million prize by the EU research and innovation

programme Horizon 2020. Barcelona (2014), Amsterdam (2016) and Paris (2017) received the prize in the recent past. Moreover, the EIT Innovators award was won by a startup developing ADPS (Alzheimer's Disease Prediction Service), led by the Greek Ioannis Tarnanas (supported by EIT Health). Apart from that, in 2018 global leading companies chose to invest in Greek services and products. Tesla established Tesla Greece, based at the Lefkippos Technological Park of the National Center for Scientific Research (NCSR) Demokritos (Enterprise Greece, 2019).

Most of the Greek startups operate on the Industrial Technology / Production Hardware category (17.1%) and their business model is "mainly B2B with some B2C" (20%), followed by "mainly B2B" (17.1%) and "mainly B2C with some B2B" (17.1%). Greece also presents a high degree of internationalization (43.8%). Out of the startups that are already having some revenue, the majority (71.5%) are earning up to €50,000, holding the lowest position among European countries overall. Another 14.3% earned €50,000-€150,000 and 14.3% had an annual revenue of €150,000-€500,000 in the past year.

It is observed that, Greeks have a strong tendency towards entrepreneurship. In the years following the Greek crisis, entrepreneurship in Greece has emerged as a key lever for growth restoration and job creation. The domestic IT sector (SMEs and larger enterprises) contributes value added of €830 million, of which approximately ¼ concerns companies integrated in clusters and startups. Accelerators and incubators are also important parts of every startup ecosystem, but the distinction between the two is often unclear. In Greece, there are only a few accelerators that act strictly as so, and the same goes for incubators as well.

With the ecosystem in Greece still being young, small in size, and not already adopting a distinguished orientation, new founders are not urged to focus on a specific sector of the industry. When investigating the reasons behind those rejections, it is argued that nearly 1 in 3 startups being rejected are making a proposal that does not fit their investments thesis, and the gap between this reason and the ones following is definitely noteworthy. Moreover, there is a small market size and difficulty to expand the product or service to other markets. Greece also leaves little room for the further scaling up of startups within the country, something that founders take into consideration when attempting an expansion (EIT Digital and Foundation, 2018).

The rejection reasons for funding Greek startups are shown below:

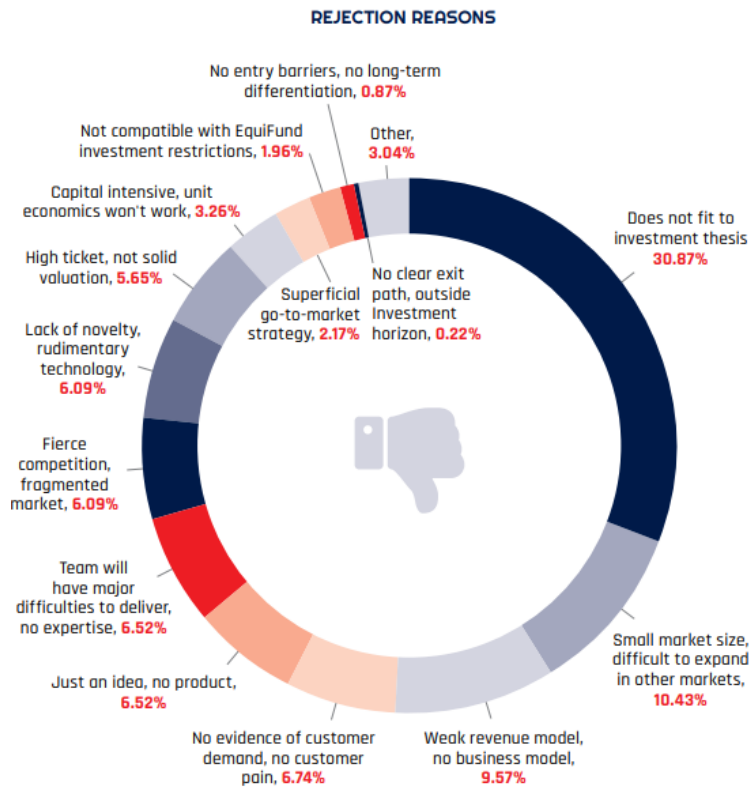


Image: Reasons of non-funding a Greek Start-up

Source: <http://thefoundation.gr/wp-content/uploads/2018/12/Startups-in-Greece-2018-by-EIT-Digital-and-Foundation.pdf>

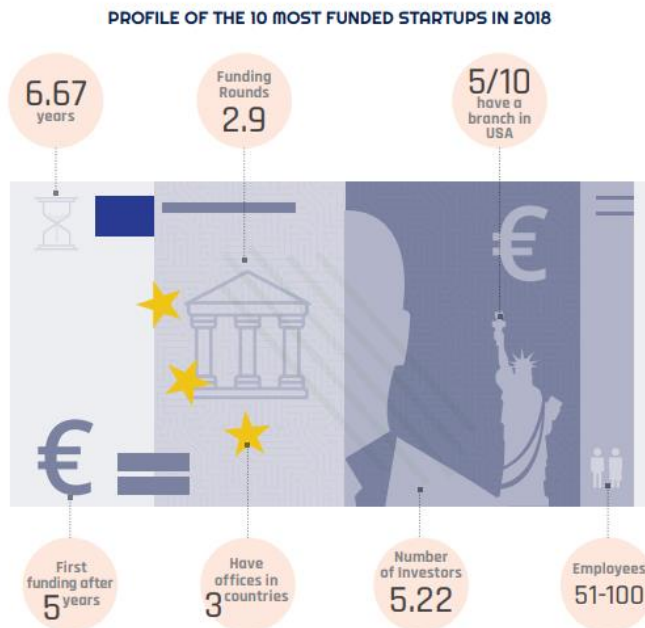


Image: Profile of the most funded Greek startups in 2018

Source: <http://thefoundation.gr/wp-content/uploads/2018/12/Startups-in-Greece-2018-by-EIT-Digital-and-Foundation.pdf>

Overall, it can be argued that Greece has the human capital and is capable to bring change to the country's financial situation and startup ecosystem. This is now matched with great funding prospects, a combination that can move the country towards a brighter future. The legal framework in Greece is being updated to allow for entrepreneurship to flourish and pave a legislative path that would be attractive both to local startups and foreign investors, always taking in mind that any investment being made to local startups can directly lessen the effects of the brain drain phenomenon. Hackathons and competitions are a great way to attract new talent, yet there is strong indication that the ecosystem is being overflowed with such events and this can lead to saturation.

The total amount of investments continued to grow in 2018 and the focus of startups on B2B services has also increased, both facts indicating a maturing ecosystem. The top 3 sectors are a combination of new and old ones for the Greek market, yet all of them are now driven by technology and modern implementations. Individuals and promising teams from new fields such as research and academia are entering the startup ecosystem in search of funding and a chance to develop their business ideas and plans.

Founders, however, need to be better prepared before reaching out in search of venture capital. As the most popular reasons for a rejection by a fund reveal, startups should perform thorough research and prepare a comprehensive business model in order to convince investors and have their proposal stand out.

Certainly, the possibilities are countless, provided that we set strong foundations and cultivate the proper mentalities among founders and the rest of stakeholders among the ecosystem. Other industries and especially the corporate world should acknowledge the multiple benefits of partnering with startups and the advantages in terms of innovation and digital transformation that such partnerships offer. Specifically, in regard to corporate innovation programs, a more systematic and business-oriented approach should be considered.

The changes on the legal framework front and the digitalization of public services in relation to company registrations need to be intensified. Furthermore, regional ecosystems across the country need to be further developed. The role of local Universities, Municipalities and Regions in this is instrumental and these entities should be encouraged to contribute their part. At the same time, all these improvements and modernization need to

be more effectively publicized to foreign investors in order to nurture the idea of Greece being an emerging startup hive.

Lastly, organizers of hackathon events should look at communicating more between them and possibly grouping or merging competitions into more focused events that do not overlap and are in accordance with the needs of the market. Extra effort should be put into stimulating the interest of female founders to get more involved into startup teams and the ecosystem in general. At the same time, before contacting funds, the startup teams need to construct solid and relevant proposals. For further growth, local startups should start thinking carefully about their expansion to foreign markets and devise wisely their scaling up plans.

10.6.2 Bulgaria

It is evident that Bulgarians have a high entrepreneurial spirit and willingness to take risks. In fact, in 2018, 42% of respondents participating in a survey replied they could imagine starting their own business, while the average percentage in Europe is 39% (Startup Europe Network, 2020).

The Bulgarian startups are mainly concentrated in the big cities and specifically in the capital Sofia, in Varna, in Burgas, Stara Zagora, Ruse. A positive trend is the willingness of the state and municipalities to lift both the startups and organizations that are supporting them. Substantial assistance is provided by administrations to startups in their processes of funding, finding potential clients, investors and, market uptake. Bulgaria can count on its local communities for the progress in this area. The Varna Startup and Digital Community are a great example of that.

As part of the government's strategic planning, greater prominence will be put on Digital Innovation Hubs in line with the European Union's aim to develop a Unified Digital Market. The government and local authorities also maintain a continuous dialogue with NGOs that represent startups. These organizations are open for recommendations coming from the startup community, including suggestions on how to improve the legislation and regulations for the sustained development of entrepreneurship, creativity, and innovation. They also provide financial support for the organization of national and international conferences and exhibitions that are essential for the exchange of know-how with the Western European countries.

Nonetheless, there are also challenges, as there is a lack of financial instruments for the organizations supporting and developing the ecosystem. There is also lack of financial regulations and instruments supporting the startups at their early stage, as well as legislative barriers for developing the startup ecosystem.

The Bulgarian startup ecosystem has a good balance between public and private institutions, different types of stakeholders (incubators, funds, public institutions, etc.) and corporations. It is also very open to cooperate with neighboring startup ecosystems, in particular with French, Belgian, Spanish, CEE and Western Balkan startup ecosystems. Lots of forums are being organized lately to make all stakeholders' voices be heard and taken into consideration and, consecutively, their efforts to be united for common goals.

The key stakeholders of the Bulgarian startup ecosystem are (per type):

- Startup: Mimirium, SeeHarmony, Imagga, Tickey, Mammoth DB, Proviotic, Reachub, Melissa Climate, Half Bike, Bee Smart, Dronamics, Gym Realm, Recheck, Escreo, Ucha.se, Metrilo, etc.
- Investors: Launch Hub Ventures, Eleven, Neveq, Bright Cap Ventures, Empower Capital, Black Peak Capital, Rosslyn Capital Partners, BBF Angels Club, CEO Angels Club, etc.
- Corporations: SAP, Microsoft, Solvay Sodi, Mobileye, VivaCom, VM Ware, etc.
- Public institutions: Fund of the Funds, The Bulgarian Small and Medium Enterprises Promotion Agency (BSMEPA), municipalities Sofia, Varna, Burgas, Plovdiv, Ruse, Stara Zagora.
- NGOs: Bulgarian Private Equity and Venture Capital Association (BVCA), Bulgarian Business Forums, BEC, Startup Foundation, Start it Smart, Startup Factory.
- Co-Working Spaces: Innovation Co-Working Space, Betahouse, Soho, Puzzle Co-Working, WolloW, Swich, Limacon.

10.6.3 Republic of North Macedonia

The Macedonian startup ecosystem is smaller compared to other European and even neighboring countries, but on the other hand it still has similar size to few quite vibrant and successful such as Slovenia and Estonia. General impression is that the country is not lacking ideas, but the creation of products and adopting to the market is still a struggle for many. One of the reasons behind this is lack of adequate support and expertise that will go much more beyond basic business launching education (Startup Europe Network, 2020).

According to the Ecosystem Research the Macedonian ecosystem is not creating products as only 30% of startups who have entered some kind of program developed a demo or a product, and more often than not, those prototypes will struggle to generate early revenue. (Connecting the Macedonian Ecosystem, 2018"by Startup Macedonia supported by USAID BEP).

Until 2018, startup support organizations were mainly incubators, creative hubs and various NGO's and platforms working on promotion, education or offering co-working space for startups. By the end of the 2018, the Fund for Innovation and Technology Development (FITR) together with World Bank has funded the launching of 3 Accelerators (first Accelerators in Macedonia) that supposed to allocate investment funds for highly promising startups. Among the organizations working as ecosystem builders are Seavus education and development center, SEEU Technology Park, YES Incubator, CEED Hub, UKIM Accelerator, Bitola Acceleration Program implemented by Preda and Accelerator X Factor located in Veles.

The main characteristics are that all these startup support organizations are in the early stage of their development and have recently started to offer financial support that is now attracting more startups. Previously, they were offering co-working and mentorship only.

At the moment, the biggest supporter of startups and small innovative companies is the Fund for Innovation and Technology Development (FITR) and their Instruments for support. As planned this activity should increase once the 3 Accelerator launched their acceleration Programs. From Investment Funds, SCV are the most active at the moment.

The current trend is that startups are attracting attention not only from institutions and local investment stakeholders but corporates as well. Corporates are becoming more and more interested in working together with startups and learning from their innovative spirit and flexible approach towards various technological challenges. So they either participate or organize themselves competitions, hackathons and different challenges for startups and students.

The key stakeholders of the Macedonian startup ecosystem are:

- Startup Support organizations such as Seavus Accelerator, UKIM Akcelerator, X Factor Accelerator, Technology Park SEEU Tetovo, Bitoal Acceleration Program.
- Universities (FINKI, FEIT, Faculty of Technical Sciences Bitola, University of Information Science and Technology Ohrid etc.)
- Institutions Fund for Innovation and Technology Development, Ministry of Information Society and Administration.
- ICT Companies such as Seavus, Telecom, VIP.
- International organizations and institutions such as EBDR, British Council, Swiss Contact, World Bank etc.
- Investment Funds: SCV, SEAF, Banks and their specific programs etc.

- Associations, platforms and events: Startup Macedonia, Swiss EP, MASIT.

The legislation currently still needs to evolve in order to provide sufficient support to startups as they are treated equally with bigger companies, no particular incentives for private investments in startups, brain drain is also a big threat for both old and new companies and in general political economic and social context of the country.

10.6.4 Cyprus

Cyprus, with its liberal economy, low corporate taxation, affordable and attractive living conditions, has seen the emergence of an increasing number of startup companies. It is a small open service-based economy with tourism, financial and shipping services accounting for the lion's share of domestic wealth creation (Musyk & Robota, 2017).

The small Mediterranean island is dominated by small and medium-sized enterprises which account for 72% of value added compared to 57% in the rest of the EU (European Commission 2016:2, SBA Fact Sheet Cyprus). Cyprus boasts one of the lowest expenditures on Research and Development (R&D) activities (0.46% of GDP in 2015) when compared to the EU average (2,03%), along with Romania (0,49%), Latvia (0,63%) and Malta (0,77%) [Eurostat 2017, CyStat 2017 (Cyprus Statistical Services)]. According to the European Startup Monitor (European Startups Monitor 2016), Cyprus's startups are mainly concentrated in the service sector, serving business-to-business needs notably in the Information and Communication Technology (ICT) sector.

Cyprus's entrepreneurial ecosystem is characterized by the presence of the necessary basic framework conditions, including physical infrastructure, research institutions, as well as qualified human resources and supporting government initiatives. However, systemic conditions, including networks, leadership, finance and adequate support service were found to be underdeveloped.

It is observed that the number of startups in Cyprus is growing each year, yet the value added of these companies remains usually relatively low. In other words, there are many startups in their early stage of development but few make it to the advanced stages of growth. Thus, initiatives and programs supporting the Cypriot ecosystem mainly serve early stage startups; the ecosystem's institutions work to motivate and attract an ever increasing number of new entrepreneurs into the community, yet there is no focus on later stage ventures and support for a sustainable entrepreneurial community.

When it comes to funding schemes, business competitions and incubators/accelerators programs, candidate entrepreneurs are evaluated and selected by people who themselves have rarely worked for a startup company. Cypriots are often characterized as having a strong entrepreneurial spirit although this may have little to do with the existence of entrepreneurial skills.

There are many business consultancy organizations seeking to fulfil their corporate social responsibility obligations, but also aiming indirectly to involve more people into the world of startups and extend their potential client base (the main corporates engaged with the Cyprus startup community include two telecom operators, CYTA and MTN and “the big four” KPMG, EY, PwC and Deloitte). In addition, the Cypriot ecosystem appears to be led by many local support organizations, such as incubators, accelerators, non-government organizations (NGOs) and related corporations, including their main sponsors, the business service providers.

10.7 Concluding Remarks: Should you chose a startup business?

Overall, startups are different from traditional businesses primarily because they are designed to grow fast. They rely financially on capital that comes from angel investors or venture capital firms, compared to the small business operations that may rely on loans or grants. Taking into consideration the aforementioned analysis, advantages and disadvantages, launching a startup instead of a traditional business may be considered in the context of rural and agricultural business development.

When choosing whether a startup is the right business model, the following questions may be taken into account (Landau, 2020).

- *Do you enjoy working hard but flexible?*
- *Do you have an innovative idea?*
- *Is your product or service addressed to a big market?*
- *Are there available incubators and accelerators in your area?*
- *Is the local startup ecosystem strong enough?*
- *Can the legal and financial framework in your country support your startup business?*

Chapter 11 - Future Trends

11.1 Future Trends Introduction

Regardless, whatever aspect your business is involved in, you need to keep up with the changes. Old favourites, concepts and products go out of style, or some of them remain or they get new interest or they are being replaced by newer, more modern concepts. New trends, new ideas, edgier or repolished concepts, emerging destinations, new technologies cause a retooling and redirection of the market and the industries.

According to recent EU researches, based on current circumstances, by 2050 the agri-food sector will have to generate 50% more food to cover the needs of the populace and to be able to meet the increased demand for food. Due to climate changes and the harsher climate events they cause, such as droughts, floods, tropical storms, heat waves, wildfires, food production is expected to be affected, thus food insecurity to upsurge.

Another sector, the tourism sector will also be impacted in the coming decades based by researches of the OECD. "The future of tourism will be impacted by large-scale social, economic, political, environmental and technological changes, bringing new and often unseen challenges, threats and opportunities. These "megatrends" are slow to form, but once they have taken root, exercise a profound and lasting influence on human activities, processes and perceptions, including for tourism. Four megatrends are likely to have significant impacts and relevance for tourism: i) evolving visitor demand; ii) sustainable tourism growth; iii) enabling technologies; and iv) travel mobility. Exploring the multidimensional implications of these megatrends to 2040 is important to inform policy and shape the future of tourism."

OECD has also developed an approach that focuses mainly on four key categories: people, planet, productivity and polity, as you can see in the following table.

Megatrend	Description
People	Generally, refers to changing demographics, as well as trends related to health, labour and social cohesion. In the context of tourism, this trend is most closely related to evolving visitor demand, which refers to trends such as aging populations and the growth of the global middle class.
Planet	Generally, refers to the state of the environment and the impacts of climate change, as well as access to resources such as food, energy and water. In the context of tourism, this trend is most related to sustainable tourism growth.
Productivity	Generally, refers to sources of growth, such as technology, innovation and entrepreneurship. In the context of tourism, the rise of enabling technologies has impacted the way people around the world can travel, such as through platforms in the sharing economy. Advancements in automation are also likely to transform the sector.
Polity	Generally, refers to the state of governance, trust and accountability in the public sphere. In the context of tourism, public decisions will have a role in a number of areas, particularly on travel mobility. For instance, mobility is significantly impacted by the degree to which national governments support international transport and facilitate travel.

Table: OECD Megatrends Framework

Source: <http://www.oecd.org>

11.2 Future Trends in the Agro-Food Sector

It is unquestionable that food is life. Food usually comes from plant or animal sources. It provides us with essential nutrients, such as fats, proteins, vitamins, carbohydrates, minerals. Nutrition and diets were all the rage in the 80s but especially today they are gaining more and more foresight and attention. Hence, all the attention in food systems and thus the Agro-Food sector.

Definitely, important progress has been made in improving the food quality and nutrition and even reducing hunger and poverty compared with the past but there is still room for progress as well as a need for it. Certainly, technological advances and productivity improvement have contributed to that. And they are important drivers of the future trends.

Other drivers are population growth, resource availability, climate change, technology advancement, which depending on their combination and significant weight they may give us different foresight and possible results for future scenarios that may result in establishing different future policies and research priorities.

Connections between food production and social, economic and environmental factors is an increasingly evident mosaic (Russell and Hedberg, 2016; Jennings et al., 2016; Johnson and Karlberg, 2017). Because of the aforementioned drivers, future trends in the Agro-Food sector can be divided in Immediate and Long-Term, immediate as the ones that can happen rather soon and long-term as the ones that need a longer run to actualize.

11.2.1 Immediate Future Trends

- Ensuring viable farm income

Europe as always interested in the role of the farmers in the general economy shows via the 9 Objectives of the CAP beyond 2020 that they plan to support viable farm income and resilience across the Union to empower the farmers and in extend enhance food security.

- Trade agreements

Connected with the previous trend, there is a need for a more integrated international trade, hence newer better trade agreements. Depending on the way these agreements focus on the today's and future needs they have the potential to contribute to better food availability and security within the EU but also across the globe. It is no secret that trade policies and trade agreements affect greatly the global agri-food chain.

- Economics of the value chain

More vertically integrated food supply chains are becoming increasingly important, with large multinational companies combining food processing, transforming, storage and retail industries. But what is vertically integrated food supply chains exactly? A simple definition of vertical integration is when one company controls more than one stage of the supply chain or production cycle. This could be a single company or a group of companies that are all under the same ownership. According to Shoreline Fruit the Vertical Integration reassures the customers for more food transparency, as they know where food comes from.

- Farmer position in value chains

Position farmers' in a more enhanced place in the value chain both by supporting their income as well as exploiting their knowledge and experience on production methods.

- Increasing competitiveness

In a resource-constrained and climate changing world, increasing competitiveness and agricultural productivity in a sustainable way in order to meet the higher demands will be a challenge and necessity.

- Structural change and generational renewal

There have been fair efforts to modernize the agricultural sector. Thought it was easier to do it as an individual in a harder way, since the national attempts were often lacking continuous coordination or were being strained by heavy bureaucracy or the lack of modernization in the

bureaucratic procedures per se.. It is even more relevant and necessary today to attract young people and help them improve their business development. That will extend to more jobs and growth in rural areas.

- Transboundary pests and diseases

As it was evident with the recent adventure with Covid-19, there are unforeseen circumstances that may have broad economic, social and environmental impacts in a rather rapid speed. Of course, you cannot be prepared for everything. That is humanly impossible. But having a good organized team and mechanisms will help you recover in a steadier way.

The same happens with outbreaks of transboundary pests and diseases of plants and animals. These pests and diseases jeopardize food security. Undoubtedly, a worrying trend like the zoonotic diseases, such as avian influenza and swine flu and the transboundary animal diseases, such as lumpy skin disease spreading quickly from Africa to the Middle East, Asia and Europe (Alkhamis and Van derWaal, 2016) and cause serious repercussions on human health.

Certain diseases, such as wheat and coffee rusts, and pests, such as locusts, are airborne and can easily be spread by the wind across borders.

11.2.2 Long-Term Future Trends

- Innovating food production systems and other elements

Innovating food production systems and other elements may seem like an immediate trend but there is a long way to go to even see today's seeds bloom. Europe is gravitating towards achieving a higher yield through innovation and precise farming. Other innovative systems are sharing of equipment, in-store farming, organic production. As technological progress impacts several economic sectors it will affect rural areas and the agricultural sector as well.

- Emerging Agriculture Technologies

The latest developments focus on Crop Monitoring Technologies, Automation, Water Conservation and Digital Distribution. More specifically, air & soil sensors, crop sensors, equipment telematics, livestock biometrics, infrastructural health sensors.

New technologies and innovation certainly require a significant amount of investment at least in the beginning but are proven profitable in the long run, while the adoption of newer technological advances can help farmers treat crops and manage fields in even more precise way than usual.

- Genetically designed food

Another branch of emerging agriculture technologies would be the genetically designed food, such as the “in vitro meat” and others. Genetically designed food is a social sensitive matter with a lot of skepticism from a lot of people but judging of the food values, depletion of natural resources, and world population growth, despite the ageing issue, it may be a viable solution for providing food supplies, safety and nutrition not only in EU, but also globally (Mylona et al., 2016).

- Automation

Such as variable rate swath control, agricultural robots, precision agriculture, robotic farm swarms. This trend may seem to create a conflict with the effort to improve the farmer’s position in the value chain. However, that is not the case as the role of farmer will also advance and adapt with these developments.

- Water Management and Conservation

Agriculture is responsible for an estimated 70 percent of freshwater consumption. Add the consequences from climate change and the problem of drought is becoming more common in some regions. Also, population growth continues to increase the demand for water. As a result, modern agriculture should be driven to find innovations that help farmers make better use of rainwater, as well as conserving water while irrigating. The shift towards drought tolerant seeds and crops would also be another useful tool for the same goal.

Another tool for water management and conservation would be the use of sensors and satellite technology. Farmers can take advantage of forecasting tools that will combine robust data collection with advanced analytics software. This can enable farmers to make informed and precise decisions about irrigation frequency, translating to financial savings and natural resource savings.

11.3 Future Trends in the Alternative Tourism Sector

The rise of mass tourism can be historically placed shortly after the Second World War when western countries due to newly industrialized economic growth saw the rapid emergence of the middle class. Through the years the mass tourism caused certain economic, social, cultural and ecological consequences by the massive amounts of visitors. Here comes the Alternative Tourism with all related new forms of sustainable tourism that want to create a different philosophy of tourism assimilating the travelers/visitors with local populations and natural environments of the host countries.

As a rapidly-evolving economic sector, the Alternative Tourism has more and more new trends and innovations appearing. Evolving visitor demands, sustainable tourism growth, advances in technology, changes in travel mobility and in demographics and shifting social moves create new needs, changes and tourism trends to watch.

Following you will find emerging and future trends.

- Eco-Friendly (Green) tourism

As it was presented more eloquently in the chapter regarding Alternative Tourism of this guide, the Green tourism, from its infancy in the 1980s, has become a movement, not only a trend. The nature-based tourism or sustainable tourism is in great demand and maybe after the nature healing during the quarantine due to Covid-19, it is assumed that it will gain even more following and it will continue its growth. Travelers are now even more aware of the negative impact tourism might have on the

environment and have more awareness and responsibility not to hurt the visiting environment. Apart from avoid damaging the natural environment, the travelers also want to interact more with the local people.

- Sustainable Tourism

Closely intertwined with the Eco-Friendly (Green) tourism, Sustainable Tourism is more of a way of responsible thinking that may act as a trend today but it is also causing other trends and challenges. According to the Travel Foundation in UK, the aim of sustainable tourism is to increase the benefits and to reduce the negative impacts caused by travelers in touristic destinations. Protecting the natural environments, the wildlife, the plant life and natural resources, in general, when developing and managing tourism packages, facilities and activities will definitely help achieve that. As the International Year of Sustainable Tourism for Development in 2017 showed us, Sustainable Tourism is changing over the years, gaining more momentum, from the perspective of the tourist, the hospitality businesses, the national and international bodies. Sustainable tourism has gradually evolved from being a luxury specialized part, often overlooked in the past, of the overall product to the hospitality companies realising that is an important ingredient for success but also important for the viability of the eco-system.

According to recent results from Eurostar, people travelled more by train in 2020, and EU seriously considering to tax aviation fuel, the shift of tourism businesses to protecting wildlife, restoring habitats show us that the landscape for sustainable tourism may start to change even more.

- Travelling Solo

Usually, when we think of vacations, we think of family vacations or at least couples vacationing. While that is still happening, there have been an increase of the people that decide to get away on their own. What may have seemed unusual in the past decades, it is becoming more common. The reasons behind solo travelers are multiple. Some people simply want to travel by themselves, without distractions, others may be looking for solo social activities or to meet other people on their own,

others may be widowed and want to travel alone and others maybe want to indulge themselves in something alternative or luxurious.

- Silver tourism

Especially the past decade, it is even more evident that global population is aging and so called, silver hair tourist is becoming a trend. And because of expected increase of average life expectancy, the average standard of living will rise. Europe is expected to be the second largest region affected by ageing. With less home responsibilities, a satisfactory income, more spare time, travel any season flexibility, it's ideal for more travelling.

- Emerging middle class

It is not a secret that the middle class in Europe, after the global financial crisis in 2009, may seemed at its most vulnerable. Thankfully we are talking about vulnerability and not shrinkage. The European Union should take it as an opportunity to retool certain policies to strengthen its middle class, as it is clear that it is the economic force behind its economy, both as a working force but also as consumers. Before the limitation that emerged with the Covid-19 outbreak, the researches showed that the middle class is emerging. After Covid-19 that remains to be seen. Recent researches by OECD show that they will represent 4.9 billion people by 2030 and 2/3 of them will come from Asia – Pacific region, especially China. Placing a lot of importance on value for money, more diversified and customized deals they are going to be a major source of income in tourism.

- Digital and technological innovations

Digital and technological innovations always affected all economic sectors. And now it's the time of the Alternative Tourism. Actually, digitalization of the tourism sector has already happened. Of course, most businesses are doing a fair effort to catch up. Bulgaria, Cyprus, Greece and The Republic of North Macedonia are from the economies that understood early the change and are taking the necessary steps and are also willing to keep implementing and updating their digital and

technological aspects of their economy, always with respect and consideration of their cultures and environment.

More and more companies are changing or implementing their traditional business environment with a more digital one, such as a lot of tourism companies use more online platforms to reach new potential clients but also keep in contact with current ones. Even the usual “Word of Mouth” got digitalized. Of course, word of mouth is always a great way to recommend a place you have already been to, imagine the range of the people you can reach nowadays via Instagram and other social media. Generation Z (6-20 years old) and Generation Y (25-39 years old) may seem like the token groups for being up to date with technologies, but today everyone is catching up and keeping up with the changes. Another facet of the technological innovations is that a potential customer has a 24/7 accessibility, via multiple channels, to plan their journey. Digital innovations and analytical tools enable companies to engage customers more and build a connection in a new way and implement their overall experience.

- Emerging Destinations

With the new progressing circumstances for the middle class globally, the new technologies, their search for value for money and diverse travel interests, many destinations are emerging. Only in 2019, 1.5 billion international tourist arrivals were recorded around the world going on vacation. Based on data collected from the World Tourism Organization and the European Travel Commission, emerging economies are the biggest drivers of growth in the tourism sector not only currently but also for the future. By 2030 is expected 57% of international tourists will be visiting emerging economies.

Eastern Europe, Asia and South America are expected to play a major role as leading emerging destinations. Only Bulgaria have hosted respectively 9.3 million foreign tourists in 2019. Quite a rise since in 2010, they were 6,047 million.

Tourism is expected to become even more diverse in the next decades and the competition between destinations may be fiercer in the future.

Therefore, each country should find a competitive advantage that they can develop, promote and exploit.

- Automation / Artificial intelligence

Tourism has always been influenced by the technological progress that is shaping and changing everyday life. Such as the hotel movie libraries changing formats, from VHS, to DVD, to Films/Video On Demand For Hotels platforms or streaming platforms. And of course, the access to mobile internet, navigation systems and smartphones, thanks to which more people are continuously connected to the digital life. Definitely the Internet has changed the way tourists search, explore, manage and experience travel. The tourism industry had to rethink their strategies, adopt new technologies and remold the way they provide services to their guests.

In recent years, automation is the much-talked-about and controversial next step in the tourism industry. Robots for maintenance, guest services and room service, holograms avatars instead of real-person reception and staff, gadgets, Augmented Reality devices, smartphones, automated voice assistants in rooms, etc. Everyone remembers the first robotic concierge Connie, developed by IBM and powered by IBM's Watson, introduced in 2016 at the Hilton McLean. Designed to help hotel guests on where to dine, sights to visit, to guide them inside the property and instantly reply in many languages. Other examples would be registration at reception carried out via smart devices; the receptionist can see the guests' preferences digitally before or during arrival, and hence adjust all the preferences to the room in real-time. That way the guest enters the room and finds the lighting automatically adapted, the preferred temperature, their favourite music playing, even their favourite TV programs filtered. All of these contribute to a complete pampering and experience for the guest leading to their satisfaction and possibly a long-term relationship with the company. Of course, the level of technology used by each company will depend largely on its culture, strategies, services and budget.

- Healthier lifestyle

Taking care of your personal health is getting more important and that also impacts the tourism sector. Wearable technology and other electronics focused on healthcare, like Fitbits and smartwatches, is becoming more and more popular, therefore hotels and resorts that promote healthy lifestyle and activities, spas and medical-focused destinations are more inclined to further these advances and health applications.

In addition, there was a steady increase on health & wellness resorts and theme vacations the last couple of years in the market. Relaxation, exercise, treatments, and healthy dietary options are some of the already well-known services selections.

- Meaningful experience

More and more consumers are looking for unique, meaningful, new perspective experiences during travelling, instead of simply hanging out at the hotel pool. Though the latter one is a classic.

Regardless of each customer's personal reason -Instagram, travel blogging across social media, volunteerism, social and environmental empathy- for a meaningful experience during vacation, alternative tourism and sustainable tourism in general are making an effort to keeping up with the current and the foreseeable future. The development of tourism destinations and services requires a careful balance between providing engaging visitor experiences, respecting the ecological and cultural values of the area and ensuring the long-term safety of the site. Cruising is one of the most polluting vacation models, considering the impact it has on the local environment and the marine systems. Making optimal use of the resources and maintaining essential balance between the locals and the visitors but also helping visitors have an authentic, one-of-a-kind experience.

- Unforeseen trends / developments

As history has proven time and time again there are always unforeseen developments that businesses and societies cannot plan or prepare for. Political issues, terrorism, wars, immigration or even a virus outbreak

and the changes they bring are some of the circumstances that can happen with little to no notice. All these can cause various tensions. As a result, political unrest, civil riots and immigration waves are becoming more of a reality and they impose a threat to the future of tourism. For example, since the beginning of the Syrian Civil War in March 2011, tourism has declined steeply. That also caused rippling effects throughout Europe. Specifically, in Greece, that generated flows of migrants, riots from internal forces, either from radical forces or “citizens” that got swept by these forces which caused short-term and long-term problems. Short-term problems could be considered some media warning tourists to avoid traveling to Greece. Long-term effects could be losing investments and investors’ interest in tourism due to the instability. The tragic attacks in France, Tunisia and Thailand, are other causes for negative impact on tourism. That caused the tighter security checks in airports and travelling in general. That may also make travelers feel insecure travelling either domestically or internationally.

The recent crisis due to the Coronavirus (Covid-19) spreading worldwide, had each government taking the necessary measures to contain its spread and as expected impacted local economies and of course tourism heavily and in a startling way. We saw suspending all transport links, or travelling in others countries, restrictions of movement even internally, postponing the opening of seasonal hotels and resorts, and even closing the all year-round hotels in larger cities. In addition, mass gatherings have been banned and as a consequence and precaution, museums, archaeological sites, cinemas, shopping centres, cafes, restaurants, taverns, bars have shut down. The magnitude of the event was unprecedented.

All these events make us understand how volatile certain conditions and sectors may be and how some basic crisis management preparation and government assistance would be useful.

Chapter 12 - SmartRural Network

12.1 Introduction

Networking is a socioeconomic entrepreneur activity by which business people meet to form business relationships and to build upon common goals and business opportunities (Hubert, 2001), share information and seek potential partners for business.

A business network is a type of business social network which is developed aiming to help businesses connected with other businesses locally, transnationally or internationally on a managerial level and with other entrepreneurs, forming mutually beneficial business relationships, in order to build on their clientele. (Misner, 2008). In short, business networking is utilizing your business and building on your connections to create new ideas and ways of working and also gain new customers. It may sound simple, but it includes relationship building and keeping up with new technologies. Of course, when used correctly, it will pay off.

In the SmartRural project, the establishment of networks is an integral part of the whole project, not only for its success but also for its sustainability and a starting point of an ongoing cooperation between Greece, Bulgaria, Cyprus and the Republic of North Macedonia. It is aimed to play a decisive role in the development process in rural areas, which will contribute to serving common interests at local level, exchanging good practices with other local communities with common features, exploiting human potential, knowledge and experience, maximizing the utilization of endogenous socioeconomic potential and local comparative advantages of each region and local community extroversion.

The creation of a transnational cooperation for the improvement of the entrepreneurship in the rural areas for all the countries involved in the SmartRural project is based on the principles of innovation, sustainable economic growth and increase of wellbeing. The SmartRural Network seeks to achieve these objectives through the provision of technical, financial and

advisory support to entrepreneurs. Concurrently, it will provide technical assistance to the rural public authorities to improve their managing and administrative routine and procedures in order to apply and implement a business welcome policy based on the principles of smart specialization. Overall, they want to mitigate specific structural & socio-economic challenges, such as low income levels, lack of employment opportunities, deteriorating quality of life, depopulation processes and directly improving quality of life for the residents of rural areas.

The SmartRural Network Action Plan was developed as part of the SmartRural Project, through the collaboration of all Project Partners.

The Network Composition has the following technical aspects:

- Three (3) SMARTRURAL Support Centers and one (1) Mobile SMARTRURAL Support Center,
- the Networking Web Portal.

The SMARTRURAL Support Centers and the Mobile SMARTRURAL Support Center were designed to disseminate information about the SmartRural Project and the Network, host stakeholder events, gather information and feedback on stakeholders' expectations and needs, present, explain and support the benefits and necessity to agree with the terms and content of the Memorandum of Cooperation, upload relevant information for the Centers' upcoming and past events on the IT Tool, and assist stakeholders in the use of the IT networking tool.

The Networking Web Portal will act as an informative hub to connect network participants by providing communication tools, e-library & guides for SmartRural business application's self-organization.

As mentioned above and before in the Guide, Network Members, as defined by the Project Stakeholders could be: Enterprises, Local authorities, Civil society organizations, Business clusters and Governmental institutions (local / regional / national). Viable Potential Members of the Network are Project Partners, Local authorities, Governmental institutions (local / regional / national), Enterprises, Business clusters, Universities & research

institutions, Civil society organizations, Other projects working with similar issues, and of course, Citizens.

Networking thrives in interactive communication and as such it will be based on meetings, mutual communication & support points. Networking is not just visiting a meeting or event and just handing out your contact details and collect business cards. It is about mingling, interacting with the rest of the crowd learning about their businesses, products and services, ideas and attitude and sharing yours.

The role of the SmartRural Networking, acting strategic and focused, is helping everyone involved to move their business forward. As such, at the end of the Guide you will find useful contacts to start networking.

Chapter 13 - STRUCTURES AND MECHANISMS FOR SUPPORTING ECONOMIC ACTIVITY

As presented more thoroughly in the Entrepreneurial Environment Current Situation Analyses in the Intervention Areas, Support Structures and Mechanisms, exist both at European as well as at National level in all the countries involved in the Project. At the National level as well as at the Regional level, the Support Structures and Mechanisms are divided into private and public ones.

13.1 SUPPORTIVE MECHANISMS FOR RURAL ENTREPRENEURSHIP

At **European Level** there are:

Local Action Groups (LAGs)

The LEADER approach was first introduced as a Community Initiative, i.e. a special financial instrument of the EU structural policy aimed at finding new solutions to specific problems affecting the whole EU. In its experimental phase between 1991-1993, LEADER involved 217 areas in designated disadvantaged rural regions. This focus on disadvantaged areas also applied to the LEADER II Initiative between 1994-1999, but the number of Local Action Groups (LAGs) increased to ca. 900. Through LEADER, an integrated and multidisciplinary development was implemented, while an opportunity was given to local communities to design and choose their own way and their "path" of development.

The encouraging results led to the expansion of the method being applied under LEADER+ (2000–2006) to cover all types of rural areas. LEADER+, in accordance with the logic and philosophy of previous applications, tried to introduce and strengthen cooperation links mainly between local stakeholders and social groups. The aim was to finance Integrated Spatial Development through EAFRD, EMFF, ESF and ERDF funds, as well as to gradually implement tools, starting with pilot projects up to larger –scale interventions according to the forecasts of the specific spatial strategy.

Following the experience of three programming periods, the LEADER approach was 'mainstreamed' in the fourth programming period (2007-2013) as an integral part of the EU's rural development policy, covering 2416 rural territories across all the Member States. It became a mandatory component of all Rural Development Programmes, with a minimum budget allocation (5% in EU-15 and 2.5% in EU-12, i.e. new Member States excluding Croatia who joined in 2013). In addition, during the 4th Programming Period, a similar initiative was implemented for the first time under EFF Axis 4. (European Fisheries Fund) successfully in 22 Member States.

During the 2014-2020 programming period, the LEADER approach maintains a core bottom-up approach and at the same time enables the multidisciplinary Community-Led Local Development (CLLD) strategies approach, as well as the expansion of the application areas. The innovative approaches of the previous programming periods are maintained in their entirety and at the same time are given the possibility of expanding the local programs as for the type of actions planned and the areas of implementation.

What is more interesting, the LEADER approach has developed mechanisms to support rural development and entrepreneurship, i.e. Local Action Groups (LAGs). Formal networking structures, such as National Rural Networks and the European Network for Rural Development provided technical support and other networking services for LAGs. ELARD, the European LEADER Association for Rural Development, was also formed as an international cooperation forum of LEADER areas.

The services provided by the Local Action Groups are in accordance with the seven specific features of the LEADER approach, which define LEADER as a methodology and separate it from being simply a funding programme.

1. Bottom-up approach

The bottom-up approach is at the heart of LEADER. LEADER conceives that local people are the best experts to drive the development of their territory. This bottom-up approach means that the local community and local players can help define a development pathway for their area consistent with their needs, expectations and plans. They make decisions about the local strategy and the selection of the priorities to be pursued. Active participation is encouraged at every stage throughout the process.

2. Area-based approach

LEADER and Community Led Local Development (CLLD) is based on linking the three elements of a local area, partnership and development strategy within a single approach. Under the 'Area-based approach' the programme funding targets the priorities of the area as a whole, not specific projects or groups of projects (thus it is distinct from a 'project-based approach'). The area chosen must have sufficient coherence and critical mass in terms of human, financial and economic resources to support a viable local development strategy. The area must have clearly defined geographic borders. Areas must meet the LEADER population criteria (between 10,000 and 150,000 in most cases, as set out in the Common Provisions Regulation EU No 1303/2013).

3. The local partnership

The local partnerships for area development work through a specific and structured governance mechanism – in LEADER this is referred to as the Local Action Group (LAG). A LAG should comprise partners from public, private and civil society; it should be well-balanced and broadly representative of local interests and the different socio-economic sectors in the area.

4. An integrated and multi-sectoral strategy

As the acronym LEADER suggests it aims to build the 'links between the rural economy and development actions'. Partnerships and their Local Development Strategies (LDS) therefore aim to capitalise on the links between local sectors to exploit the potential multiplier effects. In doing so

they explore and address the needs and opportunities of the area in an integrated way to achieve the desired common goals.

5. Networking

Networking lies right at the heart of what LEADER is and how it works. The LAG is a network of local partners which through its strategy and activities promotes links between local actors and others in the development chain. The benefits of networking in LEADER extend well beyond this local horizon; local, national and international networks have become ever more important linking rural people, places and actions.

National Rural Networks (NRNs) are established in all the Member States through the Rural Development Programmes. Although they target a wider range of rural stakeholders, their remit specifically includes support for LAGs; some involve LAG subgroups. The European Network for Rural Development (ENRD) acts at the European level, directly helping both the NRNs and the LAGs and includes a LEADER / CLLD sub-group.

The European LEADER Association for Rural Development (ELARD) is an international non-profit making membership organisation and cooperation forum. ELARD membership includes a large number of LAGs and many of the voluntary national and regional LEADER groupings.

6. Innovation

Innovation applies to what is done, the types of activity supported, the products or services developed etc. but importantly it also applies to how things are done. Each LAG should aim to bring new elements and solutions to the development of its territory. This applies in its strategy, its delivery and animation structures and processes and in its decision making and project selection.

7. Cooperation

Cooperation goes further than networking by involving local people and Local Action Groups in working with others to undertake a joint project. This

can involve other LEADER groups or with a similarly formed group in another region, Member State, under a different European Structural and Investment Fund (ESI), or even in a non-EU country. Cooperation with other regions can be an excellent source of innovation and knowledge transfer for local people.

EU - Common Agriculture Policy (CAP) 2021-2027

In order to achieve the specific objectives of the CAP, Member States, will propose interventions through strategic plans under the CAP. These plans are reviewed and approved by the European Commission.

The CAP strategic plans will link CAP support instruments funded by the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development. In strategic plans under the CAP, Member States will set targets for what they want to achieve in the programming period, using commonly established indicators.

Through strategic plans, Member States will determine for themselves how they plan to meet the nine specific EU objectives using the CAP instruments, while responding to the specific needs of their farmers and rural areas. Once they have established strategic plans under the CAP, Member States will report once a year on progress in implementation using a system of common indicators. Member States and the Commission will monitor progress and assess the effectiveness of the intervention.

These proposals seek to ensure a more flexible system, less administrative burden, simplification and modernization of the way the CAP works. More attention will be focused on the results and performance itself than on compliance and rules. More freedom will be given to Member States, which will determine through their strategic plans how to achieve the objectives, taking into account the special needs of their farmers and rural communities.

CAP & Financing Rural Development

Funding for various CAP interventions and measures from the general budget of the EU is implemented through the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD).

At the session of the European Parliament at the end of March 2019, a position was adopted according to which the members of the European Union will be obliged from 2021 to allocate at least 5% of the funds from the European Union Regional Development Fund for the development of the concept of "smart villages" (Bled Declaration on Smart Villages).

Additional funds will be made available under the Horizon Europe research program to support specific research and innovation in the fields of food, agriculture, rural development and the bio economy.

The main changes for the future programming period are:

- Unique definition of a young farmer: greater support for young people
- New implementation model: faster system, digitization, shortening of deadlines
- Environmental interventions up to 30% of the total CAP - focus on environmental protection and climate change
- Upgrading and improving knowledge transfer in agriculture (AKIS)
- Greater responsibility of states to tailor and implement their own strategy

European Network for Rural Development (ENRD)

The European Network for Rural Development (ENRD) acts as a hub of information on how rural development policy, programmes, projects and other initiatives are working in practice and how they can be improved to achieve more. Its aims to engage and reach anyone with an interest in and commitment to rural development in Europe.

The ENRD supports the effective implementation of EU countries' rural development programmes by generating and sharing knowledge, as well as through facilitating information exchange and cooperation across rural Europe.

These activities are facilitated by two support units: the ENRD contact point and the European evaluation helpdesk for rural development.

European Innovation Partnership for Agriculture (EIP-Agri)

The European innovation partnership for agricultural productivity and sustainability (EIP-Agri) also supports the goals of rural development by encouraging innovation in agriculture and rural communities.

The EIP-Agri was created to bridge the gap between the innovative solutions created by researchers and the uptake of new technologies by those living and working in rural areas. By creating partnerships between those who will eventually use new technology and those that create them, EIP-Agri aims to accelerate the uptake of change.

At National and Regional Level in the intervention areas

In this section you will find interesting contact information per body and per country /intervention region.

Greece

Body	E-mail	Website	Sector
Ministry of Rural Development and Food	info@minagric.gr	http://www.minagric.gr/index.php/en/	Public
Rural Economy and Veterinary Directorates of the Regional Unities of Central Macedonia	gdao@pkm.gov.gr	http://www.pkm.gov.gr/	Public
Rural Economy and Veterinary Directorates of the Regional Unities of Central Macedonia	dktin@pkm.gov.gr	http://www.pkm.gov.gr/	Public
Rural Economy and Veterinary Directorates of the Regional Unities of Central Macedonia	dpolgis@pkm.gov.gr	http://www.pkm.gov.gr/	Public
Directorate of Agricultural Economy and Fisheries of Central Macedonia	dao@pkm.gov.gr	http://www.pkm.gov.gr/	Public

Directorate of daok@pkm.gov.gr	http://www.pkm.gov.gr/	Public
Agricultural Economy and Fisheries of Thessaloniki		
Directorate of daok@kilgis.pkm.gov.gr	http://www.kilkis.pkm.gov.gr	Public
Agricultural Economy and Veterinary of Kilkis		
Directorate of varoudis@serres.pkm.gov.gr	http://www.serres.pkm.gov.gr	Public
Agricultural Economy and Veterinary of Serres		

The responsibilities of the Rural Economy and Veterinary Directorates of the Regional Unities include in particular:

(a) ensuring the development and quality improvement of the agricultural, animal and fisheries sectors, to take the measures necessary for the modernization and restructuring of agricultural holdings, sustainable development, public health protection and information of farmers.

(b) ensuring health and protection of livestock, making decisions on animal diseases, taking measures to protect public health, ensuring the highest possible safety of produced and imported foodstuffs of animal origin and their products, sound management animal by-products, the compilation of statistics, the investigation of citizen and service complaints, the suggestion and procedure for administrative and criminal sanctions in the event of infringements.

The Departments of Rural Economics and Veterinary Medicine of the respective RUs are organized in the following Sections:

- a) Department of Plant and Animal Production (Imathia, Kilkis, Pieria, Serres and Halkidiki)
- b) Department of Crop, Animal Production and Fisheries (Pella Region)
- c) Department of Quality and Phytosanitary Control (PI Imathia, Kilkis, Pella, Pieria, Serres and Halkidiki)
- d) Department of Veterinary Medicine (PI Imathia, Kilkis, Pella, Pieria, Serres and Halkidiki)
- e) Department of Fisheries (Imathia, Kilkis, Pieria, Serres and Halkidiki Region)
- f) Department of Rural Economy of Giannitsa
- g) Department of Quality and Phytosanitary Control of Skydra
- h) Department of Civil Land (PI Imathia, Kilkis, Pieria, Pella, Serres and Halkidiki)
- i) Giannitsa Land Policy Department

(Source: <http://www.pkm.gov.gr/default.aspx?lang=en-US&page=221&at=2&g=215>)

Via the Ministry of Rural Development and Food there is the **1540 Farmers Call Center**. The telephone number "1540" is an automatic telephone service system that is interfacing with the information systems of the Ministry and provides automated answering services.

The currently available "1540" services are:

- Reply of the Ministry Representative.
- The update on the single payment payments OPEKEPE (requires identification of the Beneficiary with VAT and the last 4 digits of the Farmer's Identity)
- Complaints relating to the origin of meat.
- Information on Greek Food
- Information about available digital services of the Hellenic Ministry of Rural Development and Foods

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- Information on Greek Food
- Information about available digital services of the Hellenic Ministry of Rural Development and Foods

Bulgaria

Body	E-mail	Website	Sector
Ministry of Agriculture, and Forestry	of opop@mzh.government.bg; minister@mzh.government.bg	https://www.mzh.government.bg/en/	Public

Bulgaria	Economic Forum	info@biforum.org	https://www.biforum.org/	Private
Executive Fisheries and Aquacultures	Agency and	press@nafa-bg.org	nafa-bg.org	Private
Executive Plant Testing, Approbation and Seed Control	Agency Variety and	gias@itp.bg	http://bhss.itp.bg	Private
National Service for Plant Protection, Quarantine and Agrochemistry		prong@mbox.infotel.bg	www.nsrz.government.bg	Public
Bulgaria				
National Grain and Feed Service		nszf@nszf.bg	www.nszf.bg	Public
Bulgaria				
National Agricultural Advisory Service		office@naas.government.bg	www.naas.government.bg	Public
Bulgaria				
National Veterinary Service Bulgaria		julia.vet@mobikom.com		Public

Cyprus

Body	E-mail	Website	Sector
Ministry of Agriculture, Natural Resources and Environment	agrokypros@moa.gov.cy.	https://www.moa.gov.cy/	Public
Department of Agriculture	director@da.moa.gov.cy	http://www.moa.gov.cy/	Public
Departments Environment	director@environment.moa.gov.cy	http://www.moa.gov.cy/	Public

Cyprofresh Sedigep Ltd	Citrus	cyprofresh@sedigep.com.cy	http://www.cyprofresh.com.cy/Sites/Company/index.htm	Private
Panagrotikos		panagrotikos@panagrotikos.org.cy	https://www.panagrotikos.org.cy/	Private

Republic of North Macedonia

Body	E-mail	Website	Sector
Ministry of Agriculture, Forestry and Water Economy	info@mzsv.gov.mk	http://www.mzsv.gov.mk	Public
Agency for Financial Support in Agriculture and Rural Development	ipardpa.info@ipardpa.gov.mk	www.ipardpa.gov.mk	Public
National Federation of Farmers	nff@nff.org.mk	https://www.nff.org.mk/	Private
Rural development network of the Republic of Macedonia	info@ruralnet.mk	http://ruralnet.mk/	Private
Center for the Promotion of Sustainable Agricultural Practices and Rural Development -	info@ceprosard.org.mk	http://ceprosard.org.mk	Private
Macedonian Association of Agricultural Cooperatives	mazz@mazz.mk	https://mazz.mk/en/homepage/	Private
Union of Agricultural Associations			Private
Sheep Breeders Union			Private

United Beekeepers of Macedonia	info@macbee.org	http://www.macbee.org/en/za-nas/	Private
Chamber of Organic Producers	info@kop.org.mk; komorakop@gmail.com	http://www.kop.org.mk	Private
Economic Chamber of Macedonia	ic@mchamber.mk	https://www.mchamber.mk/	Private
Association of Chambers of Commerce of Macedonia	info@chamber.mk	www.chamber.mk	Private
National Extension Agency (NEA)	aprzdirekcija@agencija.gov.mk	https://agencija.gov.mk/	
Agency for Promotion of Entrepreneurship of the Republic of Northern Macedonia	apprm@apprm.gov.mk	http://apprm.gov.mk/	
Development Bank of North Macedonia JSC Skopje	info@mbdp.com.mk	https://www.mbdp.com.mk/en/	

It should be mentioned that in the public aspect of the structures, the leading position is held by the Ministry of Agriculture, Forestry and Water Economy, which develops the most important mechanisms for supporting economic activities in rural areas in The Republic of North Macedonia. Through its organizational units and bodies, MAFWE implements several mechanisms that directly or indirectly support economic activities in rural areas. In that sense, we single out the following as the most important ones:

- The single register of agricultural holdings that we talk about more in Section 8 of this paper; then,
- The mechanism for monitoring the markets of agri-food products - AMIS which we discuss in greater detail below in the same chapter;
- FADN - the farm accountancy data network;
- The mechanism for marketing of agricultural products and promotion of quality standards;
- The mechanism for encouraging economic association of agricultural producers;
- The set of mechanisms to support sustainable rural development

- The mechanism for consolidation of agricultural land, exchange and identification of land plots, which is specially analyzed in the chapter on current projects to support rural entrepreneurship;
- State Phytosanitary Laboratory and
- Seed and Planting Material Administration

13.2 SUPPORTIVE MECHANISMS FOR ALTERNATIVE TOURISM

European Level

On the Table below you get a clear presentation of the Multi-Annual Financial Framework for 2014-2020. It lists the different funding programmes by MFF and by area.

Area	MFF 2007-2013	MFF 2014-2020
Cohesion	Structural funds: <ul style="list-style-type: none"> • European Cohesion Fund • European Social Fund • European Regional Development Fund <ul style="list-style-type: none"> ◦ INTERREGIVC (European Territorial Co-operation) 	Structural funds: <ul style="list-style-type: none"> • European Cohesion Fund • European Social Fund • European Regional Development Fund <ul style="list-style-type: none"> ◦ European Territorial Co-operation
Environment, Agriculture & Marine and Fisheries Policy	<ul style="list-style-type: none"> • LIFE+ • European Agriculture Fund for Rural Development • European Fisheries Fund • Programme to Support the Further Development of an Integrated Marine Policy 	<ul style="list-style-type: none"> • LIFE • European Agriculture Fund for Rural Development • European Maritime and Fisheries Fund
Research, Innovation and Competitiveness	<ul style="list-style-type: none"> • Seventh Framework Programme for Research and Innovation • Competitiveness and Innovation Programme: <ul style="list-style-type: none"> ◦ Entrepreneurship and Innovation Programme 	<ul style="list-style-type: none"> • Horizon 2020 (Framework Programme for Research and Innovation)

	<ul style="list-style-type: none"> ○ Information & Communication Technologies Policy Support Programme ○ Intelligent Energy Europe Programme 	<ul style="list-style-type: none"> • COSME (Programme for the Competitiveness of Enterprises and SMEs)
Culture and Education	<ul style="list-style-type: none"> • European Culture Programme • Lifelong Learning Programme (Erasmus, Leonardo da Vinci, Comenius and Grundtvig) • Erasmus Mundus • Tempus • Alfa • Edulink • Programme for cooperation with industrialised countries 	<ul style="list-style-type: none"> • Creative Europe Programme • Erasmus for All Programme
Employment	<ul style="list-style-type: none"> • PROGRESS • European PROGRESS Microfinance Facility 	<ul style="list-style-type: none"> • EaSI (EU programme for Employment and Social Innovation) <ul style="list-style-type: none"> ○ PROGRESS (Programme for Employment and Social Solidarity) ○ EURES (European Employment Services) ○ PROGRESS Microfinance Facility

Table XX. Most relevant programmes for the tourism sector in the EU
Source: Guide on EU funding for the tourism sector 2014-2020

You can see the current ones 2014-2020 and the previous ones from the 2007-2013 programmes that have been consolidated. For instance, Erasmus+ is the consolidation of seven pre-existing programmes. Similarly, "Horizon 2020" combines the "7th Framework Programme for Research"

and the innovation related activities of the "Competitiveness and Innovation Framework Programme".

Type of tourism-related actions eligible for funding

Any type of useful transaction or investment for the development of legitimate (SMEs) activities. Everywhere in the EU, including cross-border projects (no geographic quotas). Such activities may for instance focus on:

- Travel infrastructures (regional airports, ports, ...)
- Energy efficiency of hotels and tourism resorts
- Revitalisation of brown fields for recreational purposes Tourism SME financing agreements
- Setting up "Investment platforms"(IPs) dedicated to tourism

Who can apply within the tourism sector?

- All legal persons (any public body, company and in particular SMEs, research organisations, universities, non-governmental organisations, tourism clusters ...) via financial intermediaries.

National Level

In this section you will find interesting contact information per body and per country.

Bulgaria

Body	E-mail	Website	Sector
Ministry of Tourism	tourism@tourism.government.bg; edoc@tourism.government.bg	https://www.tourism.government.bg/en	Public
Bulgaria Economic Forum	info@biforum.org	https://www.biforum.org/	Private
Bulgarian Association of Travel Agents (BATA)	officebata@gmail.com	http://en.batabg.org/about.htm?ReadForm	Private
Bulgaria National Board of Tourism	office@nationaltourismboard.bg	https://tourismboard.bg/	Public

BAAT-Bulgarian Association for Alternative Tourism	baatbg@gmail.com	www.baatbg.org	Private
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Cyprus

Body	E-mail	Website	Sector
Ministry of Tourism - Cyprus	cytour@visitcyprus.com	http://www.tourism.gov.cy/tourism/tourism.nsf/home_en/home_en?openform	Public
Cyprus Convention Bureau	ccb@visitcyprus.com	http://www.moa.gov.cy/	Public
Cyprus Hotel Association – Head Office	cha@cyprushotelassociation.org	https://www.cyprushotelassociation.org/cto-info	Private
Cyprus Hotel Association – Larnaca Office	info@sandybeachhotel.com.cy	https://www.cyprushotelassociation.org/cto-info	Private
Cyprus Chamber of Commerce and Industry	chamber@ccci.org.cy	https://ccci.org.cy/	Private
Larnaca Chamber of Commerce and Industry	lcci@spidernet.com.cy	www.larnakachamber.com.cy	Private

Greece

Body	E-mail	Website	Sector
Greek Ministry of Tourism	mailbox@mintour.gr	http://www.gnto.gov.gr/	Public
Hellenic Chamber of Hotels	info@grhotels.gr	https://www.grhotels.gr/en	Private
Institute for Tourism Research and Forecasts (ITEP)	info@itep.gr	https://www.itep.gr	Private
Hellenic Association of Professional Congress	hapco@hapco.gr	www.hapco.gr	Private

Organizers
(HAPCO)

Hotel Association of Halkidiki	halkidiki- assoc@the.forthnet.gr	www.halkidiki-hotels.gr	Private
EOT	info@gnto.gr	www.gnto.gr	Private
DRATTE (Action for the Development of Tourism and Tourist Education)	info@dratte.gr	http://www.dratte.gr/DRA TTE/index.php/en/	Private

Republic of North Macedonia

Body	E-mail	Website	Sector
Ministry of Economy	info@economy.gov.mk	www.economy.gov.mk	Public
The Agency for Promotion and Support of Tourism in the Republic of North Macedonia	info@tourismmacedonia.gov.mk; support@tourismmacedonia.gov.mk	http://tourismmacedonia.gov.mk/	Public
Ministry of Culture	info@kultura.gov.mk	www.kultura.gov.mk	Public
Ministry of environment and physical planning	infoeko@moepp.gov.mk	www.moepp.gov.mk	Public
Economic Chamber of Macedonia	ic@mchamber.mk	https://www.mchamber.mk/	Private
Association of Chambers of Commerce of Macedonia	info@chamber.mk	www.chamber.mk	Private
National Extension Agency (NEA)	aprzdirekcija@agencija.gov.mk	https://agencija.gov.mk/	Private
Agency for Promotion of Entrepreneurship of the Republic of Northern Macedonia	apprm@apprm.gov.mk	http://apprm.gov.mk/	Private

Development Bank
of North Macedonia
JSC Skopje

info@mbdp.com.mk

<https://www.mbdp.com.mk/en/> Private

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