

# ОРГАНІЗАЦІЙНО-ЕКОНОМІЧНІ ПРОБЛЕМИ АГРОГОСПОДАРЮВАННЯ

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## FORMATION AND DEVELOPMENT PROSPECTS OF THE AGROTOURISM MARKET

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*In the modern era, the diversification of the national economy and ensuring its sustainable development necessitate the rapid development of the non-oil sector. In this regard, more efficient use of existing potential in the regions, the application of innovative approaches, the development of human resources and the expansion of alternative areas of activity are of great importance. Strengthening cooperation between the state and the private sector, especially in rural areas, in the direction of increasing economic activity and creating new sources of income, is one of the main priorities. At the same time, the scale of existing problems is wider and their solution requires a comprehensive approach. Agrotourism is considered one of the promising directions for the diversification of economic activity in rural areas. The formation and development of this sector is determined by the interaction of various factors, including economic, social, environmental and institutional factors. In the process of forming the agrotourism market, the adjustment of supply and demand, improving the quality of service and the development of market infrastructure are of particular importance. At the same time, issues related to the full assessment of the existing potential in this area and its efficient use still remain relevant. The development of agrotourism in rural areas plays an important role in increasing employment, increasing population incomes and accelerating the socio-economic development of regions. This type of activity also creates conditions for the expansion of alternative tourism destinations and more effective use of local resources. Improving institutional mechanisms, promoting entrepreneurship and increasing the competitiveness of services are among the important conditions for the development of the agrotourism market. The article analyzes the formation and development features of the agrotourism market, systematizes existing problems and puts forward substantiated proposals regarding the future development prospects of this area.*

**Keywords:** tourism market, tourist, agrotourism, conceptual aspect, tourism service.

### Formulation of the problem in general terms.

Depending on the level of development of different regions, the expansion opportunities of the non-oil sector and the influence of factors determining the efficiency of using the potential of agrotourism differ. In this regard, a comprehensive analysis of the existing potential is of particular importance in order to correctly assess the role of agrotourism in economic development. The priority of the principles of the "green economy" in modern times further increases the role of tourism activities, especially agrotourism, in terms of sustainable development.

The formation and development of the agrotourism market has a positive impact on the expansion of economic activity, the strengthening of mutual relations between various sectors, and ensuring sustainable development in the non-oil sector. Conducted studies show that the development of agrotourism stimulates the development of not only the tourism sector, but also agriculture, service sectors and other related areas. This leads to the creation of a synergy effect in the economic system as a whole.

World experience shows that the development of agrotourism is closely related to the level of economic development of countries, and the proper organization of this sector has a positive impact on the formation of the business

environment. Although the results obtained in this direction in developing countries sometimes differ, the general trend confirms that agritourism has a positive impact on economic growth. The development of agritourism, especially in rural areas, plays an important role in terms of increasing employment, increasing the income of the population and reducing poverty.

The development of the agritourism market accelerates the formation of infrastructure, increases investment attractiveness and creates conditions for the expansion of innovative activity. The expansion of this sector also leads to increased activity in the transport, trade, public catering, finance and other service sectors [5, p. 164]. Thus, the development of agritourism creates a multiplicative effect in various sectors of the economy and has a positive impact on the development of human capital.

The article examines the formation and development characteristics of the agritourism market, analyzes the mechanisms of its influence on the development of the non-oil sector, and puts forward scientifically substantiated approaches and proposals for more efficient development of this sector.

**The degree of development of the problem.** The development of the agrotourism market depends on



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the correct assessment of its potential, the identification of the main factors affecting demand, and the flexible establishment of prices for tourism services in accordance with customer requirements. It is very important to determine tourist routes for the promotion of objects of historical and cultural significance, ancient settlements, burial places of national figures, house museums reflecting their life and creativity.

The preservation and restoration of historical and cultural monuments in the liberated territories of Azerbaijan is one of the main priorities. For the development of agrotourism in these territories, tourism facilities should be created on the basis of natural monuments, landscape elements and hydrological objects. This approach both contributes to the preservation of the country's cultural heritage and gives impetus to the expansion of economic opportunities for local communities [4, p. 381].

The experience of post-Soviet countries shows that the development of rural tourism creates favorable conditions for the diversification of economic activity in the territories and increasing demand for local agricultural and food products. Agrotourism, as can be seen from world experience, is one of the most effective means of introducing national agricultural products to domestic and foreign markets.

The human factor and the promotion of local population's business activities play a major role in the development of agrotourism. For this purpose, involving local population in the development of agrotourism and developing information and advisory services are important issues. Familiarization with the traditions, lifestyle and ceremonies of the rural population is also of great importance in organizing agrotourism.

The participation of tourists in agricultural activities is of great importance for the development of agriculture, which is one of the leading sectors of the non-oil sector. This activity also includes various opportunities such as tasting dishes prepared from local rural products and participating in cultural events. In particular, cultural events, festivals and exhibitions can be an important tool and platform for finding business partners for the development of agrotourism and expanding this sector to wider areas.

As a result, the development of the agritourism market requires comprehensive approaches that support infrastructure improvement, increased participation of local communities, cultural promotion, and economic integration. It is also a strategic tool to ensure the development of the rural economy and the preservation of national heritage.

**Formation of the objectives of the article.** The main objective of this scientific research work is to analyze the formation of the agritourism market, development trends, implementation mechanisms and successful practical models in our country and world experience. The aim is also to develop recommendations based on scientific grounds for the effective use of agritourism potential. The agritourism sector, formed as a result of the synthesis of agriculture and tourism, contributes to the socio-economic development of rural areas, increases employment opportunities for the population and creates conditions for the sustainable development of regions. In this regard, it is extremely

important to study and compare the experience of countries in the field of agritourism.

The main objectives of the research are as follows:

- to study the theoretical foundations of the essence, functions and main characteristics of agritourism;
- to analyze the stages of formation and development of agritourism in countries around the world;
- to assess the economic and social impacts of agritourism;
- to present examples of successful international experience (for example, Italy, France, the USA, etc.) and to study the implementation mechanisms;
- to analyze the agritourism potential and resources of our country and other countries;
- to assess the existing regulatory and legal framework, infrastructure and management mechanisms for the development of agrotourism;
- to prepare proposals and recommendations for the development of agrotourism based on international experience.

These goals and objectives serve to conduct the research systematically and purposefully and ensure the achievement of practical results.

**Methods of research.** Bu elmi işdə aqroturizmin inkişafını öyrənmək üçün elmi-nəzəri analiz, müqayisəli analiz və statistik analiz metodlarından istifadə olunmuşdur. Müxtəlif ölkələrin aqroturizm sahəsindəki təcrübələri müqayisə edilmiş, beynəlxalq mənbələrdən alınan statistik məlumatlar təhlil olunmuşdur. Sosial və iqtisadi aspektlər birgə şəkildə təhlil edilib, sistemli yanaşma tətbiq olunmuşdur.

**Results of the study.** In terms of the economic aspect, it should be taken into account that here the tourism product and the money supply are in constant motion, replacing each other, and tourism turnover is formed. For these and other reasons, the tourism market is considered, first of all, as one of the important factors of the sustainable, dynamic and balanced development of the country and its individual territories.

Tourism is an integration factor, and therefore the tourism market, including the agrotourism market, is considered a leading component of the general integration system, which plays a vital role in domestic and international economic, social and other aspects. The international tourism market is developing rapidly. Suffice it to say that in 2025, the income from world tourism reached 11.7 trillion US dollars. The specific weight of agrotourism in the international tourism market, as can be seen from the initial assessment of advanced foreign experience, has positive dynamics.

The tourism market is considered in the following aspects: as a tool for reconciling the interests of buyers and sellers of the tourist product; realization of the tourist product; form of relations between buyers and sellers of the tourist product.

The tourism market is, first of all, a services market. In this regard, the following points should be noted: the producer of a tourism product and its consumer, in most cases, do not know each other in personal contact. Such a situation complicates market relations due to the specificity of tourism [3, p. 48].

If a client refuses to travel at the last moment, it is practically impossible to replace him. Therefore, it is necessary for the manager of the enterprise to strengthen the stimulation of demand for this service in a short period of time. The service is intangible. It is impossible to see the tourism service and taste it as a product when concluding a contract. There is no unit of measurement to evaluate the tourism product until the moment of purchase and consumption. Therefore, enterprises should pay special attention to the issue of product reliability, and sellers should convince consumers that the service they offer is more affordable.

As can be seen, the characteristics inherent in the tourism market are largely analogous to the characteristics inherent in the service market. One of the main differences is the fragmentation of the place of activity and the resulting lag effect.

Opinions regarding the characteristics of the tourism market are diverse and in some cases quite different. To the extent that it relates to the subject of the study, clarifying the concepts, we can note the following about the characteristics of the tourism market. First of all, let us say that the tourism product, or rather the package of tourism services, is sold where the tourist lives and the tourist can evaluate it after arriving for the first time in the country (region) that produces it. In other words, tourism is consumption on a trip. This feature, which complicates the sale of a tourism product (service), also applies to agrotourism, regardless of whether it is domestic or foreign. The point is that information about the unique features of rural (agro) tourism products from nature, agriculture, cuisine, and local folk crafts in a specific country (region) can be visualized through digital technologies, but it cannot replace the effect of personal contact. First of all, this can be attributed to the fact that the information being discussed is of an advertising nature, that is, it is provided with the aim of influencing the client's feelings. Taking into account the development potential of trust and digital technologies, the possibilities of neutralizing the distance factor in terms of promoting a tourist product are not limitless.

Conceptually, demand in the tourism market manifests itself in various forms. Here, potential, emerging and formed, as well as seasonal demand, manifest themselves. Potential demand in the tourism market is determined by the expected purchasing power of potential tourists and the corresponding level of demand in the initial approach. The differentiation of demand in the agritourism market (emerging and formed demand) according to the level of formation is largely conditional and can be carried out both through the development of rural areas and through the analysis of the dynamics of the realization of tourists' health, recreation, perception, etc. motives. In our opinion, at present it is possible to be content with indicators of potential and actual (formed) demand of tourist demand in agritourism. The process of formation of demand for agritourism in the interval determined by these indicators can be realized in simulation models in a digital environment with the help of large amounts of data.

Another feature of the tourism market is its strong and variable dependence on the season. The climatic factor

plays an important role in the seasonality of the tourism market. The uniqueness of this factor in international tourism is due to the fact that in different parts of the world, recreation, travel, active and continuous sports, and treatment fall on different months of the year. Therefore, different, but system-forming methods and tools are used to predict the pace and proportions of the development of tourism, including agrotourism [2, p. 58].

Social factors also play an important role among the factors determining the seasonal nature of the tourism market. Let's say that in the criteria for structuring people's leisure time, adapting to fashion, coordinating vacation time with school holidays for children in the family, carrying out repair work in many enterprises during the so-called vacation period (for example, the summer months in our country), etc. For information, let us note that in many European countries, the shutdown of many enterprises for repair (prevention) in July-August is a significant factor increasing the demand for tourist trips.

Those inclined to agrotourism may be interested in rural lifestyle and agricultural labor in all seasons of the year. In reality, these people are more likely to engage in agrotourism in the summer for many reasons. Therefore, the harmony of the tourism company's income is ensured by taking into account the seasonal change in the price of the service, the uniqueness of the territory and other factors. In order to mitigate seasonal fluctuations in the tourism, including agrotourism, flexible pricing policy tools, methods and means are currently being used.

The quality of the product (service) offered in the tourism market depends on the executors of the work. The owners and employees of farms providing agrotourism services may not be sufficiently experienced in this area. In order to ensure the necessary level of service, they should be provided with professional information and advisory services, and the opportunity to work together with central and local government bodies should be provided. Of course, issues of improving the efficiency of management within agrotourism enterprises should also be in the spotlight.

One of the features of the tourism market is that it is directly related to the territorial factor. In other words, it is impossible to change the location of objects of interest to tourists in this or that area. Since it is impossible to bring the service closer to the tourist, it is necessary to attract him to the place of service. It is unacceptable to expect that rare natural monuments and other elements of rural life will attract tourists only because they are interesting, in terms of achieving the desired level of development of agrotourism. Therefore, the different aspects of agrotourism inherent in this or that rural area should be visualized through digital technologies that involve creative approaches.

In general, for the effective functioning of the tourism market, the following conditions are considered necessary in the relevant sources: producers should work in an environment of free competition; they should have the same conditions of activity; consumers of tourism products should have the right to free choice; the safety of the tourism product should be ensured. In other words, the activity of the tourism market should take place within the framework of the basic

principles of a market economy, consumers should have the right to free choice, a competitive environment should be supported, etc. Therefore, in relation to the environment that determines the effectiveness of marketing research in the tourism market, it is advisable to pay attention to the following factors:

- market saturation with services, that is, the presence of a buyer's market;
- fierce struggle of tourist companies for consumers to give them preference;
- free market relations, that is, the absence of administrative restrictions in the selection of the sales market, business partners, pricing, conducting commercial work, etc.

The requirements for agrotourism services should be different from other types of tourism. Otherwise, it is very difficult to ensure the attractiveness of agrotourism. The fact is that currently tourism services are offered by specialized enterprises of various profiles, which are market participants. These enterprises include companies that provide tourists with a full range of services, enterprises created for the purpose of organizing tourism activities, as well as hotels, motels, tourist centers, restaurants, bars, concert halls, theaters, excursion bureaus, transport service enterprises, etc. It is practically unrealistic for one farm (regardless of its size) to perform the work performed by all these enterprises [6, p. 59]. Therefore, uniqueness is expected and desirable in the norms regulating the activities of agrotourism market participants. This uniqueness is manifested in a healthy lifestyle, active recreation in direct contact with nature, the exoticism of rural labor, and a number of other aspects. The tourism market is a system in which the supply of a tourist product, tourist demand, competition, and price interact. The demand for tourist products depends on numerous and different factors. Despite their great diversity, these factors can be divided into socio-economic and psycho-physiological groups. The socio-economic factors discussed include, first of all, the volume and structure of production. In this regard, the monetary income of the population, the price level of the tourist product (service), should be specially noted. The main factors affecting demand, as well as the demographic situation and the composition of the population, affect the demand for products and services of special value from a national and historical perspective. The group of psycho-physiological factors that determine the demand for tourist products includes, first of all, the psychological characteristics of consumers. These factors are grouped in the relevant sources as follows:

- 1) level of information;
- 2) level of cultural development;
- 3) level of physiological development;
- 4) level of provision with other cultural elements.

All these factors affect the quantitative change and elasticity of demand.

The offer of tourist products on the market, despite its most diverse manifestations, has its own specific features that can be specified. These characteristics are primarily related to the source of the offer. In other words, the offer

of the tourism industry has specific sources of natural, historical and technogenic nature:

- natural resources (air, sun, landscape, water, natural beauties, etc.);
- created resources (architectural monuments, historical and cultural values, part of the commodity fund, etc.);
- tourism services (labor activity aimed at satisfying people's needs in tourism). Natural resources and part of created resources exist outside of tourism activities.

The price of services provided in the tourism market is formed primarily from elements such as the costs of organizing production and consumer services, the cost of raw materials, tax rates and incomes determined by types of services. A system of indicators has been formed to characterize the current state of the tourism market. This system primarily includes the volume of sales of tourist products, the number of various types of enterprises operating in the market, and the capacity of the tourism market. The capacity indicator of the tourism market, in turn, is characterized by the ratio of demand and supply of tourism services, the conditions under which demand, supply and the realization of the tourism product are subject to significant changes. As is known, the capacity of the tourist market is the actual volume of tourist products and services that have been the object of purchase and sale here for a certain period of time (usually 1 year).

The capacity of the rural tourism market depends on the nature of tourist demand (directions of rural tourism), the solvency of the population and the level of prices. Knowing the capacity of the market and its trends, a tourist enterprise gets the opportunity to assess the prospects of this market for itself [8, p. 490].

The following are also included in the indicators characterizing the current state of the tourism market: types of markets, number of competitors, degree of their activity, price level, depending on the characteristics of competition; degree of market regulation, market dynamics, characteristics of market access, etc.

Competition in the tourism market is the process of companies' struggle for the realization of a tourism product in conditions of abundance of supply. Agrotourism service, theoretically, can be offered by the majority of residents of the area who are interested in natural, economic, cultural and a number of other aspects. In reality, however, the number of these offers is not very large. Such a situation is not at all desirable in terms of the development of rural areas. In terms of the development of agrotourism, supporting improved competition in this area corresponds to the criteria of balanced regional development. Therefore, in order to stimulate agrotourism, there are those who consider it appropriate to treat it as an agricultural sector protected by the state.

Speaking about the conceptual aspects of the formation and development of the agrotourism market, we consider it appropriate to dwell on one issue in particular. As is known, sustainability is considered one of the necessary conditions for development in the modern era. Sustainable development, by imposing serious environmental

requirements on the agrotourism market, affects the nature of demand, supply and competition here. In other words, the adaptation of tourism services to the requirements of sustainable development does not remain without an impact on its price. This is a rather serious issue for each of the participants in the agrotourism market.

The functions of the tourism market act as a condition and result of ensuring its efficiency. These functions should primarily include the realization of the consumer value of the tourism product. In order to fulfill the function of the tourism market in question, the process of delivering the tourism product to the end consumer must be efficiently organized. In other words, "the tourism market performs the following functions: realizes the value and consumption of the tourist product; delivers the tourist product from the producer to the consumer; organizes the stimulation of labor [1, p. 143].

This function of the tourism market is of decisive importance in terms of the development of agrotourism. Supporting the activities of entities providing tourism services in rural areas in one form or another is appropriate in terms of the development of rural areas. Therefore, promoting activity in the tourism market is of great functional importance, especially in terms of achieving the overall efficiency of activities in rural areas.

The relations between tourists, tour operators and travel agents as subjects of the tourism market have different manifestations in agritourism. In most cases, tour operators do not fully perform their classical functions, that is, the functions of directly forming a tourism product and delivering it to consumers. This work is mainly performed by owners of farms (other employees, rarely managers) offering agritourism services in rural areas. Therefore, in agritourism and other types of tourism services provided in rural areas, the development of standards for tour operator functions, including functions for completing and guaranteeing, is often replaced by exclusive approaches.

The environment of mutual trust between economic entities offering agritourism services and travel agencies in rural areas is at the stage of formation. The speed of this process, although in most cases unsatisfactory, gives grounds for some optimism. In general, the agritourism market has a complex structure, and a significant part of the product here is still sold mainly directly, not through intermediaries (tour operator - travel agent - consumer). However, for the intensive development of agrotourism, the opportunities for using travel agent activities in delivering tourism products to consumers should be realized. Thus, in this case, by using the advantages of specialization, the quality of service can be improved.

The market infrastructure factor acts as both a condition and an indicator in relation to the formation and development of the tourism market and the process of activating the relevant potential of the country (region, specific territory). Reaching the necessary level of development of market infrastructure creates favorable conditions for activating the tourism potential of rural areas. In the modern tourism market, the subjects referred to as market infrastructure include, first of all, tourists (those who use tourism services), participants in the retail sales network

of tourism products, tourism service suppliers, catering establishments, accommodation and transport facilities, and wholesale tourism product enterprises. In this classification, participants in the retail sales network mean travel agents, and wholesale enterprises mean tour operators.

Although various services are currently provided to tourists in different regions of Azerbaijan, including in villages, in terms of accommodation and types of food, these services are not at the desired level. Thus, instilling tourism skills in homeowners living in rural areas is one of the factors that contributes to increasing the number of people employed in rural areas, strengthening the service infrastructure in the field of rural tourism, improving the level of tourism services in rural homes, and contributing to the economic development of alternative types of tourism and regions. By developing rural tourism, it is possible to instill individual entrepreneurship skills, develop communal services in rural areas, and increase the employment of the population, especially women, and for this purpose, a number of targeted measures will be implemented to use the potential of sustainable tourism.

The division of the tourism market into domestic, outbound, and inbound tourism markets is a classification adopted by the World Tourism Organization. In this case, the domestic tourism market, which includes domestic and inbound tourists, the national tourism market, which includes domestic and outbound tourists, and the international tourism market, which includes inbound and outbound tourists, are distinguished [7, p. 471]. In order to increase foreign exchange inflows into the country, increase business activity in areas directly related to the country's tourism industry, and increase the level of employment, one of the priority directions in the development of tourism is to ensure the superiority of the latter in the number of outbound and inbound tourists. In other words, stimulating foreign tourists' visits to the country is a promising direction.

At present, in order to study the agrotourism market, its promising direction should be determined in the initial approach. For this purpose, the conjuncture in the relevant segment of the market should be analyzed, and the supply-demand ratio for tourism products (services) in the agrotourism market at a certain time should be assessed. This assessment requires taking into account the influence of a large number of factors that shape the environment of the market in question. In order to express an attitude to the social environment that shapes the agrotourism market, the main trends that determine the demographic situation should be identified, the employment situation in rural areas should be analyzed, the results of relevant surveys should be interpreted, and the processes of adaptation of people in rural areas to the labor market should be studied.

When developing a marketing complex for an enterprise providing agrotourism services, the following principles should be followed: a logical sequence of steps aimed at improving the quality of service, measured approaches, and consideration of the main characteristics of the cost change process.

**Conclusions.** In order to identify promising directions in the agrotourism market, the supply-demand ratio for tourism products in this segment should be assessed, the

employment situation in rural areas should be analyzed, and the processes of people's adaptation to the labor market in rural areas should be investigated. Along with general criteria and indicators for assessing the situation in the agrotourism market, specific criteria and indicators should also be included in the analysis. The criterion for increasing the attractiveness of tourism services in rural areas requires optimizing the ratio of quality and price. When assessing the service offer in the agrotourism market, the criterion may be

increasing the period of attraction of tourist interest to one or another object, etc.

The general indicators for assessing the situation in this market should include the share of a specific tourism product among tourism products as a whole, the specific weight of tourism turnover in the country in world tourism turnover, and relative indicators that allow comparing the per capita tourist output in the country with countries at different levels of development.

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