



## ***PROMOTING HERITAGE - AND CULTURE - BASED EXPERIENTIAL TOURISM IN THE BLACK SEA BASIN***

Project No BSB-1145



### **INVENTORY OF BUSINESS MODELS**

for the development of experiential tourism in the PRO EXTOUR countries and BSB

**COMMON BORDERS. COMMON SOLUTIONS.**



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Project No BSB-1145

### **Blueprints of Successful Business Models**

for heritage and culture-based experiential tourism in the BSB

May 2021



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## ACRONYMS

BSB	Black Sea Basin
DMO	Destination Management Organization
HCBET	Heritage and Culture-based Experiential Tourism
RA	Republic of Armenia
RAP	Regional Action Plan
SWOT	Analysis of strengths, weaknesses, opportunities and threats
UNESCO	The United Nations Educational, Scientific and Cultural Organization

## FOREWORDS

PRO EXTOUR project aims to promote experiential tourism as a sustainable development pathway for tourism business in the Black Sea Basin by valorising the potential of the indigenous heritage and culture, innovative solutions and cross-border cooperation. Thus, the project urges the identification and, in the long run, invention of activities that allow travellers to enjoy the BSB in a new way based on the region's authenticity. The project partners build on the sustainability and innovation aspect of experiential tourism to promote diversification of tourism offerings and creation of new businesses in the BSB.

Experiential tourism is a new theme for both tourist business and policy-makers in the BSB area. Therefore, its inauguration as a market niche must be accompanied by a study of the relevant potential of the area and of the needs of the service providers. This has been achieved with an extensive study and planning on the country- and region-specific needs for the development of heritage and culture-based experiential tourism that was performed by the experts engaged I PRO EXTOUR in 2020-2021. A state-of-art overview of the regulatory and business environment was provided at the macroeconomic level has been provided. However, the microeconomic perspective is equally important.

The change from active holidays to holidays as an experience incites a significant shift for the business and new models of service provision and operation. In that, heritage and culture come as excellent grounds due to their omnipresent value for the BSB. Networking among service providers offers additional added value and responds to the need of experiential travellers to savour a diverse range of experiences along their travel path.

Good practices for experiential ventures do exist in the Black Sea countries. The project partners identified and represented 75 practices organized as an inventory that can be used by other undertakings and entrepreneurs learn from them and in turn improve their businesses. The main features of the good practices have been studied as presented herewith as blueprints of successful business models for heritage and culture-based experiential tourism in the BSB. The blueprints are designed to promote the value-generation potential of experiential tourism for the BSB. They are organized along the following main elements: thematic areas, activities and services, marketing approach, financing methods, key success factors and challenges and potential for future development. In some cases, additional details regarding the business model canvas are provided resulting from the information provided by the good-practice companies during the structured interviews with the researchers.

The blueprints cover the experiential-business practice in Armenia, Bulgaria, Georgia and Greece (as countries represented in PRO EXTOUR project), as well as in the wider Black Sea Basin.

This document is available in English, Armenian, Bulgarian, Georgian and Greek.



## BUSINESS MODELS FOR HCBET IN ARMENIA

As the results of previous studies (needs analysis and presentation of the best practices) revealed, Heritage- and Culture-based Experiential Tourism (HCBET) is considered a rapidly developing new form/approach of tourism in the RA, the success of which is conditioned not only by the rich cultural heritage of the RA but also by the investments and existing enterprises which use heritage for tourism purposes. The latter (existing enterprises) are considered to be a social organism, which, if properly managed and provided with appropriate support, can become the basis for the long-term development of this tourism. Therefore, it is necessary to systematically present the system of tourism services of enterprises included in the HCBET and the generalized model of business activities, which can be useful for other individuals/enterprises initiating similar activities both in the RA and in other countries.

### *Aim*

The aim is introducing the tourism services system of the enterprises included in the HCBET and the generalized model of doing business.

In order to achieve this aim, the following parameters should be taken into account when carrying out business activities in HCBET:

1. Thematic areas
2. Activities/services
3. Marketing approach
4. Financing methods
4. Key success factors and challenges
5. Potential for future development

### *Thematic areas*

The enterprises included in the HCBET in the RA mainly belong to the following types of tourism industry enterprises:

- ✓ *Overnight enterprises*: hotels, guest houses,
- ✓ *Catering enterprises*: restaurants.

It should be noted that these enterprises were either created on the basis of experiences (experiences are the main product of these enterprises), or these existing enterprises added experiences based on intangible heritage values in their current main offers.

At the same time, individuals (as individual entrepreneurs) are also engaged in entrepreneurial activities within the framework of HCBET, who present their cultural skills (painting, statuary, engraving, etc.) as an experience and offer them to tourists.

Thematic festivals (wine, tolma, barbecue, gata, etc.) are also considered as special experiences.

The experiences presented by the above-mentioned types of business activities included in the HCBET in the RA are based on the themes of Armenian cuisine, crafts and art, which are



presented to tourists mainly in the form of master classes, storytelling and organizing study tours.

### *Activities/Services*

The services of the business units included in the HCBET in the RA can be classified into two groups:

- *services* which are specific to the enterprise and are not directly related to experiences, such as providing overnight stay, food serving/delivery;
- *services* based on cultural values and provided to tourists in the form of experiences, such as master classes, hiking, tours.

In other words, the services of the enterprises included in the HCBET are not diverse, and as the main service, for the vast majority of cases, the master class, expressing the cycle of creating the value of the given intangible cultural heritage, is presented. Therefore, it can be said that HCBET services are practical and life-specific educational services.

### *Marketing approach*

Entrepreneurship units included in the HCBET of the RA use both digital and non-digital marketing tools/methods. In particular, among the digital marketing tools for these enterprises are social sites/social media marketing (SMM, Instagram, Facebook), booking systems in the field of tourism (Booking.com, TripAdvisor), search engines (Google Maps), Google my business, blogging. Some enterprises also have their own website. Non-digital marketing tools include participating in various events or organizing events themselves, publishing articles about them in the print media, word-of-mouth marketing, and collaborating with other tourism industry enterprises.

### *Financing methods*

Entrepreneurial units included in the HCBET of the RA ensure their financial stability mainly with the help of the following:

- Revenue from the sale of offered services
- Resale
- Business loans
- Grant programs
- Personal investments
- Support from friends.

### *Key success factors and challenges*

The key success factors of the business units included in the HCBET of the RA are very diverse, but as a result of their systematization and classification, the following key factors can be distinguished:

Common borders. Common solutions.

- ✓ The chosen right idea
- ✓ Clear formulation of dreams and goals
- ✓ Teamwork, collaboration and considering competitors as partners
- ✓ Choosing a favourable geographical location
- ✓ Availability of professional skills and knowledge
- ✓ Target market selection
- ✓ The uniqueness of the services/products offered and the variety of experiences
- ✓ Providing feedback with customers
- ✓ Being a family activity
- ✓ Activity based on local resources (natural, cultural, human) and values
- ✓ Ecological cleanliness of the activity
- ✓ Taking into account the risks and challenges before and during the activity
- ✓ Personal qualities (optimism, positive attitude towards the future, initiative, diligence, ability to be creative and innovative, courage, devotion, compassion, ability to be open to new thoughts/ideas, ability to reject stereotypes, flexibility, ability to react quickly to changes, long-term thinking, willingness to share own values, striving to constantly learn and constantly improve, smile, hospitality).

At the same time, it should be noted that these business units in the RA have faced certain challenges, the key ones being the lack of previous experience, dissemination of information and awareness raising, unfair market competition, poor infrastructure, stereotypes on similar services by locals, concertation only on incoming tourists. Of course, COVID-19 is also considered a key challenge.

### *Potential for future development*

The future development of business units included in the HCBET of the RA is mainly aimed at:

- Diversification of activities (new experiences, services) and spatial decentralization (spreading their activities in other communities of the RA in the form of opening guest houses, restaurants, etc.)
- Strengthening cooperation in both local and international markets
- Diversification of the target market (not only incoming, but also creating offers for domestic tourists)
- Developing of new marketing strategies
- Implementation of enterprise rebranding
- The use of Armenian intangible cultural heritage, which is not yet used but has great potential in terms of creating experiences
- Carrying out charitable activities
- Acquisition of devices and equipment that contribute to the development of their experiences
- Development of educational skills and upbringing activities needed to create cultural experiences for local youth
- Development of organizational innovations in experience offers ("mobile experiences")
- The use of alternative energy sources.



Based on the presented situation, it is possible to compile an integrated business canvas of enterprises currently engaged in HCBET of the RA, which can be a guide for both individuals and enterprises already wishing to engage in such activities in the future. It can be said that this canvas is an integrated methodological guide expressing the reality. Of course, the examples presented under each point should simply be taken into account but when creating own ones, they should be supplemented with new approaches, innovative solutions and existing requirements in accordance with the spirit of times.

**The integrated business canvas of the enterprises included in the HCBET of the RA**

Key partners	Key activities	Value propositions	Customer relationship	Customer segment
<ul style="list-style-type: none"><li>• Local entrepreneurs</li><li>• Local individual</li><li>• Tour operators and agents</li><li>• International donor organizations</li></ul>	<ul style="list-style-type: none"><li>• Culture-based tourism experiences in the form of master classes/ organization of services</li><li>• Organization of hiking, tours</li></ul>		<ul style="list-style-type: none"><li>• Accepting the customer as a guest</li><li>• Honesty with guest-customer</li><li>• Regular feedbacks</li><li>• Direct communication</li></ul>	
	<ul style="list-style-type: none"><li>• Family resources;<ul style="list-style-type: none"><li>✓ skills and knowledge of family members</li><li>✓ family property</li></ul></li><li>• Intangible cultural heritage values at the location of the business and locals</li><li>• Financial (business loans and grants)</li><li>• Friends</li></ul>	<ul style="list-style-type: none"><li>• Unforgettable cultural memories</li><li>• A combination of nature and culture</li><li>• Opportunities for self-expression and self-manifestation</li><li>• Opportunities to try and develop own creative mind</li><li>• Ecologically clean food and ecologically clean services</li></ul>	<ul style="list-style-type: none"><li>• Own website</li><li>• Own pages on social networks (Facebook, Instagram)</li><li>• Registration in travel booking systems (Booking.com, TripAdvisor)</li><li>• Registration in Search Engine (Google Maps)</li><li>• Word-of-mouth marketing</li><li>• Cooperation with travel companies</li></ul>	
Cost structure <ul style="list-style-type: none"><li>• Salary</li><li>• Taxes</li><li>• Technical support</li><li>• Amortization</li><li>• Dissemination of information and marketing</li><li>• Acquisition of raw materials for creating experiences</li></ul>			Revenue streams <ul style="list-style-type: none"><li>• Sale of basic services and experiences</li><li>• Resale</li><li>• Sale of additional services</li></ul>	

Common borders. Common solutions.

## BUSINESS MODELS FOR HCBET IN BULGARIA

The blueprints of successful business models for HCBET in Bulgaria have been elaborated with the aim to distinguish the main parameters of the 15 Bulgarian cases included in the inventory that make them viable and vibrant and to conceptualise these parameters as a general framework that other agents (companies and organisations) in tourism and hospitality could follow. Among the set tasks for achieving the main goal is the analysis of the strengths, as well as the opportunities for development of tourist services and their diversification related to experiential tourism in Bulgaria, the popularization and valorisation of the traditional cultural heritage.

Tourism is a sector with valuable growth potential which has not yet been fully utilized and which can be a source of attraction for both investors and visitors. The market for experiential tourism has seen a positive development and a steady upward trend in recent years (even though challenged by the pandemic). The demand for experiences based on learning about traditional cultural heritage and/or direct tasting and purchase of traditional food and drinks continues to expand and can increasingly contribute to the prosperity of local communities and businesses.

Experiential tourism is practiced by stakeholders with a very diverse profile, including private companies and individual traders and entrepreneurs, municipalities, NGOs, amateur groups, travel agents, etc. A positive phenomenon is the wide range of participants and organizers who are in this field, and the cooperation of private entrepreneurs and NGOs with local authorities is especially beneficial. Many events and festivals are organized by the local community (including tourism business owners, locals and government officials) with the main aim of promoting regional traditions, arts, crafts, products and cooking techniques and attracting more visitors to the area.

In Bulgaria, the offered experiential services are in the process of development and are becoming increasingly popular among the consumers. This entails diversification of tourist offers, and a good result is the combination of popular destinations and sites with less known and overlooked places into single packages and tours.

The good practices that are used for this blueprint include enterprises organized around popular monuments of cultural and historical heritage and cultural events, as well as brand new tourist proposals, which are expected to have exceptional potential for future development. The main deduction from the study of the various business models of companies and organizations offering services in heritage and culture-based experiential tourism is that many of them are viable in the medium term and can fully diversify the offer in travel packages. They certainly arouse interest not only among Bulgarian tourists, but also among the numerous foreign guests. In addition, the new attractions extend the tourist season and can even be offered all year round.

### List of the enterprises included in the Inventory of Business Models for Bulgaria

	Name	Form	Thematic Areas
1	Damascena Ethnographic Complex	Private museum	Ethnographic museum, Rose oil distillery
2	Dvor na Kililitsata (Yard of the Cyrillic Alphabet)	Private museum	Monument of the Cyrillic Alphabet, Historical-cultural attraction
3	ETours	Tour agency	Alternative tours, visits to less popular sites and destinations
4	Levana	Guest house	Traditional stone guest house, cultural events
5	Maria Nevena	Guest house	Guest house, crafts, rites, traditional way of living, contact with local residents
6	Historic Park	Private museum, partially funded via crowdfunding	Purpose-built attraction, historical and cultural heritage
7	Medena Kashta Mihovi	Honey-producing farm	Guest house, traditional crafts, honey production, Api - Tourism
8	Kino i Hrana (Cinema and Food Festival)	Street food and art festival	Food, Art, Music, Cinema, Street Festival
9	Praznik na Garnetata	Festival	Food, crafts and arts festival "Praznik na garnetata" (Pottery fest)
10	Zheravna National Costumes Festival	Festival	Folk, ethnic festival, national costumes, traditions
11	Varna Winery	Winery	Wine-tasting, oenology presentations
12	Alfatar Dobrudzha House	Guest House	Ethnographic complex, folklore program, traditional crafts and rites
13	Ongul	Private museum	Audio-visual historical centre, old Bulgarian Kingdom, private heritage museum
14	Festival of the Zelenika	Festival	Eco, cultural and heritage festival
15	Mosaics Museum	Public Museum	Mosaic museum, Rome period, historical and cultural heritage, educational programmes

### Thematic areas

The main thematic areas in which the experiential tourist services are offered are related to history, ethnography, cultural tourism, hiking, culinary tourism, recreational tourism.

The main thematic areas in which services in experiential tourism are offered are related to sites of the rich cultural and historical heritage of the country, culinary festivals, festivals related to the traditional way of life of the local population, sites of rural tourism, where in



addition to traditional accommodation and places for recreation, there are also attractions in which both the tourists and organizers are engaged as participants. In some of the business models for city festivals there is a combination of several types of areas such as gastronomy, arts, music. All this helps to build a high culture associated with emotional experiences and acquaint the modern tourist with the traditions of bygone times, unknown or forgotten. Other main themes in the business models refer to the presentation of traditional arts and crafts.

The tourist potential of the thematic areas is attractive both in terms of their natural components (natural protected areas, biodiversity) and through the anthropological components (authentic and well-preserved settlements, historical and architectural reserves, traditional productions, ruins of fortresses, artefacts).

### *Activities and services*

The selected 15 good practices from the entire territory of the Bulgarian Black Sea region presuppose the exceptional variety of activities and services.

Offering traditional food and drinks from the region, as well as the opportunity for personal participation in their preparation by tourists, becomes an unforgettable experience. At some of the sites the hosts offer tasting of their own wine production, low-alcohol and soft drinks.

Historical reconstructions (re-enactments) of events from the historical past of the Bulgarian people, as well as moments from the daily life of the local population are among the newest attractions of experiential tourism in Bulgaria. During the festivals the way of life and culture, the military work and the customs of the people who inhabited the Bulgarian lands from Antiquity to the decline of the medieval Bulgarian kingdom at the end of the XIV - XV century are recreated.

Amusement parks offer a full range of services such as theme attractions, combined with catering, recreation, entertainment and educational events, team building, music and art performances and more. They host thematic events such as international competitions for artists, exhibitions of historical paintings, archery tournaments, art performances, restoration of events from the period of Ancient Thrace and Medieval Bulgaria, festivals of medieval food and crafts, and much more.

In many of the enterprises mentioned in the inventory, the practice of traditional crafts and agricultural activities is featured and offered. The festival events focus on cooking, tasting of typical foods and dishes, music, dancing and other folklore performances in which visitors can take an active part. Demonstrations of crafts such as painting, knitting, embroidery and blacksmithing have been added in recent years.

Guided tours are organized, which are suitable for group and individual visits depending on the preferences of the tourists.

The location of some festivals changes over the years, but the essence and the main activities are preserved and as the tourist resources are abundant, there are opportunities for development of eco, rural, hunting, historical and wine tourism. In the Black Sea region one can visit more than twenty different interesting places, including the ruins of ancient fortresses, necropolises, rock monasteries, historic buildings, unique natural landmarks and





more. Unfortunately, most of them are unknown to the general public and it is such events that promote them. Some tourist sites are included in alternative tourist packages and visitors spend less than a day there.

The Street Festival "Cinema and Food" is a new model of an urban festival that combines visual arts, music and fine-food tasting on the streets of Varna, so this event remains unparalleled in the provision of experiential services in the region. The festival provides a stage for many artists who present themselves to a wide audience of visitors. Culinary bloggers make live demonstrations, famous musicians or actors also prepare food in front of their fans, and visiting celebrities are introduced and are responsible for the culinary mastery available to street visitors.

At the culinary festival there is a special section dedicated to children. A special program has been organized, which includes cooking classes and training in various crafts. The Dobrudzha festival has a similar approach: it is attended by local schools as an opportunity to strengthen the Bulgarian identity of the young people.

Some of the events, such as the festival in Zheravna, have strictly specific requirements for participants which do not bother tourists, but on the contrary - help to achieve a traditional and authentic atmosphere. All those present must be dressed in traditional costume (authentic or stylized), early twentieth century clothing or priestly clothing, and there is an opportunity to rent a costume at the entrance of the festival. Folk costumes, traditional for other nations and countries, are also allowed.

Accommodation facilities present packages that combine relaxation with local customs. The hosts of family hotels and guest houses offer not only traditional accommodation and breakfast, but also include various activities for their guests such as gastronomic master classes, folklore performances, bicycle tours to nearby attractions, walking tours, and household activities. A number of these additional services are free and make the offers more interesting and attractive for the tourists. One of the main ideas of one of the guest houses is based on the creation of a place, similar to a past childhood venue, a lost paradise, where visitors can reunite with their roots, eat freshly picked fruits and vegetables.

When visiting some of the accommodation facilities, the emphasis is exclusively on the environmentally friendly way of life, combined with the offer of healthy food and drinks. At the same time, tourists are offered the opportunity to watch documentaries about the life and work of bees and learn interesting facts about beekeeping, as a profession from ancient times to the present day. Visitors get acquainted with the healing and highly nutritious qualities of bee products - honey, pollen, propolis, honey milk and other.

The tour operators that organize HCBET activities also offer holidays focused on Bulgaria's neighbouring countries, which undoubtedly attracts tourists who save on transportation costs for long cross-border trips.

The presence of conference halls suitable for holding scientific forums could significantly expand the services offered and combine, in addition to traditional visits, the holding of congress tourism and events related to education (the so-called bleisure travels = business+leisure).

### *Marketing approach*

Absolutely all organizations and companies offer and advertise their services and attractions with well-developed websites, and many of them have pages in various social networks. Almost all of them have registrations in popular platforms such as Booking.com, TripAdvisor, vila.bg, pochivka.bg, etc., they have an accurate and descriptive location in Google Maps, and the latter is especially valuable for individual visitors. The events are promoted through social media and are included in the calendar of events on various specialized Internet sites for tourist and cultural festivals. Most of the business models show good cooperation with various travel agents and operators.

In the era of global digitalization and the use of mobile devices, the behaviour of consumers of travel services has changed radically. According to Eurostat, in 2019, 60% of people between the ages of 16 and 74 residing in the Member States of the European Union have ordered or purchased goods or services for personal use online. According to another study conducted by GE Capital Retail Bank 81% of buyers view and compare products on the global network before making a purchase. All this is quite rightly observed in the good practices of business models and it is no coincidence that on-line marketing is a successful approach in the promotion of the offered experiential activities and services.

In addition, all enterprises offer printed materials, such as leaflets, travel guides, billboard advertisements. Many of them are advertised on radio and television. For some of the events, documentaries and popular science films are made, which are also broadcast on various television channels. Organized package tours sold by local or international tour operators are also an important distribution channel.

Recently in Bulgaria the farmers' markets are becoming more and more popular, where ecologically clean products of plant and animal origin are offered directly by the producers. The latter also participate in various agricultural exhibitions and fairs, where they are also advertised and revenue is generated through direct sales.

A good practice in some business models is the specialized offering of specific products and services, which makes their brands recognizable among stakeholders. The income of one of the surveyed companies is obtained mainly from the sale of honey and honey products, and the provision of tourist services is a secondary activity, which they use mainly for promotion and social purposes: education, socialization and preservation of traditions.

A great convenience for tourists is the possibility of pre-sale of entrance tickets online (e.g. for the Historical Park), which saves time for their purchase and prevents queueing.

Due to the unique atmosphere they create, some of the enterprises and their sites are preferred as stages for video recording and large educational, corporate or personal events (excursions, conferences, trainings, weddings, etc.). Themed events and competitions are also very attractive to the general public. All this helps to promote further the sites, as many people have the opportunity to visit and evaluate their resources.

### *Key success factors*

Undoubtedly, the success of the considered business models is due to many key factors and no one can be taken out as prevailing over the others. The fact that the sites and organized events are located in easily accessible and communicative places is of great importance. The proximity to highways and airports suggest facilitated access for the tourists. It is an indisputable fact that before the COVID-19 crisis Bulgaria received more foreign tourists than the entire population of the country.

A large number of the studied successful business models are developed in sites and places that are located either at the Black Sea coast or near it. This suggests a great combination of sea recreational tourism with new experiences in the field of rural experiential tourism. An example is the street festival “Film and Food” in Varna, which is organized in an extremely communicative place in the heart of the city, which is an important factor for the popularity of the event and the excellent attendance. A major challenge in this is the relatively short tourist season at the Bulgarian seaside and the lack of combined tourist routes with Bulgaria's neighbouring countries for the practice of experiential tourism (still).

The cooperation of companies and organizations with local authorities, including the provision of financial support, contributes significantly to the success of the business models. It is a prerequisite for creating an additional experience for visitors, offering a number of opportunities for participation in cultural and social events and activities organized by local authorities themselves.

Among the important success factors and the competitiveness of tourism in the rural areas neighbouring the seaside is the introduction of new services and attractions in the conventional tourist offers.

Important for the growing interest in some of the ventures and activities is the possibility to visit them completely free of charge. As a rule, these are the cultural and culinary festivals, as well as city tours. The availability and variety of festival experiences, such as low or no entry fees, various culinary demonstrations with free or partially paid food and beverage tastings, are also among the key success factors in terms of turnout.

“Film and Food” Festival uses an innovative approach that combines street food with art and music. The same is observed at folklore festivals, where the tasting of local food and dishes is combined with crafts, music and arts.

An innovative approach to recreating an authentic atmosphere of bygone times is used at the festival in Zheravna. The unique age-old atmosphere, recreating the traditional way of life away from modern conveniences and urban amenities, is achieved through a ban on the use of any modern devices during the event.

Festival events, walking tours in urban environments provide an opportunity for meaningful social contact and personal enrichment, for new acquaintances and immediate acquisition of new knowledge, skills and habits.

There are a few challenges that are common for the stakeholders in the field of experiential tourism. In particular, they refer to initially lack of knowledge about the tourism activities, one-sided perceptions of tourism (tourist as an observer, not a participant), lack of experience



in organized experiences. Currently, the main and key problem is the loss of traditional tourism markets due to the COVID-19 crisis. The flow of tourists to many of the enterprises, presented in the inventory, has declined sharply over the past two years, and some of the companies were even shut down for months. In addition, the challenges include the bankruptcies of affiliated and partner companies, which in turn will increase the search for and find new collaborations.

### *Potential for future development*

The key directions for future development are the establishment of new cooperation, the start-up approach in many initiatives, the addition of new services (e.g. in the form of agricultural tours), the initiation of new experiences (e.g. cooking), strengthening of the cooperation with the central government and the local authorities.

The geographical location and the natural resources of Bulgaria predispose for the provision of quality services in the field of experiential and adventure tourism. Raising the awareness of the tour operators and of the individual tourists about the experience-based offers will help to use this type of services or to participate more actively in festival events.

A successful initiative of the street festival in Varna is the fact that the geography of the festival has been expanded and the event is already being organized in the cities of Plovdiv and Burgas as well. For the future, the plans are to organize the festival in the capital of Bulgaria, Sofia, as well as in other major cities. This will significantly expand the geography of the festival and will increase the number of participants and visitors.

The tour-operator that organizes free city tours plans more free trips outside the town of Dobrich. The aim is to acquaint residents and visitors with the natural and cultural-historical heritage of the nearby villages and towns. The emphasis is again on the unusual landscapes and less popular sites and monuments which often break the stereotypes that most people have about Dobrogea (NB. a geographical area in the Black Sea Basin that is shared between Bulgaria and Romania).

The lack of accommodation facilities in the settlements where some of the businesses are located is one of the obstacles to the development of tourism in general and of experiential tourism in particular. For example, in the town of Pliska (NB. the capital of the First Bulgarian Kingdom, where the Garden of Cyrillic Letters is located) offering accommodation in family hotels or guest houses (there are no such establishments as of now) would increase the number of tourists, as well as increase the time spent in the area of the archaeological ruins. Visiting the site during regular archaeological excavations, the possible opportunity to observe or even take part, would become an additional attraction for visitors. Advertising the Garden of the Cyrillic Letters as being close to a UNESCO monument (NB. the Madara Knight) would further increase visits and popularity among foreign tourists.

Experiential tourism can contribute to the generation of significant revenues for the local population and accelerate the economic development of entire regions in the Black Sea region and the country, which have so far remained away from the main tourist flows and the mainstream tour operators' offers.



### *Customer segment*

The main segment of tourists who visit the sites and attractions related to the cultural and historical heritage are interested in the history and culture of Bulgaria and European Southeast during the Middle Ages. At the moment they include mainly Bulgarians of all age groups and occupations.

The festival events are attractive to almost every type of visitor, the activities are provided for all age groups (including children), the cinema and the music concerts are based on various topics covering a wide audience.

Participants in smaller culinary festivals dedicated to traditional culture are locals and tourists who have some culinary inclination, talents and a desire for traditional cuisine. It is logical that festivals that are organized in large cities or near large tourist complexes have better attendance.

### *Key partnerships*

More than a thousand people have participated in the planning, construction and operation of the various sites, festivals and attractions, thus including experts in history and archaeology, master craftsmen, writers and researchers from all fields of knowledge. This is a key partnership for achieving a realistic and authentic interpretation of the Bulgarian past.

Among the main partnerships is the work in close cooperation with local authorities (e.g. the mayor's offices in the village of Balgarevo and in Kavarna municipality) to organize and promote a number of cultural activities and events which are held regularly during the warm summer evenings and to gather locals and tourists.

Involving a number of celebrities (chefs, actors, musicians, artists) in the various festivals attracts even more visitors.

During the historical reconstructions/re-enactments, a partnership is established with reenactors, master craftsmen, musicians and artists not only from Bulgaria, but also from Romania, Moldova, Russia, Hungary, Poland, Turkey, Serbia, Ireland and others.

### *Financial structure*

Not all enterprises in the inventory provided sufficient information regarding the financial situation of their businesses. In the survey of business models not all good practices provided detailed and appropriate information.

The financial viability of the organizations and companies is provided mainly by the revenues from the sale of services. In addition, they have the opportunity to obtain business loans to expand their activities and create new services and attractions. Grant programs are also used to improve financial stability. Crowd-funding has been used by the founders of the Historic Park near Varna.



A key factor for the success of business models are the profits from the sale of own products, as well as from external revenues related to the professional activities of the participants. In addition to sales on the spot at souvenir shops, galleries, etc., the products are also sold online, both through the enterprises' own websites and through large e-shops. Some or all activities can also be offered by travel agents and operators.

The Cinema and Food Festival is partially free, with an entrance fee for some events. The main income comes from the sale of food and beverages. The festival also attracts a number of sponsors who support the popular event in exchange for promotion.

The city tours are completely free, and the goal is to encourage locals and guests to be more familiar with the history and cultural heritage of their town. All this, in addition to educational and social purposes, is done with the idea of promoting and advertising the company organizing free tours (E-tours) among potential users.



## BUSINESS MODELS FOR HCBET IN GEORGIA

Experiential tourism responds to the modern tendency of economy - adoption of new models of conducting business and creation of new services. It shares the idea that customers, i.e. tourists do not require artificial and commercial activities but they pay for authentic and spontaneous decisions where they have an opportunity to express and discover themselves. Experiential tourism shows rather than describes and allows tourists to be active participants of the events. The process itself implies engagement and not observation of participants. Consequently, the activities planned in the context of experimental tourism cannot be similar to each other.

In Georgia, experimental tourism offerings are becoming more and more popular among consumers. Consequently, Georgia's tourism industry is currently concerned with what visitors are looking for - what kind of experiences and emotions they expect, rather than location and services. This encourages travel service providers to diversify their travel offerings, explore new destinations and combine their activities with authentic areas in tailor-made tours.

Current approaches to travel market segmentation are based on experience-driven requirements, where the level of engagement, guest-host interaction, and creativity determine the degree of experience acquisition. All this differs from the traditional approach for deciding on a holiday destination, characterized by a focus on the destination's physical assets only (e.g. scenery, beach, attractions, etc.). This blueprint of successful business models is based on the inventory and introduces new initiatives and practices in rural and mountain regions of Georgia, which are expected to have exceptional potential for future development. Among them are individual entrepreneurs, associations, Destination Management Organizations, which create experience-based offers and services to customers. Selected 15 innovative and interesting examples of the best experiential tourism business models in Georgia demonstrate the main characteristics and keys to successful business development, as examples of the adoption of this new practice by other companies. They are small and medium-sized enterprises. Selection criteria of business models were cultural heritage and experiential tourism offerings and services, flexibility to arrange tour-product and diversify offerings both for domestic and international visitors.

### *Selected business models in Georgia*

	Name	Form	Profile and Thematic Offers
1	"Khevsureti and Community"	Community-based organizations and Guesthouse	Eco-tourism  Demonstrating ethnography, providing masterclasses in heritage crafts studio. B&B accommodation service, camping area and open café. Community based activities. Direct sales of locally produced souvenirs.
2	"Komli"	Guesthouse and farm	Agri-gastro tourism, culinary

			Harvesting tea, 'farm to the table' concept, demonstration of permaculture, ethnography, tasting dishes, telling stories from family life and living culture. B&B accommodation service in traditional old houses and new built wooden cottages. Excursions to Black Sea coast, swimming adventure
3	"Korena"	Agritourism guesthouse	<p>Agri-gastro tourism, culinary</p> <p>Demonstrating ethnography, culinary art, tasting dishes, telling stories of family life, living culture, wine tasting, poliphony music, masterclasses in culinary art and folk music, B&amp;B accommodation service, organizing educational camps for schoolchildren, organizing cycling, walking, cultural, adventure tours.</p>
4	Folklore House	Guesthouse	<p>Ethno-tourism, folklore and culinary</p> <p>Teaching folklore, telling stories of family and rural life, excursions in the region, tasting traditional dishes, master classes, B&amp;B accommodation services.</p>
5	"Orkoli"	Studio	<p>Crafts and visual art</p> <p>Demonstrating art &amp; craft, providing masterclasses in pottery-making, Direct sales of locally produced souvenirs</p>
6	"Sisatura"	Guesthouse and small ethnography museum	<p>Agri-gastro tourism, culinary</p> <p>Demonstrating ethnography, local folklore, Megrelian traditional dishes, telling stories of village life, wine tasting, masterclasses in culinary art and folk music, B&amp;B accommodation service</p>
7	"Mokvare"	Guesthouse	<p>Ethno-tourism, crafts and visual arts</p> <p>Demonstrating art and crafts, providing masterclasses, telling stories of family and rural life, tasting traditional dishes, B&amp;B service in family guesthouses, organizing exhibitions and events. Direct sales of locally produced souvenirs</p>
8	Family hotel "Gallery"	Guesthouse	<p>Crafts and ecotourism, visual arts</p> <p>Heritage crafts studio/wood carving and pictorial art, guesthouse, organizing eco tourist routes</p>



9	Mamaladze Studio	Studio	Crafts and visual arts  Demonstration of craft and visual art, organizing masterclasses. Direct sales of locally produced souvenirs.
10	Tatulashvili Studio	Studio	Crafts and visual arts  Demonstration of craft and visual art, organizing masterclasses. Direct sales of locally produced souvenirs
11	"Ikorta"	Studio	Crafts and visual arts  Cloisonné enamel studio, social enterprise and café, demonstration of crafts and visual arts. Direct sales of locally produced souvenirs
12	Zaza Ivanidze Studio	Studio	Agri-tourism, agro-education  Demonstrating farm, telling stories of village life, educational lessons for children and young farmers in apiculture and organic farming. Direct sales of locally produced honey
13	"The Georgian Gagete"	Studio	Crafts and visual arts  Demonstration of craft and visual art, organizing masterclasses. Direct sales of locally produced souvenirs.
14	"Lost Ridge"	Guesthouse, Ranch, microbrewery, travel agency	Agri-gastro tourism, culinary  Ranch, microbrewery, micro rural farm, B&B guest house and hotel, family cuisine, ethnography, visiting wine cellars located nearby, swimming pool, regional tours. Direct sales of craft beer and wine.
15	"Art Residence"	Guesthouse, event organizer	Crafts and visual arts  Demonstration of craft and visual art, organizing masterclasses. Organizing exhibitions for artists and masters. Catering and B&B services in the family guesthouse.

### Thematic areas

Tourist offerings of models are related to ethnography, art and culture combined with nature heritage, and nature based adventure. The most popular are culinary offers, food and wine tastings, workshops and masterclasses, and demonstrations of ethnic and folk performances, which introduce visitors to authentic elements of Georgian heritage and culture, characteristic



of certain regions and villages. Here, the tourist enjoys the atmosphere of a destination with all senses.

### *Activities and services*

Activities and services can be classified in five components - B&B hospitality in non-traditional accommodation units, recreation, education, entertainment, and direct sales of packed food products and souvenirs. There are models when different types of activities and services are combined into one comprehensive travel package. In terms of host-guest interaction, the main emphasis is on getting to know the culinary, traditional products and the environment (new adventure). Among popular activities are master classes in culinary, art and craft (mainly in pottery-making and wood crafting), poliphony and folk music, participation in traditional agriculture activities such as harvesting tea, grape, tasting food and wine, B&B accommodation service in traditional old house, excursions to Black Sea coast, swimming and hiking adventures.

The customer segment is diverse. There are professionals (gourmands, experienced cooks, singers, equestrians etc.) and amateurs both international and domestic visitors. Therefore, the forms of their perception, feelings, behaviour and self-expression are different. In some cases, they follow the host's instructions (for example, participation in Rtveli - traditional vintage and rural harvest holiday; harvesting tea, making "Khinkali", painting a fence etc.); while others anticipate freedom in choice, decision-making and personally wish to co-create a tour product. For example, they ask for tailor-made tours, they draw, cook, do something on their own.

### *Key success factors*

Key to success of selected business models are creative hosts, which in many cases are co-founders of business entities, with initial business idea and individual values, clear concept of destination development and adoption of a practice of collaboration and communication with the local community. Most of them are so-called „neo-rurals“, who returned to their villages, back to their roots, renovated ancestral homes and started a new business. They are dominated by creative women who speak a foreign language (mostly English and Russian), enjoy communicating with guests, and have a lot to say about the area, living culture and. They have direct access to the foreign tourism markets. For example, the business purpose of three ladies - owners of “Sisatura”, “Komli” and “Lost Ridge” initiated the development of agritourism offers in the rural areas. The main idea inspiring and encouraging ladies to start their own businesses was revitalization and showing forgotten traditions in a “new way”, developing a place - an interesting destination rather than focus on a single activity such as accommodation facility for visitors. For example, "Lost Ridge" is restoring the traditional Kizik houses and revitalizing forgotten tradition and place, "Sisatura" created a complex of Megrelian "Oda" houses and demonstrated the art of Megrelian cuisine. Hosts of "Komli" restored a 100-year old house and assigned a new function to old structures (granary, barn). Behind their product is an idea, which inspires visitors and fills with new emotion. Their offers consist of various components such as events and so-called, pop-ups, gastronomic events; seminars and workshops. They cooperate with community members, purchase locally produced products,

grow bio gardens etc. In addition to social networks, they work with so-called influencers, journalists and people who share their impressions and experience with their audience.

### *Marketing approach*

Business models use social media marketing, in particular, they use Instagram, Facebook pages, Booking.com, AirB&B online reservation systems and Google Maps. Some of them are members of rural tourism networks; only a few of them have their own website. Since small and medium-sized businesses are actively supported by developing projects, especially in the field of digitalization and marketing, the owners of experimental tourism businesses often participate in promotional events that are organized by local DMOs and local governments. However, the most popular is word-of-mouth marketing practice on the HCET market.

### *Financial support*

Small and medium-sized business models are supported by international aid programs. Such initiatives promote non-agriculture activities in rural and mountain areas, multifunctional use of rural resources, community-based activities, resilience of rural areas via diversification of rural economy. The main purpose is the creation of a source of additional jobs and revenue generation. They promote some of their cultural projects in the framework of different development programs.

### *Potential for future development*

An analysis of the heritage and culture-driven tourism model has shown that key business success depends on diversification of tour product and the level of customer engagement. Creating an atmosphere, comfortable stay and B&B is important but not a priority for experiential tourism customers looking for self-reflection, entertainment, free space, inspiration and knowledge, and interaction between host and guest. Good interpretation and communication with the society is essential in order to effectively use the emotional side of intangible culture and storytelling practice. At the same time, since the perception of experience is determined by the willingness and readiness of visitors and the purpose of their leisure time (passive, active or role-based and existential authenticity), it is desirable that service providers create offers both for professionals and amateur. Enhancement of product interpretation, as better understanding and development of the invisible component of the product/offer is essential. The hostesses of successful cases have wonderful story-telling and social communication skills. The education component at experiential tourism facilities is an interesting topic and can be offered widely e.g. to schoolchildren, university students, families with kids. It is desirable that entrepreneurs use their offers for organized commercial group tours, which is appropriate for the domestic market segment, especially now, when children have limited access to nature due to the Pandemic.

Small and medium-size businesses lack professional „agro chef“ access to market local production, which affects the traditional food supply. The development of a destination and the creation of the demanded experiential-based offerings more active entertainment performances, festivals and events, which promote the regions and enhance direct sales in

Common borders. Common solutions.

certain destinations. This component is rarely presented in the experiential tourism market and is a reason why tourists stay for a short period of time.

Below is a list of ideas dominant in presented business models.

### *Business ideas*

	Business idea	Thematic sphere
1	Georgian Craft Masterclass (e.g., Woodwork, Clay)	Unique Georgian Experiences
2	Georgian Folk Masterclass	Unique Georgian Experiences
3	Annual Festival Event	Culture event
4	Georgian Food Masterclass	Unique Georgian experiences
5	Agro-tourism Experience	Unique Georgian Experiences / Accommodation

## 1. Georgian Craft Masterclass (e.g., woodwork, clay, felt-production)

<b>Key partners</b> <ul style="list-style-type: none"> <li>Providers of high-quality raw materials (e.g., wood, felt, clay)</li> <li>Providers of high-quality Georgian and modern working instruments</li> <li>Labour safety consultant</li> </ul>	<b>Key activities</b> <ul style="list-style-type: none"> <li>Accepting bookings offline and online (e.g., through Airbnb Experience)</li> <li>Maintaining the schedule of the group and individual visits</li> <li>Securing supply of raw materials</li> <li>Providing verbal explanations in foreign language and demonstrating the preparation process</li> <li>Assisting the visitors in the process (in foreign language)</li> <li>Accepting the payments (including by electronic cards)</li> <li>Maintaining bookkeeping</li> </ul>	<b>Value proposition</b> <ul style="list-style-type: none"> <li>High-end experience and authentic pottery-making, woodworking, felt-production experience from local masters</li> </ul>	<b>Customer relationship</b> <ul style="list-style-type: none"> <li>Maintain contact with clients through Trip-advisor site and similar sites</li> <li>Promote and advertise through flyers and Facebook page.</li> </ul>	<b>Customer segments</b> <p>Retail segment:</p> <ul style="list-style-type: none"> <li>International tourists;</li> <li>Domestic visitors</li> </ul> <p>B2B segment:</p> <ul style="list-style-type: none"> <li>TOs and guides (organized tours); Hotels (organized tours);</li> <li>International and national organizations (corporate events)</li> </ul>
	<b>Key resources</b> <ul style="list-style-type: none"> <li>Local cookbook</li> <li>Close contacts with other masters</li> </ul>		<b>Channels</b> <ul style="list-style-type: none"> <li>Online: Purchase option (e.g. Airbnb Experiences)</li> <li>Offline: B2B sales (e.g., hotels), Guides; Walk-in guests</li> </ul>	
<b>Cost structure</b> <p>Investment costs:</p> <ul style="list-style-type: none"> <li>Arrangement of special area in the workshop</li> <li>Purchasing equipment</li> </ul> <p>Working capital:</p> <ul style="list-style-type: none"> <li>Minimal capital requirements to buy raw materials before each session</li> </ul>		<b>Revenue streams</b> <p>Fees per person per masterclass: package price per person for group of 5 pax/ 10 pax/20 pax etc.;</p> <p>Additional income through selling the produced items</p>		

## 2. Georgian Folk Masterclass

<b>Key partners</b> <ul style="list-style-type: none"><li>Local folk musicians (e.g., supporting with various instruments)</li></ul>	<b>Key activities</b> <ul style="list-style-type: none"><li>Accepting bookings offline and online (e.g., through Airbnb Experience)</li><li>Maintaining the schedule of the group and individual visits</li><li>Collecting the required team when needed</li><li>Providing verbal explanations in foreign language</li><li>Assisting the visitors in the process (in foreign language)</li><li>Accepting the payments (including by electronic cards</li><li>Maintaining bookkeeping</li></ul>	<b>Value proposition</b> <ul style="list-style-type: none"><li>High-end experience and learning of authentic Georgian/Local dance or singing</li></ul>	<b>Customer relationship</b> <ul style="list-style-type: none"><li>Maintain contact with clients though Trip-advisor site and similar sites</li><li>Promote and advertise through flyers and Facebook page.</li></ul>	<b>Customer segments</b> Retail segment: <ul style="list-style-type: none"><li>International tourists;</li><li>Domestic visitors</li></ul> B2B segment: <ul style="list-style-type: none"><li>TOs and guides (organized tours); Hotels (organized tours);</li><li>International and national organizations (corporate events)</li></ul>
	<b>Key resources</b> <ul style="list-style-type: none"><li>Local ethnographers and historians community and resources</li></ul>		<b>Channels</b> <ul style="list-style-type: none"><li>Online: Purchase option (e.g. Airbnb Experiences)</li><li>Offline: B2B sales (e.g., hotels), Guides; Walk-in guests</li></ul>	
<b>Cost structure</b> Investment costs: <ul style="list-style-type: none"><li>Arrangement of special area for folk dance classes</li><li>Purchasing instruments and special equipment</li><li>Purchasing national apparel</li></ul> Working capital: <ul style="list-style-type: none"><li>Minimal working capital requirements to pay for supporting team</li></ul>			<b>Revenue streams</b> Fees per person per masterclass: package price per person for group of 5 pax/ 10 pax/20 pax etc.; Additional income through selling souvenirs	



### 3. Annual Festival Event

<p><b>Key partners</b></p> <ul style="list-style-type: none"> <li>Providers of high-quality sound equipment, music producers and event managers</li> <li>Owners of the site (e.g., National Museum association, Agency of cultural heritage and resources, etc.) to arrange the lease</li> <li>International music festivals and individual musicians, performers and masters</li> <li>Guesthouse owners, transportation and catering facility owners, local producers.</li> <li>Financially strong sponsors.</li> </ul>	<p><b>Key activities</b></p> <ul style="list-style-type: none"> <li>Selecting the program of the festival</li> <li>Arrangements with the facility owners, various vendors</li> <li>Marketing and sales activities to promote and publicize the event</li> <li>Maintaining bookkeeping and administrative tasks. Providing verbal explanations in foreign language and demonstrating the preparation process</li> <li>Leading the degustation process (in foreign language)</li> <li>Accepting the payments (including by electronic cards</li> <li>Maintaining bookkeeping</li> </ul>	<p><b>Value proposition</b></p> <ul style="list-style-type: none"> <li>A modern 2-3 day open-air event, organized in the alternative site, full of mystification and charm, bringing together top artists from around the world</li> </ul>	<p><b>Customer relationship</b></p> <ul style="list-style-type: none"> <li>Maintain contact with clients through the website, fb page, emails, other online platforms and forums.</li> </ul>	<p><b>Customer segments</b></p> <p>Folk, ethno, music lovers from all over the world, including domestic visitors.</p>
	<p><b>Key resources</b></p> <ul style="list-style-type: none"> <li>Good access to top international performers and their producers</li> <li>Safe site and capability of accommodating the attendants throughout the hotels and campsites</li> </ul>		<p><b>Channels</b></p> <ul style="list-style-type: none"> <li>Online: Purchase option (e.g. online ticket sales platforms)</li> </ul>	

<b>Cost structure</b> Investment costs: <ul style="list-style-type: none"> <li>Arrangement of site (leasing, arrangement of the infrastructure)</li> <li>Significant administration expenses to recruit the performers</li> <li>Salaries of the support team</li> <li>Significant expenses in marketing</li> </ul>	<b>Revenue streams</b> Fees per person Sponsorship income Additional income such as post-event sales of souvenirs
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#### 4. Georgian Food Masterclass

<b>Key partners</b> <ul style="list-style-type: none"> <li>Providers of high-quality locally produced natural inputs (e.g., meat, cheese, milk)</li> </ul>	<b>Key activities</b> <ul style="list-style-type: none"> <li>Accepting bookings offline and online (e.g., through Airbnb Experience)</li> <li>Maintaining the schedule of the group and individual visits</li> <li>Securing supply of fresh inputs (including seasonal products)</li> <li>Providing verbal explanations in foreign language and demonstrating the preparation process</li> <li>Leading the degustation process (in foreign language)</li> <li>Accepting the payments (including by electronic cards)</li> <li>Maintaining bookkeeping</li> </ul>	<b>Value proposition</b> <ul style="list-style-type: none"> <li>High-end experience of preparation of authentic Georgian/Local dish (e.g., elarji in Samagrelo, ekala in Imereti. etc.)</li> </ul>	<b>Customer relationship</b> <ul style="list-style-type: none"> <li>Maintain contact with clients through Trip-advisor site</li> <li>Promote and advertise through flyers and Facebook page.</li> </ul>	<b>Customer segments</b> Retail segment: <ul style="list-style-type: none"> <li>International tourists;</li> <li>Domestic visitors</li> </ul> B2B segment: <ul style="list-style-type: none"> <li>TOs and guides (organized tours); Hotels (organized tours);</li> <li>International and national organizations (corporate events)</li> </ul>
	<b>Key resources</b> <ul style="list-style-type: none"> <li>Local cookbook</li> <li>Close contacts with local cooks</li> </ul>		<b>Channels</b> <ul style="list-style-type: none"> <li>Online: Purchase option (e.g. Airbnb Experiences)</li> <li>Offline: B2B sales (e.g., hotels), Guides; Walk-in guests</li> </ul>	





<b>Cost structure</b> Investment costs: <ul style="list-style-type: none"> <li>Arrangement of special area, kitchen and a toilet</li> <li>Purchasing kitchen equipment</li> </ul> Working capital: <ul style="list-style-type: none"> <li>Minimal capital requirements to buy fresh inputs for sessions</li> </ul>	<b>Revenue streams</b> Fees per person per masterclass: package price per person for group of 5 pax/10 pax/20 pax etc.
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## 5. Agritourism Experience and Farm-stay

<b>Key partners</b> <ul style="list-style-type: none"> <li>Producers in target region (winemakers, cheesemakers, beekeepers with interesting farms, permaculture etc.)</li> <li>Providers of the local fresh produce (besides honey) to feed and host the visitors</li> <li>Providers of farming equipment and technical assistance (knowledge, expertise, extension)</li> </ul>	<b>Key activities</b> One-time: <ul style="list-style-type: none"> <li>Setting up the facility or recruiting and training the fellow wine/honey/cheese-makers (2-3)</li> <li>Setting up the farm-stay (2-3 rooms)</li> </ul> Regular: <ul style="list-style-type: none"> <li>Taking care of vineyards/farm culture</li> <li>Engaging the fellow farmers</li> <li>Accepting the reservations (including through online)</li> <li>Maintaining the farm-stay into shape and ready for guests</li> <li>Administrative work</li> <li>Marketing and sales</li> </ul>	<b>Value proposition</b> <ul style="list-style-type: none"> <li>Authentic Georgian experience of producing (everything related to the process) in the area where it was first made in culturized way, with interpretation in languages, combined with the rural accommodation facility, equipped with basic necessary comforts (shower, heating)</li> </ul>	<b>Customer relationship</b> <ul style="list-style-type: none"> <li>Maintain contact with clients though Trip-advisor site, fb page, other online platforms and forums</li> </ul>	<b>Customer segments</b> Retail segment: <ul style="list-style-type: none"> <li>International tourists;</li> <li>Domestic visitors</li> </ul> B2B segment: <ul style="list-style-type: none"> <li>TOs and guides (organized tours); Hotels (organized tours);</li> <li>International and national organizations (corporate events)</li> </ul>
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		and hot water, normal beds)		
	<b>Key resources</b> <ul style="list-style-type: none"> <li>Local cookbook</li> <li>Close contacts with local cooks</li> </ul>		<b>Channels</b> <ul style="list-style-type: none"> <li>Direct onsite</li> <li>Online purchase option</li> <li>Offline: B2B sales (e.g., hotels), Guides; Walk-in guests</li> </ul>	
<b>Cost structure</b> Investment costs: <ul style="list-style-type: none"> <li>Property design and improvement;</li> <li>Equipment: vessels, barrels, special equipment etc.</li> </ul> Working capital: <ul style="list-style-type: none"> <li>Cost of supplies food</li> <li>Salaries of the support staff (1-2 people)</li> </ul>		<b>Revenue streams</b> Revenue from tourists Revenue from farm-stays		



### *Conclusion*

An analysis of the heritage and culture-driven tourism model has shown that key business success depends on diversification of tour product and the level of customer engagement. Creating an atmosphere, comfortable stay and B&B is important but not a priority for experiential tourism customers looking for self-reflection, entertainment, free space, inspiration and knowledge, and interaction between host and guest. Good interpretation and communicate with the society is essential in order to effectively use the emotional side of intangible culture and storytelling practice. At the same time, since the perception of experience is determined by the willingness and readiness of visitors and the purpose of their leisure time (passive, active or role-based and existential authenticity), it is desirable that service providers create offers both for professionals and amateurs.



## BUSINESS MODELS FOR HCBET: GREECE

The Blueprint for Successful Business Models for experiential tourism serves as a foundational document that outlines the main services and success features of the identified businesses and organizations.

The main parameters presented in the Blueprint are based on the research conducted by the PRO-EXTOUR project and the inventory of 15 business models presented for the two Greek Black Sea Basin Regions, Central Macedonia and Eastern Macedonia and Thrace (BSB-GR region).

The Blueprint includes a presentation of the following five parameters:

1. Thematic Areas
2. Activities-Services
3. Marketing Approach
4. Key Success Factors - Challenges
5. Potential for Future Development

For each parameter, the Blueprint provides a brief description of standardized actions. In a graph form the Blueprint also provides a summary and comparison of experiential businesses/organizations of private sector and private sector bodies for the parameters thematic areas, activities-services, marketing approach and key factors of success-challenges. The fifth parameter, potential for future development, summarizes the main plans of successful experiential businesses/organizations.

### *Thematic areas*

The thematic areas that are covered from private sector companies and public sector organizations include a wide range of culture and heritage-based themes.

Dominant thematic areas of public sector organizations are preservation, protection and promotion of antiquities.

The design and offering of a diversified experiential tourism product provide the thematic areas developed by private companies. These may include traditional accommodation services, services for becoming familiar with the vineyard and the winery as well as experiential tours-walks and other alternative experiences. All these thematic areas bare a strong participatory and experiential character and provide strong experiences and memories to the participants. This particular characteristic might also allow for better transfer of the tacit knowledge of a given group or community to the participants.

Thematic Areas	Private sector	Public sector
 Preservation, protection and promotion of antiquities		●
 Traditional accommodation	●	
 Acquaintance with the vineyard and the winery	●	
 Experiential tours-walks	●	
 Alternative experiences	●	●

### Activities - Services

Activities in the form of cultural events hold a dominant position in the range of services offered within the experiential tourism field in both public and private sector businesses/organizations.

Communication activities, exhibitions, conferences/seminars and educational programs, in general, are important activities that allow the sharing of the explicit knowledge of the experiential product to the visitor/consumer. Traditionally popular activities include theatrical and musical performances or participation in border cultural events dedicated to experiential tourism that seem to be the basis of the activities offered in the sector from both public and private institutions. These consist of the rather typical activities to which experiential tourist traditionally participate. Other popular activities, especially for the younger participants, also include adventure and sport activities, action and role-playing games, participation in workshops and lessons, and of course events related to the local gastronomic traditions. All these activities have a strong participatory character that is necessary for experiential tourism.

Activities/services	Private sector	Public sector
 Exhibitions		●
 Conferences/seminars/ educational programs		●
 Cultural events	●	●
 Communication activities		●
 Workshops/lessons	●	●
 Action/Role-playing games	●	●
 Thematic walks/activities	●	
 Gastronomy/food or wine tasting events	●	●
 Theatrical and musical performances	●	
 Adventure/sports activities	●	

### Marketing approach

Digital marketing, through social media and website, is the main promotion technique of successful experiential businesses. Moreover, it has been proved that “word of mouth” communication is the most important and efficient marketing practice.

Existing experiential-oriented businesses related to accommodation, gastronomy, thematic tours and experiences focus mainly on digital marketing (website, social media, newsletters, online platforms) and regional tourism organizations. Some companies also promote their activities in inflight magazines, radio and TV spots. Gastronomy enterprises often cooperate with international travel agencies that promote wine and food tourism. Experiential travel offices, apart from digital marketing practices, emphasize in the collaboration with international alternative travel agencies and in the participation in international travel fairs, exhibitions and conferences.

Public sector organizations emphasize on on-line presentations (website, social media) and their participation in exhibitions and conferences.

Marketing approach	Private sector	Public sector
 Website	●	●
 Social media	●	●
 Word of mouth	●	
 Newsletters	●	
 Online platforms	●	
 Radio & TV spots	●	
 Inflight magazines	●	
 Collaboration with international travel agencies	●	
 Info tours	●	
 Travel fairs, exhibitions, conferences	●	●
 Vimeo/ YouTube		●
 Tourism organizations	●	

### *Success factors and challenges*

Usually, successful businesses are newly established, most of the times comprise family businesses with a small workforce and focus their activities exclusively in the experiential sector. The most experiential-oriented ones with a fully designed tourism product, based on the interests and specifics of the visitors, are related to alternative tours, agricultural and wine activities.

Successful businesses are flexible and offer a high-quality experiential product, with an emphasis on the surroundings and the triggering of senses, feelings, emotions and thoughts. The active participation of the visitor is also a key element in the success of experiential activities. The well-organized experiential enterprises have developed strategic partnership networks with large companies, local enterprises and institutions of the region.

The basic skills of the employees in the tourism experiential sector are deep and specific knowledge and skills of the particular activity, history and culture of the place and the dimensions of experiential tourism. Constant passion, inspiration and creativity about the activity's subject are also basic features of the employees of successful experiential tourism



enterprises. In addition, the interdisciplinary approach is a key element in the successful design, package, and deliver of the resulting experiential content.

Success factors	Private sector	Public sector
 Activities are designed based on the interests & specifics of the visitor	●	●
 Deep knowledge about the definition & dimensions of experiential tourism	●	
 Well qualified employees	●	●
 Small groups	●	
 Friendly atmosphere	●	
 Fully designed tourism product	●	●
 Constant training & education in the new tourism trends	●	
 Active participation of the visitor	●	●
 Cooperation & networking	●	●
 Interdisciplinary approach	●	
 Constant adaptation in the new conditions	●	●
 High quality product	●	
 Connection with the tangible & intangible cultural heritage	●	●
 Quality control - quality certification		●
 Open to local society	●	●
Challenges	Private sector	Public sector
 Promotion of alternative tourism activities VS the dominance of mass tourism	●	
 Need for local trained staff	●	
 Combined action & networking between tourism stakeholders	●	●
 Assurance a set of tax incentives		





### *Potential for future development*

The main plans of successful experiential private sector companies and the public sector organizations are related to the expansion of the range of activities, collaborations -networking and implementation of new technology practices. These plans intend to a constant development and enrichment of the content of existing experiences, in combination with the expansion of the range of activities by connecting the arts of the past with the planning of the future.

Successful experiential businesses/organizations are on a constant quest for new collaborations with public and private partners, foreign and domestic bodies, and regional/local cultural institutions and museums, in order to design, deliver and promote new quality experiential tourism products. All these synergies and collaborations would maximize the touristic benefit.

Most of the experiential public and private businesses/organizations aim to implement new digital technologies in their activities such as digital guided tours, QR codes, virtual reality, on-line actions with experiential character. Such technology-based strategies will affect considerably the management of new requirements that will arise as a result of the post-COVID-19 period, the approaching of new tourism markets and an overall modernization of the offered experiential tourism product.

Furthermore, experiential public and private businesses/organizations, in order to achieve a more unforgettable experience, plan to expand the role of the visitor in the activities by promoting a more active visitors' participation, such as participation in an excavation or in the maintenance process of a monument. Experiential tourism partners also intend to increase the quality of experiential products by designing tours and activities for people with disabilities. In this way, all visitors would have equal access to tourism experiential products.

## BUSINESS MODELS FOR HCBET: BLACK SEA BASIN

The Blueprint for Successful Business Models of experiential tourism in the Black Sea Basin and wider area serves as a base document that outlines the main activities, services and success features of the identified businesses and organizations for the countries that have not been directly represented in the PRO EXTOUT project. The main goal of the study is to establish the main parameters for good practices in offering services in the field of experiential tourism based on the results obtained in the implementation of the PRO-EXTOUT project and 15 business models presented for the countries which are not involved in the project consortium - Ukraine, Moldova, Romania and Turkey.

In accordance with the general approach adopted at the project level, this blueprint covers the following main five parameters:

1. Thematic Areas
2. Activities/Services
3. Marketing Approach
4. Key Success Factors and Challenges
5. Potential for Future Development
6. Financial Situation

The Black Sea region as a whole has unique features and characteristics, but there are also a number of challenges that do not contribute to the development of tourist services. In the last decade, various geopolitical events with a direct impact on tourism, including experiential tourism, have taken place. The COVID-19 crisis undoubtedly refers to all this.

Among the most negative occurrences for the entire Black Sea Basin is the unofficial war in Ukraine. In practice, these military actions in the eastern part of the country have completely stopped cruise tourism throughout the region, and the supply of tourist offers for Ukraine on the international market is virtually close to zero. Despite the highly developed tourism in Turkey, it is also not among the preferred destinations when it comes to experiential tourism. The huge offer of all-inclusive packages suggests the small interest among tourists who use it for offers in the field of experiential or adventure tourism (there are similar, albeit to a lesser extent, observations for Bulgaria). The fourth country represented in the report, Moldova, is perhaps the least known and least visited country in the Black Sea Basin. Despite its huge tourist resources related to natural and authentic cultural heritage, Moldova still cannot establish itself among the countries with developed tourism, including in the field of experiential tourism.

As with the rest of the countries in the Black Sea Basin, the opportunities lie in the wide range of participants, which include private companies and individual traders and entrepreneurs, public sector organizations, NGOs, travel agents and tour operators that are involved in experiential tourism. In the BSB countries the diversification of tourist offers are in progress and are becoming increasingly popular among users. All this leads to a positive effect and targeted combination of popular destinations and sites with places that have not been in the field of view of tour operators and individual tourists into single packages and offers.

## List of the enterprises included in the Inventory of Business Models for the BSB

	Name	Form	Thematic Areas
1	Festival of national traditions “Duminica Mare ” (Great Sunday), Moldova	Festival, created by a guesthouse network	Festival, traditions, culture
2	Guest House “Casa de sub Stîncă” (The House under the Rock) , Moldova	Guest house	Bed and Breakfast, National Cuisine, Traditional Arts and Handicrafts
3	Winetours, Moldova	Boutique agency for special-interest travel	Wine tasting, culinary tours
4	Murfatlar Vineyard Resort, Romania	Wine-cellar and producer of traditional wines	Wine tours and tastings, cultural heritage
5	Noua ne pasa Association, Romania	Cultural NGO	Culture and history tours, heritage tours, organization of thematic events based on history and culture
6	Timisoara - European Capital of Culture 2021, Romania	European Capital of Culture Initiative, NGO-authority partnership	Strong cultural product, which would also involve the visitors in the creation of a certain event/experience (e.g. To create a space, where everyone (both hosts and visitors) can share their stories), “visit like a local” initiative, etc.
7	Folklore Festival Children and Youth ‘Golden Fish’, Tulcea, Romania	International regional Festival	Festival, traditions, culture, youth
8	Museum Hotel Cappadocia, Turkey	living museum concept	Historical monuments, heritage, culture, , boutique hotel, culture
9	Hotel Les Ottomans, Istanbul, Turkey	living museum	History, heritage, culture, boutique hotel, culture
10	Istanbul on Food, Turkey	Food-tour company	Traditional cuisine, culture, experience, city tours
11	Tekirdag Cherry Festival, Turkey	Festival, organized by a local authority	Traditions, cultural heritage, festival

12	Odessa Food Tour, Ukraine	Food-tour company	Guest house, crafts, rites, traditional way of living, contact with local residents
13	Chornobyl Tour, Ukraine	Tour Agency	Special-interest tours at the Chernobyl site
14	TURAL Service, Ukraine	Tour Agency	Festivals of creativity for children, student training and festival travel
15	Black Sea Cuisine (Russia, Bulgaria, Romania, Georgia, Turkey and Ukraine)	Trans-regional cluster coordinated by an Executive Committee	Cuisine, traditions, culture, regional branding

### Thematic areas

The thematic areas that are covered by private sector companies and public sector organizations include a wide range of cultural, historical and festival themes. The main thematic spheres are preservation, protection and promotion of cultural-historical heritage and adventuring tourism.

The tourist packages and offering of tourist products include cultural events, traditional accommodation and traditional cuisine, recreational and luxury tourism (especially in Turkey), acquaintance with the vineyard and the winery, experiential city tours-walks, alternative experience.

The main services related to experiential tourism are offered near sites of the rich cultural and historical heritage of the Black Sea region, culinary festivals, festivals related to the traditional daily life of the local population and sites of rural tourism.

### Thematic areas

The considered 15 good practices from the territory of Romania, Moldova, Ukraine and Turkey suppose an exceptional variety of activities and services.

The activities in the form of cultural events and non-traditional accommodation hold a dominant position in the range of services offered within the experiential tourism field in both public and private sector companies and organizations.

Luxury accommodation, adventure in antique caves and stone buildings and unique historical atmosphere are part of the tourist offers. Offering traditional accommodation is also coupled with activities like wood carving or weaving carpets and rugs workshops, pottery and ceramics demonstration and others are available for the visitors. Some of the sites offer tasting of their own production of wine, low-alcohol and soft drinks.

Guided city tours are organized, which are suitable for group and individual visits depending on the preferences of the tourists. During these trips, the local culture, the everyday life of the local people and gastronomy tours can be observed and experienced.



The very new activities of organizations and companies in response to the COVID-19 pandemic are the online offers in the sphere of experiential tourism. So they started offering online mini-courses or virtual tours of interesting sites for the local and international public.

During the different festivals, individual tourists and small organized groups may participate in festivals of creativity for children, visits to wineries and tastings, gastronomic meetings in traditional establishments, student internships abroad and courses for professional development of academics.

During larger events, it is possible for visitors to learn more about the regions, their history and culture, and to visit smaller villages, where people play and sing popular local songs.

Accommodation establishments' offers combine recreation with gastronomical master class, folklore performance, off road tours, bike tours, walking tours, household activities (picking of vegetables, collecting eggs from the chicken nests, taking part in the wine-making process, etc.).

### *Marketing approach*

Entrepreneurship units included in the HCBET of the Black Sea Basin use both digital and non-digital marketing tools and methods. All organizations and companies in their business models offer and advertise their services and attractions with well-developed websites. In particular, many of them have pages on various social networks. Almost all of them have registrations on popular booking systems such as Booking.com, TripAdvisor, etc., they have an accurate and descriptive location in Google Maps. Some of the business models show excellent cooperation with various travel agents and operators and emphasize in the collaboration with international alternative travel agencies and in the participation in international touristic fairs, exhibitions and conferences.

Non-digital marketing tools include printed materials, such as leaflets, travel guides, advertised on billboards. Some companies also promote their activities in inflight magazines, radio and TV spots.

Moreover, it has been proven that "word of mouth" marketing and communication is among the most important and efficient marketing practices.

### *Key success factors and challenges*

The key success factors of the business models included in the survey of the Black Sea Basin countries that are not directly represented in PRO EXTOUR are very diverse, but as a result of their systematization and classification, the following key factors can be distinguished:

- ✓ Uniqueness as some of the sites are the world's first with a concept in own sphere;
- ✓ Focus on hidden, not-so-popular places that provide the best traditional dishes;
- ✓ Balanced price-experience ratio;
- ✓ Good quality and customer-experience orientation and diversity of experiences that event provides;
- ✓ Supportive investments on behalf of local authorities are also in favour of the activities;

- ✓ Tours that are designed and guided by local people;
- ✓ The organization aim to keep the local traditions alive and offer an authentic experience to all guests;
- ✓ Promotion is reinforced via involving more than one country in an activity;
- ✓ Common interest and cooperation between the organizers and the local community;
- ✓ Networking with partners and diversity of attractions offered;
- ✓ Some of the events receive significant recognition on EU level, which can attract a substantial number of visitors.

The biggest challenge at the moment refers to the recovery from the COVID-19 crisis, which had a very negative impact on all businesses, operating in the tourism sector. This will affect the possibilities of the companies and organizations to offer their products, as some of the businesses included in the tours or events had to close up and stop functioning. On the other hand, the restrictions for traveling and the economic crisis following the pandemic significantly limited the number of travellers/consumers of the companies' services, which affects the financial stability of the organizations as well.

Among the other key challenges for the management become a manifestation of competitors that are replicating the success. In some cases, it is necessary to sustain the luxury standard of the hotel but to decrease the costs. The key challenge is the number of tours that can be organized within a certain period due to the small and/or decreased staff.

Last but not least, a normalization of the political situation and the ceasing of military actions and confrontation everywhere in BSB is urgently needed.

Among the important factors for success are the promotion of the competitiveness of tourism in rural areas through the introduction of new services and attractions in the tourist offers on the market.

### *Potential for future development*

The key directions for future development are the establishment of new cooperation, the start-up approach in many initiatives, the addition to new services (e.g. in the form of agricultural tours), the increase of new experiences. Managerial plans refer to enriching and complementing accommodation services and targeting new markets. The expansion of the team so more than 1 tour can be organized as well as further enrichment of tour portfolio. The future development refers to the attraction of more foreign tourists from new countries and to enlargement of the offered tour packages.

Due to the COVID-19 pandemic, more local visitors started to visit national places or destinations, so the companies and organisations plan to improve their offer and adapt some of the services to the local market.

### *Financial situation*

Not all of the enterprises in the inventory of best practices provided information on their financial situation.





In general, the source of financing of the activities refers to operating with the generated revenue. The NGOs cooperate with different organizations and donors, who support some of their cultural projects. The companies and organizations can receive additional funding in the framework of different development programs and schemes on local, national and European level. Many larger and locally significant events are financially sustainable as a major co-part of the funds for the event are provided by the local and central authorities. Private companies also contribute due to the important role of the events.

The prices are moderate compared with the quality of the services, which is at a good level particularly in Turkey and Romania. However, to ensure sustainability in the business models that are offered it is necessary to develop tourist packets and products for other forms of the special-interest of niche tourism - i.e. weddings, wellness, gourmet, etc. However, they are acceptable for celebrities and business visits.

The folklore events are free of charge and with open access for all interested parties. The events are organized with low operational costs due to the support of the local communities that are interested to attract visitors and potential customers and to the media responsiveness to the renowned organizers. Since a festival is a platform for promoting local culture and traditions and attracting international visitors, the local authorities allocate funds from their budgets not only to organize but also to turn them into larger-scale magnificent events.





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Joint Operational Programme Black Sea Basin 2014-2020

Varna University of Management

May 2021

Joint Operational Programme Black Sea Basin 2014-2020 is co-financed by the European Union through the European Neighbourhood Instrument and by the participating countries: Armenia, Bulgaria, Georgia, Greece, Republic of Moldova, Romania, Turkey and Ukraine. This publication was produced with the financial support of the European Union. Its contents are the sole responsibility of Varna University of Management and do not necessarily reflect the views of the European Union.