

EUREGA ACTION PLAN

PP3 PROAGRIA EASTERN FINLAND

KUOPIO MAY 2020



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1. GENERAL INFORMATION

Project: EuReGa

Partner organisation: ProAgria Eastern Finland, PP3

Country: Finland

NUTS2 region: East and Northern Finland

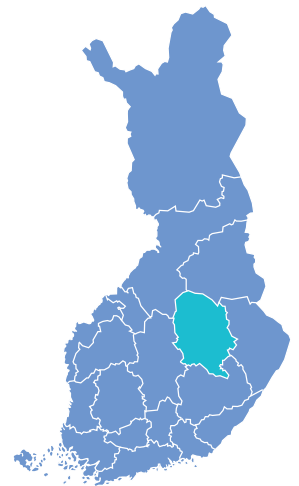
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2. POLICY CONTEXT



**The Action Plan aims to impact: Investment for Growth and Jobs programme.
Name of the policy instrument addressed: Sustainable Growth and Jobs 2014-2020
– Finland's Structural Funds Programme.**

Sustainable Growth and Jobs 2014-2020 – Finland's Structural Funds Programme has five priority axes and 13 specific objectives. The first priority axis, Competitiveness of SMEs (ERDF), aims to generate new business and promote the growth and internationalisation of enterprises. Among the development priorities of the region of Pohjois-Savo are the food industry and tourism. Currently, there are only a few initiatives linking the food and tourism sectors in the Pohjois-Savo region. These, however, are ineffective. Businesses in different sectors – food, tourism, wellness and creative sectors – have no experience of cooperation and this is reflected in the lack of variety of gastronomy and wellness tourism services on offer.

The primary aim of this action plan is gain more emphasis on the food industry within the Sustainable growth and jobs program by providing evidence for gastronomy being an important economic and social development driver of the region. Information required for the change in the policy instrument will be provided to the programme's managing authority based on tested methods.

This is going to happen through the implementation of a project consisting of two activities described in the action plan: 1) creating a platform for SMEs from different sectors for cross-sectoral cooperation in the development of new and innovative food-related tourism products while also providing expertise in product development 2) at testing these solutions together with the business and knowledge sectors and the consumers.

As the action helps SMEs to scale up their businesses, the outputs of the actions will contribute to one of the main aims of the Sustainable growth and jobs operational programme which is creating jobs by SME support and will also deliver ammunition for setting the new targets and priorities in the SME support stream of the extension of the current regional operational programme.

With regard to the policy instrument Sustainable Growth and Jobs 2014-2020 – Finland's Structural Funds Programme and its first priority axis, ERDF-funded Competitiveness of SMEs, we aim to influence two specific objectives by implementing new projects with local SMEs and thereby show how the cluster model can help create new business.

Priority 1. Generating new business.

Most of the rural tourism enterprises are micro-scale companies and thus vulnerable. The cluster model with bigger operators, such as hotels, helps companies in developing new sustainable tourism products and services across industries. It also enables micro-scale companies to grow stronger while generating new market opportunities.

Priority 2. Promoting the growth (and internationalisation) of enterprises.

The new food-related wellness products can be piloted with (international) test groups – using various media, as well as tour operators when the situation gets back to normal after the Covid-19 pandemic.

Building on natural resources enables us to become more self-sufficient and establish short supply chains. Coronavirus has highlighted how regions have to rely on local food supply when global trade is interrupted.



BASELINE SITUATION

This section provides more background on the food and tourism sectors in the Pohjois-Savo region.

Food is a key component of tourism, and culinary tourism has increased significantly in Europe. The challenge for Pohjois-Savo is the low level of summer and rural tourism.

The following weaknesses were identified in EuReGa's stakeholder workshops on gastronomy and sustainable tourism:

- Food producers are not used to dealing with tourists.
- Lack of cooperation and communication between SMEs in the food and travel sectors when creating commercial products that compete with existing offerings.
- No cohesive regional plan in sustainable tourism development.

The objective is to take advantage of the opportunities to integrate companies in the wellness sector with the food and tourism industry. Food products as well as a health sector cluster are among the top innovation areas in the region. Tourism can be viewed as an industry that cuts across these sectors, supporting the region's economic and business activities and helping to promote prosperity.

In other words, since the food and gastronomy sector is a significant job provider in the region, and a stable employer, expanding food businesses based on the idea of integrating them with the wellness and creative sectors is crucial to generating more jobs in the region.

According to Visit Finland (2020), wellness tourism is a major growth area in the travel sector. People suffering from stress want to escape the treadmill of their daily lives and are attracted to the idea of a wellness holiday. According to the Global Wellness Tourism Economy Report, international wellness tourism is growing at an annual rate of 9%. Wellness tourists also consume more than ordinary tourists.

An unspoiled and safe environment and vigorous food production are the strengths of the Pohjois-Savo region and provide the potential to develop tourism: gastronomy is coming to the fore with celebration of the European Region of Gastronomy Award, based on sustainable tourism – the gastronomy year now extended into 2021 as a consequence of coronavirus.

There is a clear need to help SMEs cope with the challenges they face as a means of making regions more resilient, areas where people can continue to live and prosper. This is a genuine possibility where a strategic window is open. New jobs in the food, tourism and wellness sectors can be created through cooperation between SMEs in order to strengthen the sustainable tourism service offerings in the region.

Especially now, when SMEs are struggling to survive because of Covid-19, there should be a strong commitment to developing products that can attract people who are keen to spend their holiday in an environment that promotes wellbeing while enjoying good local food.





The truly innovative feature of EuReGa lies in the fact that it treats gastronomy as cultural heritage and at the same time as an economic asset, enabling regions to build resilience by protecting and stimulating culinary cultural heritage that will also lead to creating new jobs and economic growth.

3. ACTIONS



OBJECTIVE The aim of the two actions described below is to create cross-sectoral cooperation between SMEs from the food, tourism and wellness sectors in order to develop an integrated package of 9 new food-related tourism products and thereby scale up the business of SMEs. Thus, contributing to the main aims of the Sustainable growth and jobs operational programme, namely creating jobs through SME support.

The action plan would also demonstrate how economic growth and the creation of jobs can be supported through the establishment of this cross-sectoral cooperation between the region's SMEs and provides evidence for the need of putting more emphasis on the food sector as economic and social development driver within the Sustainable Growth and Jobs operational programme.

The actions are going to be implemented in the form of a new project submitted to the call of the Rural Development Programme of Mainland Finland 2014-2020 (see section funding sources) that funds projects corresponding to its goals and priorities from the European Agricultural Fund for Rural Development with the primary goal of creating business cooperation between the food and tourism sectors of the regions.

The actions are related, but separate. Action 1 will bring the relevant SMEs together to plan and design new products under a single project of which the aim is to 1) provide a platform for SMEs from different sectors for cooperation in the development of new products 2) provide professional support and expertise for SMEs in product development through the platform. Action 2 will be aimed at testing the products together with the business and knowledge sectors and co-created with consumers based on their feedback.

A number of food, tourism and wellness sector SMEs will be identified for support based on the GastroMap previously developed by ProAgria and Rural Women's Advisory Centre Eastern Finland, creating a platform for providing business expertise and for exchanging knowledge among SMEs, and devising a marketing strategy for greater visibility through the development and circulation of new products.

Combining the offerings of the food and tourism sectors is the key to creating new opportunities. This idea has been inspired by good practices learned from the EuReGa programme.

EuReGa's main objective is to have food, culinary customs and gastronomy included and recognised in EU, regional and national strategies and policies. These should be seen both as a cultural asset and a strong element in regional cultural identity as well as a necessary tool to boost sustainable products and services.

With good practices learned at EuReGa's international meetings and interregional policy learning events, new ways of cooperating within the food and tourism sectors were identified. These good practices from our project partners provide models of how to fill the gaps in these two sectors and develop the models further: the Astro Gastro tourism product model and the Apple Orchard in Derecske, both models from Hungary; the Kos Wine House model from Greece; the Food Academy Programme from Ireland.

To identify potential SMEs that are going to be upscaled, we're using the GastroMap created during Phase 1 of the EuReGa project. These actions address the separation of the food and tourism sectors in our operational program, as outlined in the policy context.

3.1. ACTION 1: CREATING A PLATFORM FOR PRODUCT DEVELOPMENT

The objective of this action is to create a platform for SMEs from the food, wellness and tourism sectors for cross-sectoral cooperation. The primary aim is to capitalize on the already existing ideas, services and products of such SMEs and create an integrated package of 9 new food-related tourism and wellness products. SMEs already have high-quality products and services to offer, and cooperation can start, for example, by using the same premises or by linking their services in some other way – e.g. with storytelling or a guided programme package. Services can also be combined by using service design tools.

Several local SMEs will be brought together, fostering and upscaling their skills and resources, to plan and implement new food-related wellness tourism services the help of experts in product development.

Action 1 is based on good practices identified and presented in the EuReGa project. The main findings on the content were brought into focus and discussed with local stakeholders in Kuopio in February 2020.

Good practices were learned from the following:

- Astro Gastro tourism product model
- Apple Orchard in Derecske
- Kos Wine House

Astro Gastro trip to Puszta, Hajdu-Bihar region, Hungary

Lessons have been learned from the Hajdu-Bihar Region, Hungary. The model was explained and demonstrated at the interregional policy learning event in Rhodes, Greece, November 2019.

The idea behind the Astro Gastro tourism product model is to combine the darkness, local gastronomy, storytelling and local cultural heritage to make an attractive offering for visitors. The story of spending the night in Puszta as a real herdsman under the starry sky and eating a traditional dinner is vivid and attractive. In Pohjois-Savo, new wellness and culinary tourism products could be created using this model by combining the offerings and ideas of SMEs in the food and tourism sectors. Storytelling content could be added to the new tourism products by involving creative businesses in product design.

Good practice: The Apple Orchard in Derecske – gastronomic trip to an apple farm

The project was presented at the interregional policy learning event in Debrecen, September 2019. A tourism service designed with the aim of promoting sustainable fruit production by highlighting quality, environmental awareness and the connection between human beings and nature. Visitors get an insight into the orchard's production processes through educational visits. The idea to utilise the orchard for tourism purposes is inspiring and could be transferred to Pohjois-Savo in combining the food and tourism sectors in the region.





Good practice: Kos Wine House – Triantafyllopoulos Winery supports local gastronomy and local products

A benchmarking visit took place in November 2019 at the inter-regional policy learning event, where the model was explained and demonstrated in Rhodes, Greece. A successful winery that supports gastronomy and presents the wine accompanied by local products. The winery collaborates with other companies to promote local products, which is what we need to include in our own action. Thematic tourism products are also developed for defined tourism segments. The core elements in these projects are sustainability, closeness to nature, local food, gastronomy and cooperation between SMEs.

Action implementation steps

- Basis: identifying existing good content of products and services offered by SMEs in the food, tourism, wellness and creative sectors
- Identifying potential SMEs by using the GastroMap
- Combining the services of SMEs with the use of service design (minimum of two sectors and SMEs for each new planned tourism product/service)
- Product card development workshop provided by experts. Entrepreneurs will collect all the relevant info in a single database for the product: what, when, how, where, duration, group size and price of the new wellness tourism product.
- Cooperation with the tour operator / KTM (Kuopio-Tahko -marketing company) in order to produce the best possible content



Photo by KTM

Stakeholders involved

- ProAgria Eastern Finland and Rural Women’s Advisory Centre of Eastern Finland, operational development and administrative party
- European Region of Gastronomy, Kuopio Region 2020-2021: EU-funded project entity will support this action content to minimise the personnel expenses
- Regional Council of Pohjois-Savo – knowledge support in cluster development work
- Local SMEs in the food, tourism, wellness and creative sectors, numbering 18-30, keen to create new products working together as a cluster by providing expertise for content design
- Tour operator / local marketing operator as a mentoring partner with understanding of the niche market and customers interested in new food-related wellness products

Timeframe

- June 2020 – December 2021

Monitoring numbers

- At least 70 SMEs at the GastroMap
- Identifying and adapting approximately 18-30 SMEs for service design process
- Number for potential new food related new wellness tourism products and services, minimum 9 pieces

Costs

- Service design workshops, mentoring costs, totalling €30,000



Funding sources

The Rural Development Program of Mainland Finland 2014-2020 that provides funds for project from the European Agricultural Fund for Rural Development for developing Finland's rural areas and improve the quality of rural life in the region. Development of farms, SMEs and microenterprises involved in the primary processing of agricultural products and projects aimed at increasing the vitality of farms are funded within the program.

This is very well in line with the region's managing authority's – North Savo's – rural development objectives of which one of the main rural development priorities is Diversified Rural Entrepreneurship and that are 1, aimed at: strengthening business, ensuring and supporting economic growth, profitability and the continuity of micro-enterprises, promoting new businesses in rural areas 2, to be carried out through the following possible actions: promoting the development work of companies by supporting e.g. cross-sectoral cooperation and new ones, partnerships using new business methods such as service design and customer / demand driven productization as ProAgria's (and Rural Women's Advisory Centre Eastern Finland) primary aim with the action plan is to create cooperation between the tourism and food sector (while relying on the region's natural resources) in order to provide a chance for SMEs in both sectors to come up with innovative new products and to scale up their businesses. By creating cooperation between the two sectors and thereby creating space for new products, the action plan contributes to diversifying rural entrepreneurship through cross-sectoral cooperation and supports the aims of North-Savo's rural development objectives – such as strengthening and promoting new business in the region. By testing the products created in the first action in order to co-create them with customers based on the experience of testing the action plan also demonstrates an innovative method of service design and customer driven productization.

As the action plan targets local food sector SMEs, the aim of the actions – driving rural development through the support of local food sector SMEs – corresponds to the aim of the Rural Development Program of Mainland Finland 2014-2020 that endorses the development of farms and SMEs and micro-enterprises engaging in primary processing of agricultural (food) products.

Thus, the action plan very well represents and combines the aims of the local managing authority, North Savo and the program used as funding source, Rural Development Program of Mainland Finland 2014-2020. This is important because evaluation criteria for project funding within the Rural Development Program (that weights 30% within the set of criteria) is that projects are in line with the regional rural development plans. The implementation of the actions through the rural development fund would provide further support for SMEs of the food and tourism sectors, would contribute to driving economic growth in the region and to the creation of new jobs by providing with new opportunities to SMEs, as outlined in the policy instrument "Sustainable growth and jobs 2014-2020" – regional operational programme.

As the aims of the Rural Development Program of Mainland Finland 2014-2020 are narrower than those of the regional opera-

tional programme, but contribute to the broader aims thereof, the action plan has a better chance of getting funding from the rural development programme.

The call for project support has started 1 April 2020 and it is open until 30 September 2020. ProAgria (and Rural Women's Advisory Centre Eastern Finland) prepares an application in a form of a development project for the call.

As it is the regional managing authority, the Rural Development Department of North Savo ELY center responsible for the implementation of regional development plans ProAgria (Rural Women's Advisory Centre Eastern Finland) prepares the application for the ELY center that is going to submit the application for funding for the Rural Cooperations groups that makes the final decision on projects.

A first brainstorming-meeting between ProAgria (and Rural Women's Advisory Centre Eastern Finland) and the managing authority (North Savo ELY center has already taken place where it was concluded that ProAgria's (and Rural Women's Advisory Centre Eastern Finland,) action plan fits well within the North Savo's development objectives and complies with the Rural Development Programme's criteria for funding.

The application is written to fit the criteria of the Rural Development Program. The similarity of aims between the action plan to be implemented, the Rural Development Program that would provide the funding, the development aims of North Savo region will be emphasized in the application, as well as how the action would support the chosen policy instrument. The application will gather potential participating SMEs from both the food, tourism and the wellness sectors in order provide them a platform for cooperating in the development of new food related wellness and tourism products and services. Thus the action steps of the development project application submitted to the Rural Development Program for funding will be in line with the action plan of ProAgria and Rural Women's Advisory Centre, however, they will be described in a more detailed way in order to convince all decision-making parties.

ProAgria and Rural Women's Advisory Centre has previously applied successfully for the Rural Development Program's fund and is knowledgeable on the programme, thus has good chances for submitting another successful application until September 2020. Decision on the applications arrives in November 2020 and the programme's decision-making body keeps applicant informed on how the project is progressing and whether it receives funding throughout the whole process.

3.2. ACTION 2: TESTING AND MARKETING NEW TOURISM PRODUCTS

The objective of this action is the creation of a laboratory which brings together the 9 new food-related tourism and wellness products developed and created in action 1 to test their validity together with business and knowledge sectors (e.g. tour operators) and further develop or co-create them with consumers – based on their feedback.

Before marketing can begin, it is crucial to pilot the new products with customers in order to get necessary information for the development process as well as to produce high-quality marketing material (e.g. photographs). Each of the nine new wellness tourism products will be piloted, for which funding is needed.

Action 2 is based on good practices identified and presented in the EuReGa project. The main findings on the content were brought into focus and discussed with local stakeholders in Kuopio in February 2020.

Good practices were learned from the following:

- Apple Orchard in Derecske
- Food Academy Programme

Good practice: The Apple Orchard in Derecske – gastronomic trip to an apple farm

The project was presented at the interregional policy learning event in Debrecen, September 2019.

A tourism service designed with the aim of promoting sustainable fruit production by highlighting quality, environmental awareness and the connection between human beings and nature. Visitors

get an insight into the orchard's production processes through educational visits. The well-developed marketing plan needs to be transferred to the Pohjois-Savo Action Plan to involve families, focusing first on children / school groups as a way of arousing the interest of families as potential customers.

Good practice: Food Academy Programme – Local Enterprise Offices

Identified and learned in Sligo, Ireland, at the interregional policy learning event in March 2020.

The Food Academy is a training programme aimed at supporting and nurturing start-up food businesses. The panel mentors the businesses, sharing their expertise and advice to allow the participants to further develop their product, marketing approach, packaging and distribution. For wellness tourism products, a workshop-style peer mentoring system would be beneficial, possibly linked to the product piloting process.





Action implementation steps

- Nine new food-related wellness tourism products, planned and designed in Action 1, will be developed further
- Preparing pricing and pre-marketing material in cooperation with the tour operator or a board established for that purpose
- Creating a timetable for testing and piloting products
- Planning the piloting as well as producing marketing material based on the pilots
- Piloting the new products with targeted customer segments, photographing and/or videoing, collecting feedback
- Iterating the products by using the Food Academy peer mentoring system
- In collaboration with the tour operator, the products are added to the web shop
- Launching new products by adapting them to the tour operator's product palette

Stakeholders involved

- ProAgria Eastern Finland and Rural Women's Advisory Centre of Eastern Finland, operational development and administrative party
- Regional Council of Pohjois-Savo – knowledge support in cluster development work
- Local SMEs in the food, tourism, wellness and creative sectors, numbering 18-30, keen to create new products working together as a cluster
- Tour operator / local marketing operator with understanding of the niche market and customers interested in new food-related wellness products

Timeframe

- January 2022 – November 2022

Monitoring numbers

- Piloting 9 new food related wellness tourism products
- A number of SMEs joining the product development work: 18-30
- Feedback from 45 customers, minimum 4 customers to each new food related wellness tourism product

Costs

- Staff costs, planning workshops, marketing material and piloting, totalling €130,000

Funding sources

The Rural Development Program of Mainland Finland 2014-2020 (see detailed description in the same section of Action 1)



4. SIGNATURES AND A LETTER OF SUPPORT

On behalf of the operational and administrative party ProAgria Eastern Finland.

Date: 29 May 2020

Katri Kostamo, CEO, ProAgria Eastern Finland