Agritourism Stories
Critical Success Factors for Agritourism Entrepreneurs

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As consumer tastes evolve so do interests of tourists. Since the late 1990’s demand for organic and local food has soared, creating a world-wide multi-billion-dollar industry. Europe and the U.S. lead the way in the natural foods and organic sectors with rapid growth in the buy local movement and the farm to table dining phenomenon. In tandem, the consumer trend in agritourism is flourishing. Consumers are getting to know farmers through a variety of venues including farm markets, direct marketing of produce and product on farms, farm to table restaurants, and specialty foods and natural foods stores which feature locally raised and processed food stuff.

The trend in alternative tourism has paralleled the growth in consumer interest in knowing where food comes from resulting in a rapid rise in more personalized vacations during the era of customization and boutique experience-based tourist products and services. A growing segment of the tourist market consists of people who are tired of the same old sun, sea, and sand vacations, seeking instead meaningful journeys designed to foster people to people connections with local people who work and live in the destinations. Travelers commonly combine pleasure trips with educational experiences, including visits to farms, immersion in cultural activities, engaging in activities in nature, and a plethora of other meaningful experiences outside the normal indulgent holiday experience.

This sweeping change in consumer behavior with regards to food, culture, and nature has prompted entrepreneurs and large enterprises not typically involved in tourism to develop new
and relevant experiences for the traveling public which emphasize meaningful engagement with farms and the farming community. Lodging on farms, visits to farm stands, farm-based attractions, local ingredients featured on restaurant menus, and visits to farm markets are a few of the ways tourists are connecting in meaningful ways with the agricultural sector.

Successfully combining tourism and farming sectors is no small task. The skills and knowledge needed to succeed in farming are nearly opposite the skills and knowledge required to succeed in the tourism sector (Comen and Foster 2002). Of primary importance to success in farming is knowing soil, weather, crops, including plants and animals, and cultivation methods. Of primary importance to success in tourism is knowing your customer (people), delivering high quality customer service, and being astute at marketing and financial management. Farmers need to have financial management and marketing skills for sure, but the primary difference between farming and tourism is the people factor.

Most agritourism enterprises are designed to draw tourists staying in urban areas and major tourist destinations to rural areas near and adjacent to the main destination to share the visitor wealth with farmers, food processors, and rural entrepreneurs. Guided full day and half day tours are commonly offered by tour operators who transport guests to farms, specialty product vendors, farm markets, and rural restaurants which are the primary focus of the tour.

Partnerships are an important component of an agritourism business strategy. Partnerships with like-minded lodging establishments are important in selling the guided tours to visitors, and partnerships with vendors and farmers are required to deliver an authentic and educational experience to the tourists participating in the tour.

This paper presents insights from years of research on agritourism and rural tourism based on empirical studies, semi-structured and informational interviews, and participating in the business of agritourism. From the 1980’s to today, the author has been involved in a variety of agritourism operations, from a country inn on 140 acre farm in Northern California to an agritourism attraction around apple orchards in Wisconsin in the 1990’s. Today the author operates Bonafide Tours and Expeditions, a tour business which guides small groups of visitor to rural communities and farm enterprises in Vermont.
Motivation for Entering the Agritourism Marketplace

The underlying motivation to enter the agritourism sector takes a number of forms stemming from the particular needs and interests of the farm entrepreneur. The main factors motivating farmers to enter the agritourism sector include:

- Diversify the income stream
- Social or economic reasons driven by shifts in family life patterns
- Interest in educating consumers
- Maintain work at home rather than working off the farm

Motivation for engaging in farm based tourism seems to be driven, primarily by economics. In many cases, a farmer will be feeling financial pressure prior to starting a farm-based tourism enterprise. There is a dearth of research, however, concerning farm/ranch diversification, especially with respect to farm/ranch tourism. (Nickerson, et al. Journal of Travel Research, August, 2001.) Most research on agritourism has originated in European countries. However, authors in the U.S. typically focus on human interest stories and anecdotes about agritourism experiences. Nickerson et al. (2001) in their major study, of motivations behind farm/ranch business diversification concluded that “decisions must be economically viable. Farm/ranch recreation provides a means for external money to enter agriculture, according to the authors, “but the independence of individual farm businesses is reduced.” In other words, recreation income does not necessarily reduce dependence on external capital. The main drivers identified in the Nickerson research are consistent with the findings from numerous site visits and interviews. Nickerson, et al pointed out that “Clearly, Montana farmers and ranchers were undertaking recreations businesses for economic reasons and to fully utilize the farm based resources. Less important drivers in descending order of importance included employment of family members, an interest/hobby, companionship with guests and to educate the consumer.
Belmont Estate, Grenada, WI (www.belmontestate.net)

Belmont Estate is a diversified organic farm located approximately an hour and half from the country’s capital of St. George. The estate’s owners were motivated to enter the agritourism sector by a number of factors including interest in educating tourists and diversifying the income stream of the estate. Tourists are transported to the estate by mini-van and small tour buses. The tourists who visit Belmont are either part of a cruise tour or are land based tourists staying in hotels around the beach areas of Grenada. Visitors are offered a wholesome meal made primarily with ingredients grown and raised on the estate. Students from a nearby culinary academy participate in preparing and serving the food. Interpretive programming highlights the cacao crop and processing of cacao into chocolate sold under the label of the Grenada Chocolate Company. All ingredients, including dairy products are produced using organic methods and visitors to Belmont Estate are guided through the expansive farm estate by well-trained guides. Agritourism for the historic colonial style estate blends the business of farming with the business of tourism and the additional income generated from tourists helps the estate balance its books and maintain positive cash flow within an agricultural economy.

Market for Agritourism

Since the late 1980’s the demand and supply for agritourism experiences has been growing with rapid expansion of both taking place in the early 2000’s. As shown by the one graph below for the state of Virginia, the growth of agritourism operations has grown from just over 400 in the year 2000 to over 1,200 today. This rapid growth has been replicated in the growth in the market for agritourism experiences, with residents and tourists seeking to reconnect with nature and the people who grow the food they purchase both in grocery stores and restaurants.

The market for agritourism is anything but homogenous. To be human, I think, is to want to connect with nature and
to want to know where food originates, how it is prepared, how it is served, and the culture of the cuisine one is consuming. As the author Wendel Berry suggests, “eating is an agricultural act” and since all humans eat, we are connected whenever we consume food we are engaging in a statement on farming and food. The market for agritourism, therefore, is broad and deep. Traditional segmentation tactics do not necessarily predict which types of people will be attracted to an agritourism experience.

Segmenting the market by demographics or lifestyle characteristics may help an entrepreneur target their marketing dollars but the unique brand identity of a particular agritourism operation will likely be the most important element in attracting customers. That said, emerging market segments such as foodies and cultural creatives are probably more likely than people with other lifestyle characteristics to be attracted to agritourism experiences such as on farm cooking classes, craft beverage venues, and farm to plate meals. The ever-expanding lifestyle segment of the “lifestyle of health and sustainability” (LOHAS) group of consumers are the most likely to engage in agritourism and culinary experiences because they are eager to know where their food comes from and who is behind the value chain involved with the food they consume. This large segment has been driving the health food and organic farming industry since the early 1990’s into the multi-billion dollar industry it is today.

To leave out the huge travel segment of friends and families travelling together no matter their wealth, educational attainment, place of residence, or age would be a missed opportunity for those interested in engaging in the business of agritourism. Since everyone eats, it makes sense that people who are travelling together share a bond and a story over the food they consume while on vacation. Being part of the story of food no matter the destination visited is an enticing component of any vacation experience. The empirical data collected over 35 years in agritourism suggests that the market for agritourism is broad and deep, and that a typical segmentation strategy may leave out large swaths of the tourist market visiting any particular destination. The critical success factor in the marketing equation is to design and deliver a unique experience built on a solid brand identity. When people experience visible value no matter the size and shape of the agritourism enterprise they will in turn tell many others through trip advisor and other third party mechanisms. Word spreads quickly and entrepreneurs involved in agritourism can use marketing and promotional skills to turn visible value into financial gain.
Bavaro Runners Dominican Republic (www.runnersadventures.com)

_Bavaro Runners (Runners Adventures) tour company is riding the wave in the trend of meaningful tourism experiences such as agritourism and cultural heritage tourism. Runners Adventures is a tour operation located in the destination of Punta Cana on the island of Hispaniola in the Dominican Republic. The company attracts thousands of visitors a year to its day long tours which feature, among other experiences, visits to farms, artisanal hand-crafters, and natural caves once used by indigenous peoples. Guests are picked up at their all-inclusive resort and transported via open air truck with benches and canopy on a day-long ride through rough back roads with stunning views of the landscape not far from the beaches of Punta Cana. Runners Adventures has strategically partnered with the all-inclusive resort located at Punta Cana as well as with farmers, food providers, and the cultural heritage centers to put together a coalition of small businesses eager to deliver an authentic experience to visitors. Aspects of the tour horseback riding, observing cigar making, learning about coffee growing and processing, and enjoying a buffet lunch of traditional Dominican cuisine made with locally raised and grown ingredients. With a strong brand identity underpinned by an action oriented vacation motif, the business generates revenues for its owners, drivers, and guides and for all the small partner businesses which have been bundled together to form the value of the tourism experience._

Product/Service Mix

The visible value ladder depicted in Figure 2 illustrates how entrepreneurs must choose a product/service mix which best fits their situational context. There are numerous ways for entrepreneurs to engage in agritourism enterprises. The six primary elements of tourism provide an indication of which paths can be employed. These include:

1. Information providers ranging from Internet marketing to bricks and mortar information and tourist centers in rural towns and villages.
2. Transportation services. Examples include point to point multi-modal transportation to tour guides operating their own vehicles, bicycle, or walking guide services.
3. Lodging accommodations. Lodging options on farms range from simple camping sites to luxury accommodations in rural settings.
4. Food and beverage services. Entrepreneurs interested in the food service sector can get involved in agritourism by offering any number of food and beverage opportunities for travelers. These services might include craft beverage tasting at a winery, brewery, or distillery, a small restaurant serving food crafted from locally raised and grown ingredients, a roadside cart or stand selling produce from multiple area farms, or a specialty food shop selling chocolate, coffee, or jams and jellies made in the area, for example.

5. Attractions often require large amounts of capital to construct, however a working farm is an attraction unto itself. Even though farm-based attractions are natural and authentic, the visitor experience requires intentionality in the design and delivery of the guest experience. Numerous types of attractions are listed in the table to the right listing the 25 most frequently offered on-farm agritourism activities in the state of Virginia.

6. Agritourism activities are also listed in Table 2. Activities are distinct elements which require the guest to participate. This list, which includes examples such as fishing,
hiking, cooking classes, and picking fruits and vegetables is just a small sample of the many types of activities entrepreneurs might offer on the farm.

Entrepreneurs can bundle together various attributes of agritourism in their specific business enterprise. At the bottom of the ladder is the basic experience that requires little time and energy on the part of the farmer or entrepreneur. The basic value is product focused. For example, a farmer may choose to open a small farm stand near the road in order to sell fresh products grown and raised on the farm. Some farm stands have a self service system which is based on trust. This basic level of value provides an income stream for the farmer or processor and requires limited input of time, money, and materials. However, to the consumer, a high price/value relationship is present when the products are of expected quality for the price paid.

As the ladder is climbed and agritourism businesses evolve from a product focus to an emphasis on experience, customer services are required to deliver visible value to the customer. The importance of quality of both products and services is commensurate with the steps on the value ladder. As entrepreneurs design enterprises at the higher end of the ladder it is imperative that resources be allocated for quality and service. The costs associated with bundling ever more attributes into the visitor experience result in higher price points as entrepreneurs operationalize integrated agritourism experiences.
Morse Farm Maple Sugarworks, Vermont (www.morsefarm.com)

*Morse Farm Maple Sugarworks* is a seventh generation Vermont farm which once specialized in dairy farming. The family augmented the income generated from milk production with maple syrup production, a common practice among farmers operating in the state of Vermont. However, since 1972 when Harry Morse sold his milk cows, Morse Farm, as described by the current owner, Burr Morse, has been “milking tourists”! The primary activity of the farm is maple sugaring which requires the farmer to harvest sap from the sugar maple tree each spring and transform the sap into syrup by removing most of the water from the sap using a boiling method. The maple syrup is bottled and sold in the retail farm stand open to the public year round.

*Morse Farm Maple Sugarworks* has a prime location only two and a half miles outside of Vermont’s capital city of Montpelier. This close proximity to the capital means there is a large residential population and a seasonal tourist market which support the retail component of the farm. The retail shop is stocked with a wide variety of gift items which complement the pure maple products made on the farm such as maple candy and maple syrup. Other products include maple ice cream, Vermont-made jams and preserves, books written by Burr Morse, branded clothing, children’s books, and many other items too numerous to mention. People visit the farm for its views, the fresh farm products, and the stories of maple sugaring told through interpretive displays and guided tours. Morse Farm has a strong brand identity developed over more than 40 years in the agritourism sector. Monthly newsletters are sent electronically to an extensive mailing list, membership in the Vermont Attractions Association helps the farm reach potential visitors, participation in local events, and a robust website with on-line ordering help round out the cash flow for this Vermont destination.
Critical Success Factors for Agritourism Enterprises

A number of factors have been identified and substantiated over time for success in the tourism, lodging, restaurant, and retail sectors. However, while norms do exist, it doesn’t mean that an entrepreneur won’t be successful if one or more factors aren’t adhered to. Take for example Belmont Estate. It does not adhere to the location norm of being proximate to a population center or to other tourist attractions. Belmont has become a destination unto itself, located far from the main attraction and tourist center of St. George, the capital of Grenada.

Belmont Estate aside, location in tourism is the number one factor critical to success and since agritourism is primarily a subset of tourism, location emerges as the primary factor of success (Comen, 2002). Travelers selecting farm-based accommodations, according to Opperman (2000) in his study of Holidays on Farms: A Case Study of German Hosts and Guests (Journal of Travel Research), for example, are seeking lodging in “proximity to other attractions” or proximity to tourist routes” rather than selecting the accommodations as a destination only. Opperman’s subsequent research indicates that hosts and guests have different perceptions of visitor needs, and hosts primarily put much more weight on the farm environment than do the guests. Rated as more important to guests, according to Opperman were “change of environment/landscape… and inexpensive accommodations. Site visits and interviews substantiated the results of Opperman’s research demonstrating that farm-based accommodations are priced lower than traditional lodging options and that visitors tended to leave the farm for the day to visit area attractions as far away as 60 miles. The location of successful farm-based attractions has been substantiated in the literature and in qualitative research conducted by this author as a critical success factor.

Those attractions receiving the greatest number of visitors are clearly located on or near the travel corridors. Corridors include main driving routes or where attractions are within close proximity to one another so that tourists are able to visit more than one attraction easily. While signage is important, it nonetheless does not appear to be a factor critical to the success of a farm-based enterprise. More important might be accurate directions on a brochure or other marketing materials, details about other attractions within an hour or so drive, and support from the local community. Successful farm-based attractions located near population centers receive
support from the local community. In addition to making purchases at farm-based attractions and retail shops, local support includes recommendations from travel information professionals, service station attendants and others who frequently interact with the traveling public in the local community. Support may also include technical assistance, financial assistance, and other forms of assistance from area and state organizations.

Financial/Enterprise Analysis is a factor critical to the success of any enterprise. The core competency required of managers is the ability to effectively manage the financial aspect of an organization. “Enterprise analysis is the backbone of financial management” writes Donald M. Fedie in his leaflet, How To Farm For Profit. “It is not enough to simply understand financial ratios and indicators – only enterprise analysis will allow you to understand the cost of production processes and how the enterprises (profit centers) relate to each other.” Successful enterprises in this research track sales and expenses for each of their profit centers and know what the break-even point is for each sector of their business.

There are many examples, however, of operators who wish that they could spend more time in the office reviewing and managing the financial picture. Burr Morse, of Morse Farm Maple Sugarworks is one of those operators who loves sharing stories with visitors either in person or through the books he’s written describing his life in the sugarhouse. He knows, however, that spending time on financial planning, marketing, and managing his staff is important if he is to sustain the business he and his family love. Lack of time combined with an aversion to office work, keeps many operators such as Burr Morse from this very important role. One of the core competencies of farming, according to the National Agricultural Occupations Competency Study by the U.S. Department of Health Education and Welfare in 1978, is being able to manage the economic sub-system of the farm. This includes budgeting, financial planning, and allocation of financial resources, record keeping, and monitoring the external environment.

Stark, Moss, and Hahn’s article “Farm Business Goals and Competitive Advantage presented at the American Agricultural Economics Association in 2002 suggests that habits formed from reliance on government supports are unproductive and that “lifestyle farming” is less viable than farming for business reasons. “Results show that most farmers do not recognize sources of competitive advantage and (do not) practice strategy implementation beyond reliance on long-standing paradigms for success within the context of government farm program support and the
use of traditional risk management tools. However, farmers who engage in cost leadership strategies are more profitable. Cost leadership strategies suggests that farmers such as Morse Farm, who add value to their commodity crops (in the case of Morse Farm adding value to maple syrup by selling directly to customers rather than selling wholesale to other bottlers of syrup) command higher prices than do farmers who sell on the commodity market. Adding value to meet customer requirements is a factor critical to the success of farm-based tourism enterprises.

The critical success factor for tourism most discussed in the literature is “focus on the customer” which results in “quality products and services.” Understanding customer requirements is the foundation for developing and delivering high quality products and services. Subsets of this critical success factor discussed in this section include:

• a strong connection to the local community
• adding visible value to the product/service mix
• using core assets and consumer knowledge in the product development process

Farmers and agritourism operators can learn a great deal by exploring the tourism literature as well as visiting with leaders in the tourism industry. Tourism practitioners emphasize managing the guest experience, from arrival to departure, so that strong a relationship between hosts and guests is developed. Opperman found that when hosts “had a high degree of familiarity with their guests’ motives and activities through host-guest interaction, they are able to adjust their own supply structure, within their abilities, with a change in demand. A good example is the change in the makeup of accommodations from a formerly B & B dominated type of operation towards apartments” (Opperman, 2000).

**Agricola Farm, Vermont** ([www.agricolavermont.com](http://www.agricolavermont.com))

*Agricola Farm is a good example of an agritourism enterprise which focuses on the customer. Located in Addison County Vermont, Agricola Farm is a small diversified farm is owned and operated by Alessandra Rellini, a part time farmer and full time professor of psychology at the University of Vermont. Ale Rellini raises specialty meat animals, including pigs, ducks, chickens, and sheep. Building on her Italian heritage and interest in artisanal charcuterie made*
from organically raised animals, Ale Rellini has established a strong brand identity in the local marketplace where demand for high quality, naturally raised meats has grown dramatically in recent years. Ale, as her friends and customers refer to her, sells in local farmers markets and at her farm stand located opposite her home on the farm. To complement her retail sales, Ale produces one elaborate dinner on her farm each month and on Sundays during the summer month she hosts a barbecue on the farm which attracts dozens of guests. The dinners average $70 per person and feature hand-made pastas, oven roasted and braised meats, appetizers, and specialty wines selected by a wine merchant who partners with Ale to provide the wines for the monthly meal. Ale also partners with a local chef who provides the talent necessary to create a fine dining experience from scratch ingredients. While Ale would rather tend to her animals she is drawn to knowing her customers who provide input into how they use the meat she raises and who give her ideas on how to improve her marketing and build a recognized brand for the marketplace. Through her direct connection with her customers Ale has built a strong relationship with the local and regional marketplace resulting in robust sales on the farm and to chefs who use her products in their restaurants.

Unlike agriculture, which is somewhat forgiving in the production process, there is little leeway for error in managing the visitor experience if one is to be successful in the tourism business. Deep understanding of customer requirements drives delivery of the product/service mix for the top tourism companies (Comen and Foster, 2002) Core competencies that must be developed to effectively compete in the tourism market include:

• Gathering market intelligence through research and connection with customers,

• Developing marketing materials that tell a unique and compelling story,

• Listening to the customer while they are engaged in the experience, and

• Following up over time to encourage repeat visits and multiple purchases.

Quality delivery of the visitor experience is also critical to the success of tourism enterprises. The tourism literature discusses the service profit chain and moments of truth as a weakest link system. Delivering the tourism experience is complex and therefore there is the chance for
breakdown in the service chain. Success in agritourism, therefore, is predicated on managing the visitor experience from the prearrival stage where potential visitors develop expectations for their experience, right through to the on-site experience and the visitors’ departure.

**Conclusion**

Farm-based tourism has the potential to provide a means to reduce the uncertainty of farming year by year when a complementary relationship is developed. In seeking the optimal point between farming and tourism, entrepreneurs need to determine the complementary elements of the product/service mix. Owners need to determine how to allocate their scarce resources of time, capital, labor, land, and materials so that their efforts will result in positive financial results. The allocation of resources therefore must be based on both a solid financial/enterprise analysis first and on an understanding of the requirements of the target market.

Educational programming for farmers considering entering a farm-based tourism enterprise should be focused on the critical success factors and core competencies outlined in the report. Since not all critical success factors may be part of any one farmers asset mix, the workshops will need to also focus on how to identify and strengthen core assets to overcome the barriers to success. In summary, this paper outlines the following factors critical to the success of an agritourism enterprise.

- Partnerships with complementary enterprises and like-minded entrepreneurs
- Delivering quality service and listening to customer needs and feedback
- Designing a strong brand identity and integrating visible value and value-added products into the product/service mix.
- Financial management and accounting
- Promoting the business in the local, regional, and international marketplace in combination with marketing partners and using both Internet and local agents to promote the enterprise.
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