

# Agricultural Diversification and Agritourism: Critical Success Factors

Interim Report  
Presented to the Vermont Department of Agriculture,  
Food and Markets

The Institute For Integrated Rural Tourism  
Todd Comen, Managing Director with  
Dick Foster, Vermont Department of Agriculture

## Executive Summary

This research focused on identifying the critical success factors for agritourism operations. Agritourism is an alternative farming enterprise that is defined as “a business conducted by a farm operator for the enjoyment and education of the public, to promote the products for the farm, and thereby generate additional farm income” (Beall, 1996) Agritourism is a subset of farm-based tourism which includes recreation, camping, hunting and fishing, as well as retail, lodging, and entertainment. To better understand the factors critical to the success of agritourism enterprises, we chose to study the critical success factors in tourism and in agriculture thinking that agritourism is a combination of these two diverse sectors of the economy.

What emerged from our research were a set of critical success factors that must be in place in order for a farm-based tourism enterprise to be more than marginally successful. Perhaps the most interesting factor that emerged was the ability for an enterprise to change based on the capacity to learn. We found that the enterprises engaged in intensely listening to, and learning from the consumer are more likely to successfully adapt to change than those organizations that are merely product driven. The literature supported our observations. In recent years, the literature has focused intensely on the learning organization and how people learn. Numerous times the literature suggested that intensive learning leads to adaptation and therefore success.

The critical success factors for agritourism identified during this research project include:

### **Critical Success Factors**

- Location (proximity to other attractions)
- Financial/Enterprise Analysis
- Marketing/understanding customer needs and expectations
- Ability to match core assets with customer requirements
- Passion for learning
- Strong social skills
  - Acting and stage skills
- Creativity
- Ability to manage the visitor experience

Our analysis suggests that most farm-based tourism enterprises are developed to supplement the income generated from farming. It appears that for marginal farming enterprises, farm based tourism is likely to insure that the family engaged in the tourism activities will have the opportunity to remain on the farm if the tourism enterprise is successful. However, this does not mean that the farming enterprise will gain significantly if at all from the revenues generated from the tourism income. This observation coincides with the conclusion made by Ilbery, et al in their study of farm based tourism as alternative farm enterprises in 1998. “In sum”, concluded the authors, “it would appear that alternative farm enterprises do not really transform the economic situation of relatively low farm business profits in the Northern Pennines; however they do seem to ensure survival of such businesses.”

It appears that if an agritourism enterprise is operated in a marginal location or if there is inadequate management of critical success factors, then the best a farm based tourism enterprise can do for the farm is to ensure the marginal survival of the agricultural enterprise. If however, the farm has a good location relative to tourist requirements, and the other critical success factors of a farm based tourism business are paid attention to by the operator, then an agritourism operation has the potential to prosper independent of the farming enterprise.

While success in agritourism should be applauded, this research revealed that the more successful the farm based tourism enterprise becomes, the less likely resources will be allocated to maintaining or expanding the farming operation. This was the story told by numerous owners and operators but was also vividly apparent from our observations. What appeared, therefore, was that there doesn't seem to be significant synergy between operating a farm and operating a tourism enterprise on a farm. Since this research did not intend to address this question, however, we can only surmise that farming and tourism appear to be mutually exclusive.

If however, we focus our research on the linkages between farming and farm-based tourism, we may discover what Cox, et al found in their 1995 study in Hawaii. Results from their study indicate that early success in farm-based tourism may in fact provide the incentive for farmers to diversify their cropping in an effort to meet tourists' demand for specialty foods and value-added products. Their study in Hawaii (Cox, Fox and Bowen 1995) found that “tourism encouraged diversified agriculture with the resultant production of high valued, non-traditional crops, such as specialty fruits, coffee, nuts, flowers and nursery products.”

Our results indicate that some farmers who have succeeded in agritourism are either continuously experimenting with a variety of crops or are reducing the farm component all together in order to allocate resources where the return on their investment is greatest. Further research is required in order to better understand the implications of this study. It would be important to determine whether or not agritourism contributes to a decline in farming rather than an increase in crop diversification. Research on this topic could take the form of identifying shifts in cropping patterns from year to year for farmers involved in agritourism. It would also be important to identify the most profitable value added

products in demand by tourists, and to identify what tourists perceive as visible value in an agritourism enterprise. Research should strive to understand the relationship between the experience delivered by hosts to visitors in providing food samples, specialty food events, animal husbandry demonstrations, and meals prepared with farm raised ingredients with sales of the same products in the retail outlets on the farms.

## **Purpose of the research**

Rural development experts, agricultural extension agents and some tourism professionals, are touting in Vermont and around the world Agritourism as a strategy for improving economic stability of rural communities and farming enterprises. This study, funded by the Vermont Department of Agriculture, Food and Markets was initiated by the Vermont Department of Agriculture to better understand the motivations behind farm-based tourism and the factors critical to the success of those enterprises. Understanding these factors, it is hoped, will assist the Vermont Department of Agriculture and other interested parties in putting together educational programs to assist farmers seeking to diversify into alternative farming enterprises such as agritourism.

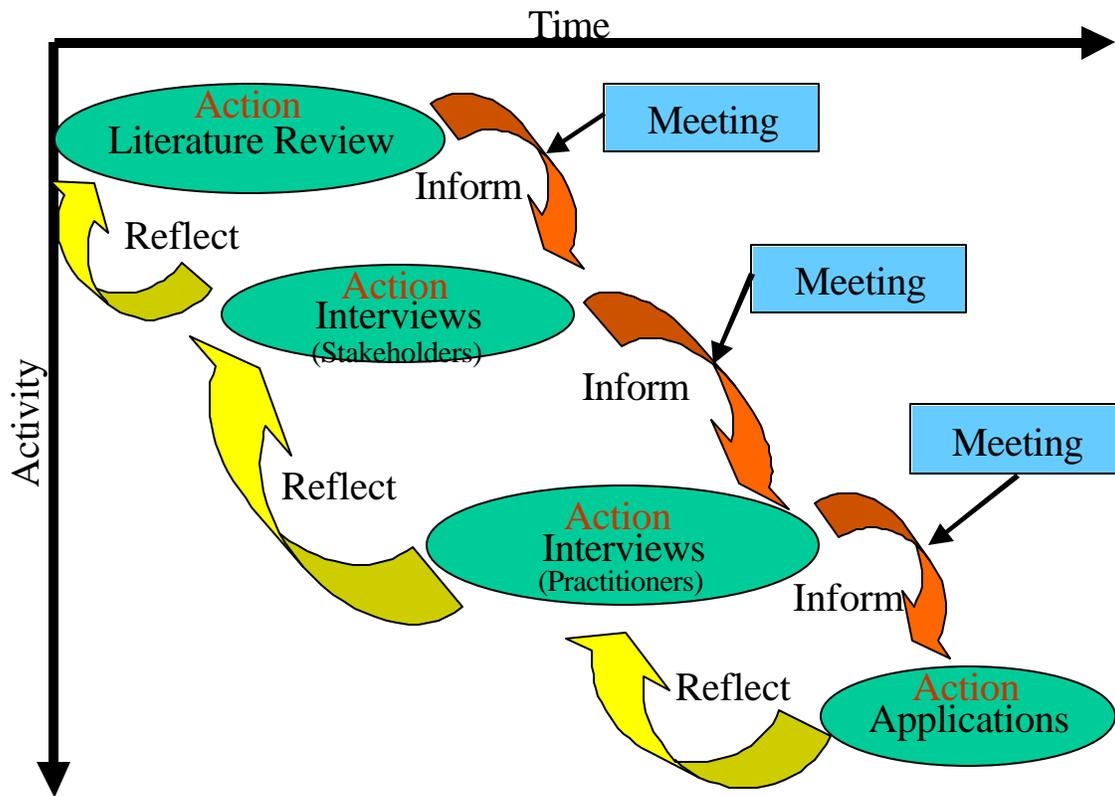
## **Research Process**

The research process included review of relevant literature, site visits, interviews, and a survey sent to experts in the fields of agriculture and farm-based tourism. The action research model below represents the methodology employed to inform the process by which questions were formulated

A literature review was conducted of the relevant agricultural literature as well as the literature on alternative farming enterprises, which included farm-based tourism. Agritourism was among the farm-based tourism and farm-based recreation enterprises discussed in the literature. The library resources at the University of Vermont as well as resources on the Internet were more than adequate to complete the literature review.

The most comprehensive document that supported our literature review findings was the result of a study from an Extension Agent with the University of California. In 1997 Ellen Rilla, Director of the University of California Cooperative Extension service for Marin and Sonoma Counties bundled “important qualifications” for success in the agritourism business that resonated with the critical success factors and core competencies presented as a result of this research. During 1997 Rilla interviewed 100 persons active in the agritourism field in England and in Marin and Sonoma Counties. She states that “the farmers whom I perceived to be the most successful in their operations shared a set of important qualifications: an outgoing personality that enjoyed interacting with the public, a property that was attractive and organized, a product (activity based, object, or service) that people desired, and a customer base that was available and consistent. She goes on to state, “the other most important ingredient for success was whether or not the farm entrepreneur had the support of the local community.” Furthermore, she suggested that “those who were most successful had an infrastructure that nurtured them” (such as a non-profit advocacy group, a tourism agency that understands agritourism, a small business development center, and a source for grant funds).

# Model of Research Process



The literature review process focused on identifying critical success factors for agricultural enterprises, tourism enterprises, and agritourism enterprises. We assumed that there would be major differences between agriculture and tourism enterprises and that the agritourism sector would consist of similarities between the two. The factors outlined below became the guiding questions for the second phase of the research, site visits and interviews.

AGRICULTURE	TOURISM	AGRITOURISM
<ul style="list-style-type: none"> <li>• Financial/Enterprise Analysis</li> <li>• Soil quality (location)</li> <li>• Viable/accessible markets</li> <li>• Business focus</li> <li>• Crop management practices</li> <li>• Crop selection based on market need</li> <li>• Gov't price support</li> <li>• Labor management skills</li> <li>• Interest in learning</li> <li>• Market knowledge</li> </ul>	<ul style="list-style-type: none"> <li>• Financial/Enterprise analysis</li> <li>• Location</li> <li>• Viable/accessible markets</li> <li>• Customer focused</li> <li>• Process management skills</li> <li>• Revenue management</li> <li>• Effective communications to market</li> <li>• Product/service quality</li> <li>• Social skills</li> <li>• Interest in learning</li> </ul>	<ul style="list-style-type: none"> <li>• Financial/Enterprise analysis</li> <li>• Location (proximity to area attractions)</li> <li>• Viable/accessible markets</li> <li>• Customer focused</li> <li>• Theater/stage skills</li> <li>• Revenue management</li> <li>• Effective marketing</li> <li>• External agency support network</li> <li>• Product/service quality</li> <li>• Social skills</li> <li>• Interest in learning</li> </ul>

These core factors of success helped guide the interview process and led the researchers through the analytical process following the site visits. Results of the site visits and interviews helped to further refine the three sets of factors into a single set relative to all three business sectors.

**The critical success factors common among all three sectors emerged as follows:**

- Location (proximity to other attractions)
- Financial/Enterprise Analysis
- Marketing/understanding customer needs and expectations
- Ability to match core assets with customer requirements
- Passion for learning
- Strong social skills
  - Acting and stage skills
- Creativity
- Ability to manage the visitor experience

## Site Visits and Interviews

Ten farm-based tourism enterprises were visited during the summer and fall of 2002 that represented a variety of agritourism experiences. The enterprises included attractions, bed and breakfasts, pick your own orchards, and retail operations.

## Research Results

### **The original Question: What Motivates Farmers to Enter the Agritourism Sector?**

Motivation to enter the agritourism sector takes a number of forms stemming from the particular needs and interests of the farm household. Reasons stemming from social to economic fill the literature. One researcher suggests that Agritourism provides a “social window to the outside world,” while another suggests that “it (agritourism) provides a means for external money to enter agriculture.” Educating the consumer is another key motivator described in the literature. Tefler (2000) supports this finding in his research on the relationship between tourism and agriculture in upstate New York. He found that “all of the farms visited stressed the importance of introducing products to the tourists and educating them as to how crops are grown and harvested.” However, “real reasons for adoption defy categorization,” according to more than one study in both Europe and the U.S. Our research suggests that the main drivers 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

Typically a farmer will be feeling financial pressure prior to starting a farm-based tourism enterprise. Motivation for engaging in farm based tourism seems to be driven, primarily by economics. 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 originates in European Countries. 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 in our site visit 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.

We discovered that the agritourism operations in this study evolved over time from dedicated farms to tourist attractions, retail establishments or farm-based lodging operations. Two of the sites in this study had evolved from farms into very popular tourist attractions, two were primarily retail establishments, and two evolved over a short period of time into successful farm-based bed and breakfasts. The bed and breakfasts were launched when beds became available due to shifts in family structure. Reasons for entering the tourism sector were primarily income driven, but on a number of occasions, education of the consumer was high on the list of reasons for being in the agritourism business.

The main categories of farm-based tourism uncovered in the literature and in our research include:

- Farm-based recreation such as hunting, fishing, and camping that typically takes place on large ranches in the Western U.S.
- Farm-based attractions that might feature farm animals, demonstrations, walking tours, etc.
- Farm-based lodging such as bed and breakfasts on a farm
- Pick Your Own operations that might include wagon rides and other activities
- Farm-based educational programs such as demonstrations and guided tours
- Farm-based events such as weddings, meetings, festivals, etc.

Many agritourism operations may include a number of the above categories in their product mix. In Vermont, for example, one large farm-based attraction hosts formal weddings, demonstrates farm techniques, conducts farm tours, has a retail outlet, and has interpretive educational programming.

## **Critical Success Factors**

### **Location**

Soil quality is a critical factor of success discussed widely through the years in the agriculture literature. Numerous studies demonstrate that poor soils are a good indicator of marginal farm income while highly fertile soils are a good predictor of wealthy farms all other factors being equal. In a study of 300 farmers in Eastern Ontario reported in an article titled “How to Farm For Profit, published in the journal of Money Matters from the Ministry of Agriculture and Food, Ontario, researchers found that quality soils and quantity of tillable acreage was found to be the primary indicator of output and therefore income for full time farms.

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. 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 our results 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 a number of 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.

During the site visits and interviews, we discovered that proximity to major roadways or signage on major roadways shares importance for farm-based lodging enterprises with location proximate to a snow mobile trail or a popular waterway. Location, therefore, to

natural amenities is very important to many tourists seeking experience with natural attractions.

### **Financial/Enterprise Analysis**

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. However, lack of time and/or lack of knowledge, combined with an aversion to office work, keeps many operators 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.

Key financial skills include:

- Ratio analysis
- Forecasting and budgeting
- Break even analysis
- Profit center management
- Cash flow management
- Analysis of past performance
- Contribution analysis

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 who add value to their commodity crops 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. This is discussed fully on page 13.

Farmers who suggest that the goal of their farming operation is to enhance profitability/efficiency use more management tools, while lifestyle farmers use fewer

according to the researchers. They also found that smaller farmers and those that produce specialty or value-added crops are more likely to focus on a particular niche market. Those agritourism operators who focused on a specific market niche have, over time, developed a business strategy based on optimizing cash flow while maximizing the use of limited human resources. Many of the operators interviewed for this research have realized that agritourism is a business choice first and a perhaps a lifestyle choice second. They focus on cash flow, niche marketing, profit center management, and financial/enterprise analysis above all. Those operators who have selected lifestyle over business focus seem to be less likely to embrace the financial aspects of the enterprise, preferring to continue patterns established during their days of farming full-time where attention to the animals and crops took precedence over attention to managing cash flow and market intelligence. Statements such as “I need more time in the office” and “I’d rather be shoveling manure than looking at a computer and thinking about mailing lists” were common among lifestyle operators.

### **Understanding customer requirements (Results in Product/service quality)**

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 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. While the critical success factors for tourism and agriculture can be broken into common denominators, tourism practitioners emphasize managing the guest experience from arrival to departure so that strong relationships are developed during the visitor experience between hosts and guests. 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”.

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. Core competencies that must be developed or employed in order to effectively compete in the tourism market include:

- Gathering market intelligence through research,
- 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 a the chance for breakdown in the service chain. Success in agritourism, therefore, is predicated on managing the visitor experience from the pre-arrival stage where potential visitors develop expectations for their experience, right through to the on-site experience and the visitors' departure.

### **Strong connection to the local community**

A strong connection to the local community is important for three reasons; 1. to develop a critical customer base that not only makes purchases, but also markets the enterprise by word-of-mouth and 2. to develop a supportive constituency available for market research, and 3. to enlist the support of local officials and agencies that can develop supportive policy and provide technical assistance where necessary. Rilla (1997), in her research of agritourism in England, the Northeastern U.S., and Marin and Sonoma Counties in California suggests that “the most important ingredient for success was whether or not the farm entrepreneur had the support of the local community.” She goes on to say that, “those who were most successful had an infrastructure that nurtured them” and that ... “along the East Coast supporters included tourism district staff, local Cooperative Extension staff with tourism and small business development expertise, and local elected officials who were aware of tourism, especially in Vermont.”

A strong relationship with the local community was critically important to a number of the enterprises visited in this research because local customers are good sounding boards for new ideas and are readily available for testing new products and services. One of the entrepreneurs was very good at listening to his customers and had developed an innovative new product based on customer recommendations. A close relationship with the local community can also mean the difference between positive and negative cash flow during the shoulder seasons.

Connection to community can be developed in a number of ways. Methods discovered from this research included:

- Hosting school groups for tours of the alternative farm-based enterprise
- Advertising local specials and events
- Talking with locals as they make their purchases
- Thanking locals for their support and patience during busy seasons
- Conducting market research in the local community
- Sponsoring public events

## Adding Value To Meet Customer Requirements

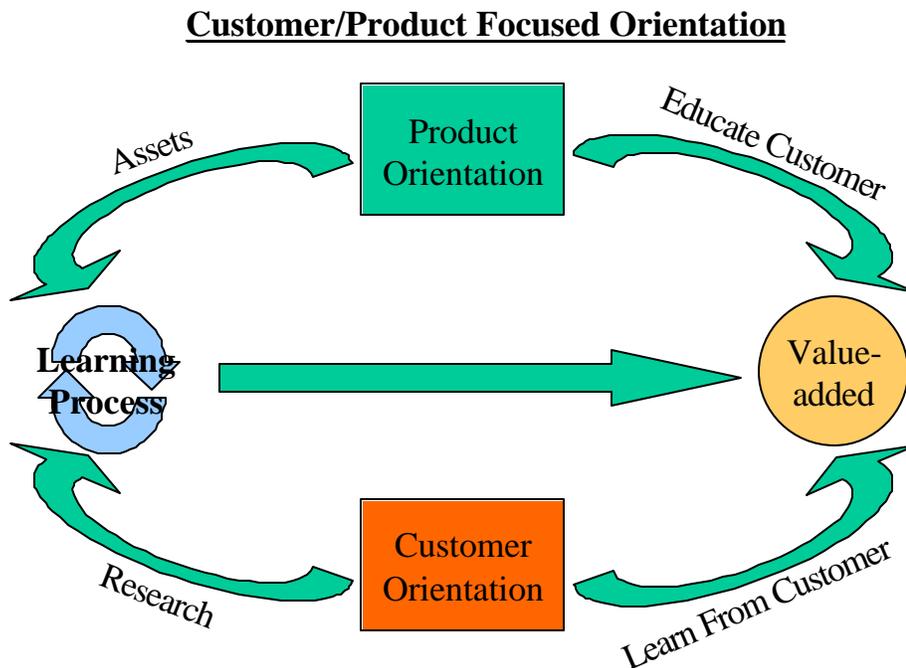
By understanding customer requirements, value added strategies can be developed to increase revenues. Adding value is a method for evolving an agritourism enterprise both vertically and horizontally in order to take advantage of all available resources on a farm including land, buildings, labor, and talent. By growing, processing, and retailing food, the agritourism enterprise and the farm enterprise enjoy a symbiotic relationship. This can happen most effectively and successfully when the farm moves from a commodity crop base to a specialty, diversified crop base. Adding visible value to an enterprise means first identifying what the market deems meaningful relative to what the enterprise can deliver within the realm of their core assets. One farm-based bed and breakfast visited for this research sold all of their dairy cows and began raising beefalo, hogs, and other meats that were then processed and served for breakfast and sold in the retail farm store. Guests continued to seek the product even after returning home. This farm to table experience added tremendous value to both the farm commodity and to the visitor experience. Another one of the farm-based attractions visited for this research offered visitors the opportunity to sample numerous Vermont raised products at an afternoon picnic at a price exceeding \$15 per person. Customers were offered tastes of regional specialty foods in a beautiful setting. Following the meal, customers were able to purchase the products in the retail facility of the attraction. Adding value to farm raised products through creative processing, and to the visitor experience through theater and enlivening the senses, results in increased revenues for farmers and agritourism operators.

<p>Value Added Ladder</p> <p>Standard system of product development focused Primarily on assets and competencies of the operator</p> <p><b>Product Focus</b></p> <p><b>Desired Wants</b> apple cider Fresh milk Shearing demo</p> <p><b>Expected Needs</b> PYO apples View sheep Food samples Retail sales</p> <p><b>Basic Needs</b> Commodity Apples Milk Wool</p> <p><b>Agriculture</b></p>	<p>Engineered system focused on the customer results in <b>Visible Value</b></p> <p><b>Experience Focus</b></p> <p><b>WOW!</b> Spiced organic apple butter Custom made sweater from wool picked out by customer Elegant picnic w/farm-raised products</p> <p><b>Unanticipated wants</b> organic apple butter Farm made cheese Handmade wool sweater Barn Tour</p> <p><b>Tourism/retail</b></p>
---	--

## Product Development Model

One of the most important processes an agritourism operator will continuously engage in is strategic planning around product development and product modification or transformation. A variety of methods for developing the product/service mix are discussed in the literature. However, two tactics emerge from a product development model developed based on the motivations for entering the agritourism business. A number of businesses in this research focused secondarily on the “education of the consumer” as a motivation for entering the business while others were primarily focused on “diversifying their income stream”.

The model presented below illustrates two strategies an operator may choose from that leads to the development of the product/service mix. If an owner is driven to enter the agritourism sector from a desire to “educate the consumer,” then the path revolving clockwise from the twelve o’clock position of the model is often selected. This path assumes that the producer knows what the consumer will need from the experience in order to become educated. This path assumes that the consumer knows little or nothing about agriculture and that a change in consumer purchasing behavior will be motivated by learning from the experience.



The path that goes counter clockwise, on the other hand, assumes that the operator has one or more assets that consumers may have an interest in experiencing. The operator

then reaches out to the consumer to understand the requirements they may have that will be satisfied by arranging his assets in a certain mix. We discovered that when an operator develops and manages the product development process from this customer focused perspective, the results in a compelling story and product differentiation. This model seems to result in a continuous evolution of the business and as a result, business growth. The operator who takes this path is more likely to be motivated by “economic reasons” than “education” or other reasons to enter the agritourism sector. The major difference in the way the product/service mix is approached is whether or not the operator is focused on learning from the customer.

In our findings, the people most successful in all three sectors had a propensity to listen to their customers through market studies, direct engagement with customers, and listening to their employees who interacted directly with customers. The story each enterprise developed was based on their core assets, including the history of the place, and delivered meaningful value in a way that satisfied the core requirements of the customer. This was true for farm-based retail, attractions, and lodging enterprises.

### **Strong social skills**

The tourism literature is filled with documentation insisting that service is the foundation to success. Social skills are absolutely necessary to be successful in the tourism arena. Social skills provide the enterprise with the ears to listen to the customer, the arms to develop a bond with the visitor during their experience, and the medium for communicating effectively with both guests and staff. Social skills are required for motivating staff, for solving problems and conflict, and for navigating the sensitive issues that often come when guests are hosted in ones home or farmyard. Social skills are the silent factor of success because they are hidden beneath the surface of the operator until they are needed. They emerge as the need arises and it is often out of the family dynamics that the need for strong social skills arises.

Delivering a positive experience to the visitor often means being on stage for the hosts. Hosts in our research developed their unique acts based on their values and comfort level. They decided how best to deliver to “the audience” the story of their place, scripting and acting based on their unique personalities.

### **Role of the family in Agritourism**

Farm-based tourism enterprises tend to be relatively small, with family members making up the labor force in most situations. When traditional couples enter the agritourism sector, it is common that the woman take on the role of hostess. From the site visits, it also became apparent in some cases that two generations of family members were often required to successfully operate two enterprises simultaneously. Support from the older generation often came in the form of labor, finances, and debt-free land. This strong social framework within the family, and especially intergenerational support, is required if an enterprise is going to move from small to mid-size successfully.

It is common that the female in the family manages the farm-based tourism enterprise, especially the lodging and retail components. Over time it is quite possible for the tourism enterprise to generate more profit than the farming enterprise. Even when this is not the case, the literature points out that the role women in the household shifts due to increased earning power. The role taken on by the woman in a number of the site visits included:

- Financial management through book keeping
- Marketing and advertising
- Computer systems and especially the Internet and websites
- Managing employees when it became necessary to hire outside help
- Liaison with local community
- Supplier relationships for the farm-based tourism enterprise
- Consumer education
- Tour organizing and leading
- Retail sales

The role of the men, on the other hand, especially in farm-based lodging operations, seems to change little. Men might interact with the visitors on a limited basis, telling stories, showing off the farm, or driving the tractor for the wagon ride. From this limited perspective, farm-based tourism enterprises, especially those mentioned above, become the domain of the women of the household. The research results are consistent with the literature that suggests that the role of women becomes more prominent in the household income mix and that farm-based tourism provides opportunities for women to stay on the farm rather than enter the workforce away from the home.

As farm-based tourism enterprises succeed, and the women of the household become more engaged in meeting the needs and expectations of the visitor, however, valuable resources including labor, may drift away from the agricultural enterprise. In a number of interviews it was apparent that women were unable to help with farm chores and summer cropping duties because they were required to attend to the tourist business. When asked why outside help wasn't hired to assist in either the tourism or the farm enterprise, the common answer was that there wasn't quite enough money to hire part-time, seasonal help.

Drawing resources away from the farm enterprise, then, is one of the potential impacts of agritourism on the farming enterprise. However, it is common for marginal farms to seek alternative farming enterprises in order to "save" the farm. Ilbery, Clark and Crockett, writing in the *Journal of Regional Studies* (June 1998 v.34 n 4), suggest that "in sum, it would appear that alternative farming enterprises (such as agritourism) do not really transform the economic situation of relatively low farm business profits..., however, they do seem to ensure survival of such 'farm' businesses."

Alternative farm-based enterprises and especially agritourism seem to draw resources away from farming even as these enterprises contribute to keeping a farming way of life.

Of the sites visited for this study, many seemed to be doing less farming as they became more successful, moving in the direction of tourism rather than remaining in farming. Not only did the resources seem to move out of farming and into tourism, but the type of farming also changed. Where once food crops and animals were the primary farm raised products, animals for show and crops for value added specialty foods have become the norm if farming is practiced at all. Identifying complimentary products that can be grown and processed on the farm that are attractive to the tourist market will be necessary to encourage synergy between the farm enterprise and the tourism enterprise. Where synergy can be found, the business may be more viable.

Challenges described in the literature and found in our site visits and interviews faced operators when they were trying to balance two activities simultaneously without adequate assistance or skills or resources. Often there wasn't enough time in the day to do it all well and so one or more of the components of the product/service mix suffered. Furthermore, according to Stevens 1994)“diversification is not for everybody, and rather than start something new, many farmers are better advised to stick to what they know best and try to manage their farms better.”

## **A Passion For Learning**

Products and services that meet the core requirements of the customer are a direct result of an enterprise learning from the customer. This critical success factor is driven by an urge to learn rather than to educate. The literature review clearly demonstrated that successful agritourism operators in the U.S. had conducted extensive research prior to entering the sector. Many had been part-time farmers, however, working off the farm in full time professional jobs that more than qualified them for running a business. They held jobs with accounting firms, they were educators, financial planners, and they were in the high tech field. The stories from these people told about spending a lot of time researching consumer need, identifying best practices, understanding financial ramifications of farm based tourism businesses, and developing quality educational programming based on a foundation of educational practice. The literature is full of anecdotal evidence demonstrating that knowing how to learn, to do research, and to tap into knowledge gained from a variety of experiences generally leads to success. The common theme among all the successful stories in the literature and in our site visits and interviews is that success breeds success and that constant learning leads to change. From managing change effectively based on the learning process, successful enterprises emerge.

Learning was noted in numerous forms both in the literature and from our site visits and interviews. Learning methods included:

- Conducting research in books and periodicals,
- Reading association newsletters and trade magazines
- visiting operations similar to their own whenever the opportunity presented itself,
- studying specific components of exemplary operations in order to learn how specific processes would meet specific needs,
- attending conferences, seminars, workshops, and other educational forums,
- hiring consultants where necessary,
- attending association meetings, and
- traveling long distances to view best practices.

Learning spawned creativity, also leading to and resulting in change. Certain operators interviewed were asked what they do to spawn creativity. Answers included:

- Take time to work in the woods
- Surround oneself with interesting people
- Read good novels
- Visit other similar businesses

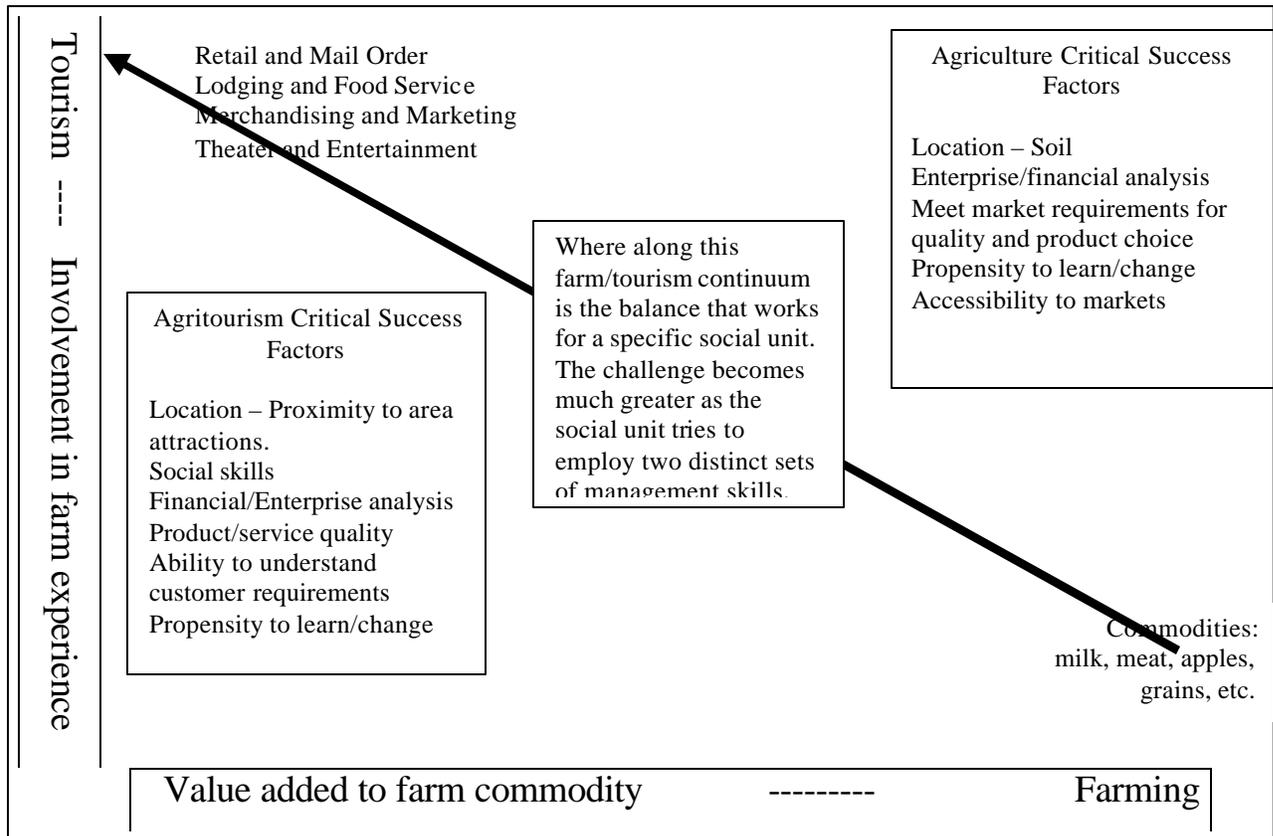
Literature from the USDA Natural Resource Conservation Service confirmed our assumption that one of the critical success factors to succeeding in farm-based tourism is the ability to learn and to change. An interview with an agritourism operator from Virginia in the NRCS “Agritourism Success Stories” asks the question, What would be

the most important advice you would give other farmers considering an alternative enterprise?" The answers included the following:

- Do extensive research on marketing. You are an entrepreneur and must understand your market if you are to be successful.
- Listen very carefully to your customer as they can see things you don't about your business.
- Don't be afraid to try new ideas or new ways of doing something. Test it and see if it works for you and your customers.
- Customers are special and require special treatment. They can make or break you....Invest time in them and grow them.

## Conclusions

Results of the research suggest that agritourism operators are required to be competent in both sectors to be successful. The tension emerges as the operators move from one sector to the other along the continuum from agricultural operation to tourism operation. Assets of the operation must be realigned with the business model to result in a successful change. The model developed to illustrate this tension is presented below.



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, as shown in the model above, owners 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.

The resource allocation decisions that owners will likely make during the planning phase or development stage of the process may include the following examples. These examples are presented to illustrate the importance and complexity of developing an appropriate product/service mix for a farm-based tourism enterprise. The researchers

have already explained the two paths that an owner may choose to take in developing the foundation for the product/service mix. The examples below illustrate the dimensions of the decisions that should be made in order to create a successful enterprise.

Example 1 Interpretation/Education

No Formal Program	Highly developed formal program
-------------------	---------------------------------

---

Resource allocation decisions: Curriculum materials, space, signage, medium for communication, guides, training, money for development.

Example 2 Entertainment/Attraction

No formal program	Highly developed formal program
-------------------	---------------------------------

---

Resource allocation decisions: Time, space, labor, money, expertise, training, capital for development of site.

Example 3 Immersion of customer in the farm experience

Limited	Very high
---------	-----------

---

Retail shop	Tour of sugarhouse	Pick your own apples	B & B w/farm chores for guests
-------------	--------------------	----------------------	--------------------------------

Example 4 Agricultural production

Low land use	Full use of land
--------------	------------------

---

Purchase all Crops for sale	Rent animals for show	1 or 2 crops for retail sales	Cropping for commodities And retail sale
-----------------------------	-----------------------	-------------------------------	--

Educational programming for farmers considering entering into 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 farmer's asset mix, the workshops will need to also focus on how to identify and strengthen core assets in order to overcome the barriers to success. Important workshop topics would include:

- Product development based on core assets and consumer requirements
- Delivering quality service by employing the concept of moments of truth
- Integrating visible value and value added products into the product/service mix
- Financial management and accounting
- Marketing management, community outreach, and listening to the customer

Underlying all of the workshops should be the theme; learning how to learn. All intelligence suggests that this theme is perhaps the most critical of critical success factors for any enterprise operating in the 21<sup>st</sup> century marketplace. These workshops should be made mandatory for anyone seeking a loan or grant from the Department of Agriculture or any other Government entity.