# Is an Agritourism Venture Right For Your Farm?

Fact Sheet FS1131







## Cooperative Extension

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## Introduction

Agritourism activities are becoming an important component of many agricultural operations. These activities have the potential to increase farm revenues and maintain the sustainability of the industry. According the U.S. Department of Agriculture, in 2007, 23,350 farms nationwide reported that they received farm income from agritourism activities. Agritourism is a new business paradigm for many farmers, requiring a shift from a production-centric focus to a focus on service and hospitality.

Although agritourism may offer an opportunity for farmers to increase on-farm revenue, these activities are not well suited for every farm or farmer. Before starting an agritourism operation, it is recommended that farmers spend some time assessing the potential that these activities may bring to their operation.

## Assess Your Personality

Agritourism activities are dramatically different than most traditional agricultural responsibilities. While most on-farm responsibilities are centered on producing a commodity such as a crop or animal product, agritourism focuses on creating an enjoyable experience for your customer. This experience usually involves customers visiting a farm to participate in various activities such as harvesting crops, sight-seeing, hay rides, corn mazes, and many others. These customers often do not come from a farming background and will ask many questions that may seem trivial about daily farm activities.

A successful agritourism operator must be willing to share information about their farm business and spend the time to make customers feel welcome. The ideal agritourism host requires many of the same personality traits that make a good host at any tourist attraction or service industry. Because the qualities that make a great farmer may not be the same as the qualities that make an effective agritourism host, it is important that farmers critically evaluate their personality type before developing an agritourism operation.

Some important questions that you should ask before starting an agritourism operation include:

- Do you enjoy entertaining guests?
- Do you like crowds?
- Will you enjoy having people visit your farm?
- Can you create a warm and inviting atmosphere for people visiting your farm?
- Can you manage the additional business responsibilities associated with an agritourism operation (including marketing, employee management, and customer relations)?
- Are you willing to create the ideal "experience" for your customers?
- Are you willing to work and "entertain" clientele on weekends, evenings and holidays, when they are most often available to come to your farm?

If you answered "no" to many of these questions, perhaps an agritourism enterprise does not fit your personality type. If you answered "yes" to many of these questions, agritourism

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may be a viable option for your farm. It is important to remember that successful agritourism operations focus on creating an enjoyable experience for visitors. If your personality does not fit well, perhaps another family member or an employee may be better suited for this role.

# Assess Your Goals

It is important to set realistic goals for your operation. Depending on your situation, these goals can vary greatly. Some examples include:

- Earning additional farm revenue.
- Maintaining farmland tax assessment or similar tax incentives from local or state governments.
- Expanding your farming operation to include new commodities, to diversity your operation or for season extension.
- Starting a new career.
- Expanding opportunities for family members to work on the farm.
- Educating the community.

Regardless of the motivation for starting an agritourism operation, it is important to develop both long-term goals and short-term objectives for your business venture. Setting realistic goals will assist you in making important decisions regarding your operation. As in any business, these goals may take a variety of forms. For example, one may have a goal to retire early, requiring an increase in farm sales by 50%. This long-term goal should help to establish short-term objectives, or plan small steps that may help to reach this goal. Setting attainable objectives will help to establish a strategic direction for your operation. Using the above example; you have a long-term goal to increase on-farm sales by 50%, but a short-term objective may be to incorporate a farm stand in order to enhance sales. However, this objective may not meet the goal of 50%, but may only enhance sales by 20%. Having multiple short-term objectives will increase the likelihood of reaching your long-term goal and can serve as targets to track your progress.

# Assess Your Resources and Resource Needs

After you have determined that you want to develop an agritourism enterprise, the next step is to assess the current resources and resource needs of the proposed enterprise. Important resources to consider include the nature of existing farming activities, land resources, labor, capital requirements and off-farm factors.

## Current Farming Activities

Many successful entrepreneurs have expanded their existing farm operation to include an agritourism enterprise. This strategy is often successful because it allows a farmer to build on what is already being done as part of their farming operation. This allows a producer to share knowledge and enthusiasm with visitors, which can make for a more enjoyable and natural agritourism experience. Focusing on current production practices will also ensure that the expertise and equipment exists to conduct the operation with minimal additional costs.

## Land Resources

It is important to carefully assess your land to determine if the proposed agritourism enterprise is feasible. Properly assessing a potential property will help to determine the best potential endeavor. Some important questions to address include:

- Do you rent or own the property?
- Are your soils and climate adequate to produce the crops you intend to produce as part of your agritourism operation?
- Does your property offer unique features or scenery?
- Are there any potential hazards to visitors? Many of the things that are on a farm may be potential hazards to visitors. Some examples include tractors, chemical sheds, irrigation ditches, etc.
- Do you have adequate facilities including bathrooms and parking?
- Are there complimentary attractions nearby?

## Labor

For many farms, agritourism will represent a new business model and require hiring, training, and managing additional labor or acquiring new skill sets. For example, success in agritourism will require all farm employees to be friendly, courteous, and knowledgeable about the farm and its products and production practices. Employees at a retail market will need to possess basic customer service skills and be able to make proper change at the cash register. All employees will play an important role in ensuring a safe, enjoyable, and memorable visit to your farm.

## Financial Resources

As in any business, it is important to determine how much money you are able and willing to risk on the new enterprise. Determining the appropriate amount of financial resources to commit to a new agritourism venture requires careful assessment, both of the potential costs and benefits of the proposed venture. Although every operation will be different, some financial needs to consider include:

- Additional labor costs.
- Infrastructure costs.
- Additional liability insurance coverage.
- Amenities (e.g., additional bathroom facilities, handicap access, parking etc.).
- Marketing costs.

### Off-Farm Factors

Expanding from a traditional production agriculture business to one which invites the public onto the farm will require compliance with various state and local regulations. Local ordinances, in particular, may vary greatly depending upon where your farm is located. Key regulations to understand include:

- Zoning regulations.
- Fire and health regulations.
- Building codes.
- Insurance requirements.
- Labor laws.
- Signage on roads.
- Traffic management.
- Environmental regulations.
- Farmland preservation or deed of easement restrictions.

It is important to identify and research applicable laws and ordinances that may impact the success of your agritourism operation. Potential resources to assist in this effort may include your municipal zoning officer, local fire marshall, municipal building inspector, farm insurance agent, state department of agriculture, state department of labor, and state department of environmental protection.

## Conclusion

Developing an agritourism operation may be a viable way to increase farm income while still maintaining normal farming activities. Although agritourism may provide additional income, it is not suited to every farm or farmer. Carefully assessing your farming operation as well as your personality traits and goals, can help to determine if an agritourism enterprise is the best option. Before deciding to pursue the development of an agritourism enterprise, it is critical to develop sound business and marketing plan. There are many online resources available to help develop a business and marketing plan for your farm.

## References

(2009) United States Department of Agriculture, National Agricultural Statistics Service. 2007 Census of Agriculture: New Jersey State and County Data, Volume 1; Geographic Area Series, Washington, DC.

Rhoades, S., and S. McCullough. (2010) Assessing Your Resources. FSCED300, retrieved from www.uaex.edu/Other_Areas/publications/PDF/FSCED300.pdf.

## Additional Resources

Agritourism Your Way: A How-To-Guide for Successful Agritourism Enterprises. Prepared for the University of Georgia, Center for Agribusiness and Economic Development and North Carolina State Cooperative Extension Services' Business Side of Agritourism. Program series developed by K. Wolfe and G. Bullen; ncsu.edu/tourismextension/documents/FinalBusinessSideofAgritourismManual5-20-09.pdf .

Considering an Agritourism Enterprise; www.caed.uga.edu/publications/Agritourism/pdf/Considering%20an%20Agritourism%20Enterprise.pdf.

Agritourism in Focus: A Guide for Tennessee Farmers; Extension PB 1754; trace.tennessee.edu/utk_agexmkt/21/.

For additional information, or to view any of the East Coast Webinar Series recorded programs please visit: www.ncsu.edu/tourismextension

***This fact sheet is part of a series of fact sheets developed as a result of the East Coast Agritourism Webinar Series, a partnership effort between North Carolina State University and Rutgers University.***

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