

Agritourism Series

Agricultural Diversification Through Agritourism

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What Is Agritourism?

Agritourism is a growing industry as farmers seek ways to diversify and create additional farm-related income to sustain the family farm. In general terms, agritourism can be defined as any activity, enterprise or business designed to increase farm and community income by attracting the public to visit agricultural operations and outlets. Agritourism creates an opportunity for educational or recreational experiences to help sustain and build awareness of the rural quality of life.

Agritourism activities are limited only by the imagination. Some common examples include:

- **Special events**, including farm festivals and fairs, bonfires, outdoor plays or concerts, dances, rodeos, livestock shows, farm activity demonstrations and classes, farm implement or antique shows and farm tours.
- **Direct sale of products** through on-farm retail markets, roadside

stands, pick-your-own operations, farmers' markets, community supported agriculture (CSA) and adopt-an-animal or tree programs.

- **Seasonal entertainment**, such as corn mazes, hay rides, haunted barns and other Halloween activities.
- **Children's activities**, such as petting zoos, birthday parties, playgrounds, school or youth group tours and farm school programs.
- **Alternative uses of farmland**, including on-farm fishing, hunting, horseback riding, trap and skeet shooting, canoeing, bird and wildlife viewing, camping, biking, ATV and off-road motorcycling and paintball.
- **Hospitality services**, such as cabin or room rentals; restaurant or catered meals; facilities for weddings, corporate retreats, family reunions or church groups; camping; working vacations; and picnic areas.



Agritourism is defined differently by different people and organizations. Some related terms that are used interchangeably with agritourism or that are complementary to agritourism include nature tourism, alternative farming, wildlife enterprises, ecotourism, agritainment, heritage tourism, agri-education and value-added agriculture.

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Why Do Farmers Engage in Agritourism?

Farmers develop and offer agritourism activities for many reasons. For many, particularly owners of small- and medium-sized farms, the primary reason is to increase farm income. Revenue can be generated from agritourism activities or the sale of products grown on the farm. For farmers who sell directly to consumers, agritourism offers an opportunity to identify new customers and build a relationship with those customers. By marketing farm products directly to the customers, they are able to lose the middleman and reduce costs.

Although agritourism offers the potential for financial gain for farmers, actual results may vary widely from farm to farm. In some instances, an agritourism enterprise begins as a secondary business generating minimal revenue and evolves into the primary source of farm family income. In many instances, additional revenue generated is relatively small.

Some farmers may engage in agritourism to raise awareness of and appreciation for the agricultural community. This can be particularly important in areas where urban sprawl has created more direct interaction between agricultural and nonagricultural residents. As businesses and individuals with no prior exposure to agricultural production learn more about farms and agricultural activity, they gain a better understanding of why farmers do the things they do. This increased understanding can help to establish and improve relationships between farmers and other community residents and businesses. Farmers may also start an agritourism enterprise to meet new people, to socialize and to share the rural experience with outsiders.



Farmers considering agritourism should become thoroughly educated about the risks and costs involved. Financial risks may range from loss of investments made in the business to costs associated with legal issues such as violation of laws and regulations or liability for injuries occurring at the enterprise. Other risks that can negatively impact

an agritourism enterprise include business interruptions, production problems, marketing difficulties and human resource issues.

Potential Benefits for Rural Communities

Agritourism also has the potential to benefit rural communities. From an economic development perspective, agritourism may help to increase the local tax base by drawing more visitors to the area. In addition to spending money at agritourism venues, these visitors may also shop at other local businesses, generating additional revenue to individual businesses and additional sales tax revenue for the provision of local services. Data from the 2005 Farm Market Annual Survey showed that farms engaged in agritourism tend to have higher numbers of employees, which may mean more job opportunities for local residents.

Visitors to Farms and Agricultural Businesses

An increasing number of travelers are visiting rural destinations, including agritourism enterprises. According to the most recent data available nationally (National Survey on Recreation and the Environment, 2000), 63 million people visited farms. This is in addition to 20 million children who visit through school trips. Visitors spend an average of \$45 per trip and travel an average of 80 miles. Other agritourism research indicates that decisions to visit farms are based on convenience, diversity of attractions and the opportunity to purchase value-added products.



Data on Agritourism Operations

According to 2007 Census of Agriculture data, there are currently 268 agritourism enterprises in Arkansas, accounting for just over one percent of the national total. This number is down from the 2002 estimates, which identified 478 agritourism businesses. However, the farm revenue generated from agritourism in Arkansas in 2007 was just over \$4.1 million, compared to only \$3.1 million in 2007.

Of farms engaged in agritourism in Arkansas, the greatest number (nearly 70 percent) generated

less than \$5,000 in receipts (see Figure 1). Twenty-five percent of agritourism operations generated \$10,000 or more.

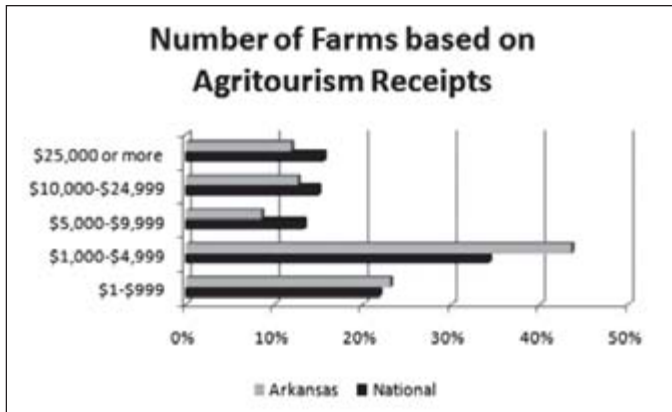


Figure 1. Number of farms based on agritourism receipts.

The majority of farms engaged in agritourism, both in Arkansas and nationally, have more than 260 acres of land (see Figure 2). Just under 26 percent of Arkansas agritourism operations are associated with farms ranging from 50 to 259 acres. Eleven percent fall in the ten to 49 acre range, with only four percent under ten acres.

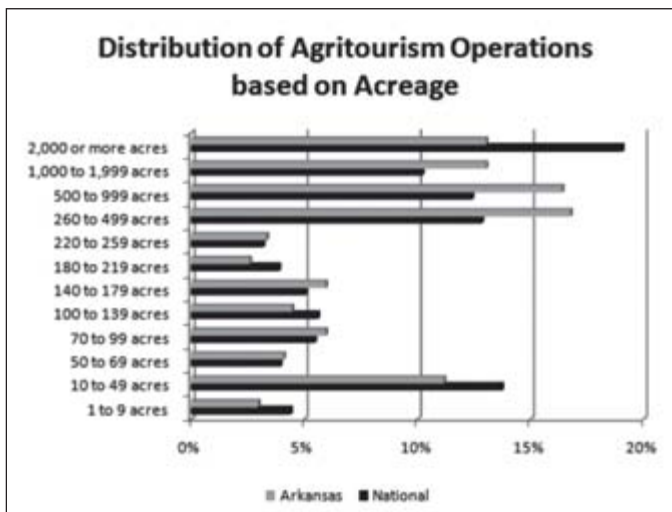


Figure 2. Distribution of agritourism operations based on acreage.

Family or individually-owned agritourism operations account for nearly 65 percent of the total number in Arkansas (see Figure 3). Another 18 percent are owned by partnerships and 15 percent by family-owned corporations. Less than three percent are owned by other corporations or entities.

In Arkansas, farms producing hay, cotton, sugarcane and other crops account for the largest number of agritourism operations (27 percent),

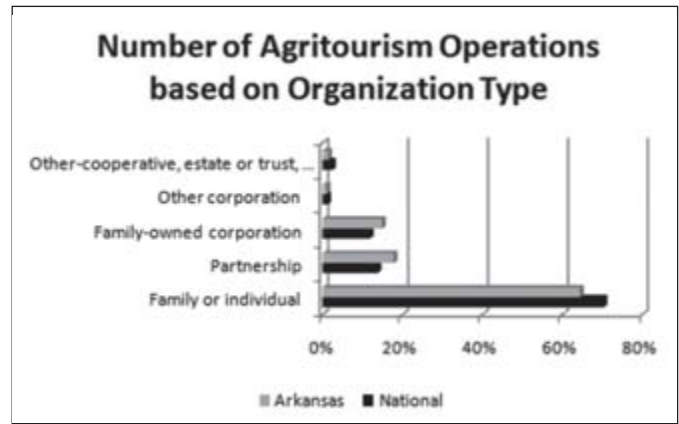


Figure 3. Number of agritourism operations based on organization type.

followed by oilseed and grains (23 percent) and cattle, hog and pig (22 percent) (see Figure 4). The next largest category is other animal production and aquaculture. These four categories also account for the largest number of farms engaged in agritourism nationally, although the order is slightly different. The percentage of oilseed and grain farms engaged in agritourism nationally is less than half that found in Arkansas, 10 percent compared to 23 percent.

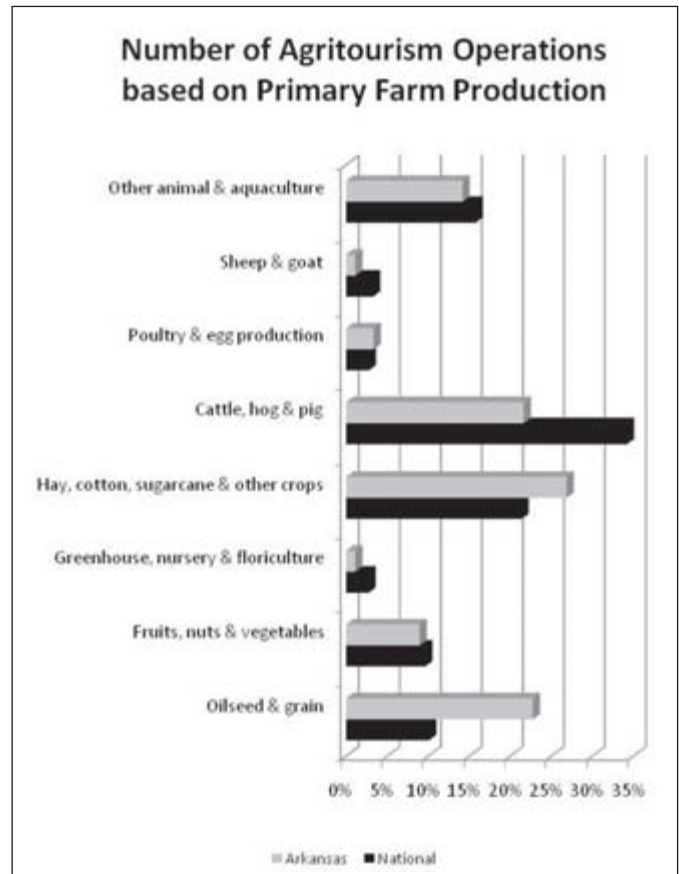


Figure 4. Number of agritourism operations based on primary farm production.

Conclusion

Travelers are increasingly seeking rural destinations for vacations and quick getaways. As a result, agritourism offers potential economic and other opportunities for both farmers and rural communities. This fact sheet provides an overview of the agritourism industry based on data currently available. However, as with any business enterprise, there are also significant risks involved. Those interested in pursuing agritourism should research the risks associated with the particular activity they are considering and take the time to do careful business planning before engaging in agritourism or any other business endeavor.

This fact sheet is one of a series of Extension publications to help you determine if agritourism is right for you. For more information about agritourism, visit our web site at <http://www.uaex.edu> or the Arkansas Agritourism Initiative web site at <http://www.arkagritourism.org>.

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