

TOURISM TRENDS AND RURAL ECONOMIC IMPACTS

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When agricultural direct marketers view their business as a tourist attraction as well as an agricultural enterprise, many new sources of information and opportunity become available. This chapter provides tourism related information that is useful to direct farm marketing operations. A visitor to a farm or ranch who wants a farm or rural experience as much as to buy agricultural products is a tourist. The number of visitors to farm outlets who are interested in a farm or ranch experience is increasing.

Some of the most successful direct marketing operators recognized the potential of selling a farm or ranch experience early. As Al Bussell of Bakersfield, CA puts it "We're in the entertainment business now." The Goulds of Goulds Orchards in Rensselaer County, New York call it "showbiz farming". It is definitely not for everyone, but for operators willing to allow the public on their farm or ranch, it can be lucrative.

In a study of agritourism in New York State, 63% of the 17 farm tour enterprises contacted had increased in size between 1986 and 1991. All but one of the remaining enterprises had stayed the same size. Over 3/5ths of all visitors were school children who paid admission for the tour. Admissions for children ranged from \$.50 to \$1.75 while the typical adult admissions were \$2.50 to \$3.50. The biggest

problems cited by tour operators were dealing with visitors (especially interruption of farm activities and visitors' treatment of animals), liability insurance, labor and marketing (Hilchey).

Catering to 'agricultural tourists' is especially important at direct farm marketing outlets that are located farther away from urban centers. More distant farm outlets will have to offer more than just products to stay competitive as new farm outlets spring up near major urban areas. One way to stay competitive is to understand what visitors are looking for in a farm experience and to provide services that appeal to visitors.

Understanding visitors is an important step towards dealing with them and marketing to them. The previous two articles in this section describe visitors to farms in greater detail. Here we look at general tourism trends that may affect agricultural tourism.

Tourism Trends

Tourism is coming into its own as an economic activity in the U.S. Expenditures by foreign visitors to the U.S. contribute significant amounts to our balance of payments. Total expenditures by out of state visitors to Arizona were estimated at \$ 8.3 billion in 1993. A lot of tourism activity, however, is generated within the state. While this activity does not bring new income into the state, it does keep some income from leaving the state. From a local community's perspective whether a dollar is from a Phoenix visitor or a Hermosillo visitor, it is new income in their community.

A couple of important trends have shown up in recent tourism studies. Aside from growing as an activity, tourism is changing shape. People are taking more short vacations rather than one long vacation each year. There is a growing interest in

vacations that involve doing or experiencing. Hence, the growth in the “new” tourisms: ecological, cultural, heritage and agricultural tourism. Finally, there is a steady increase in outdoor recreation by tourists (Hilchey).

These trends are due to demographic, economic and cultural changes. These changes include the aging of the U.S. population, the shrinking size of households and the increasing urbanization of the U.S. population. Other trends affecting tourism are the increase in the number of two earner households and the increasing interest of the U.S. populace in the environment.

Economic Impacts of Tourism

Tourism is an activity that involves a large array of retail and service businesses. The sectors most affected by tourism are hotels and other lodging facilities, eating and drinking establishments, and amusement and recreation facilities such as theme parks and ski resorts. One of the largest expenses in these industries is salaries and wages for employees. Often these employees are from the local area. However, for some businesses that are highly seasonal, employees may come from outside.

Some communities worry about relying too heavily on tourism. Some of the negative aspects of tourism may include the highly seasonal nature of employment, the low average wage level in tourism related industries, the congestion and increases in prices of products and real estate that tourists can cause. However, well managed tourism can complement other economic activities in a community. One positive aspect of tourism is its ability to bring new money into the community. Multipliers in industries that serve tourists are relatively high because wages and salaries are such a large part of the industries’ total expenses. The impacts of tourism can be increased by selling local products and by helping local people retain ownership of businesses that serve

tourists. Agricultural tourism is particularly high in impacts because the labor used, business ownership and the products sold are usually local.

There are two basic ways for a community or a business to increase revenues from tourism. Either increase the number of visitors or increase the amount that each visitor spends. This is why local chambers of commerce have devoted so much of their resources to attracting more visitors to the area. In an area that may have limited visitor accommodations, attracting day visitors may be the most effective strategy to pursue. However, in communities that do have hotels and other lodging, convincing visitors to stay overnight is the most effective way to increase visitor expenditures. Not only do such visitors spend additional money on lodging, they eat more meals in the community and have more time to shop in local stores. In most surveys of visitors, shopping is one of the most popular vacation activities.

An effective way for individual businesses to increase their sales to visitors is to offer a range of products and services that will keep the visitor at their outlets longer. Many grocery stores are arranged to slow shoppers down because typically the longer a person is in a store, the more they are likely to spend.

In the study of agricultural tourism in Cochise County, 81,450 non-local visitors spent close to one million dollars and generated \$1.9 million in sales impacts in the county. While the average expenditure per visitor party was \$58, overnight visitors spent \$130 per visitor party (these figures translate into \$12 and \$47 respectively per visitor). Overnight visitors spent nearly four times as much as day trip visitors.

To convince a visitor to make an extended trip to an area, there have to be enough activities or places to visit. In rural communities there may not be enough to do in a single community to keep a visitor in the area for more than a

few hours. If a group of communities work together and promote their whole region, they may be much more successful in both attracting visitors and convincing them to stay more than just for a day. This is why although attracting tourists is a competitive affair, businesses that cooperate with each other in order to attract visitors are more likely to succeed than those businesses that decide to 'go it alone'.

Other sections of this manual provide more information about who visitors are and what they want, and on effective means of advertising and promoting 'agricultural tourism'.

References

Hilchey, Duncan. Agritourism in New York State. Opportunities and Challenges in Farm-Based Recreation and Hospitality. Farming Alternatives Program. Department of Rural Sociology, Cornell University, Ithaca, NY, June, 1993.

Leones, Julie, Douglas Dunn, Marshall Worden and Robert E. Call. Agricultural Tourism in Cochise County, Arizona. Characteristics and Economic Impacts. Arizona Cooperative Extension, The University of Arizona, Tucson, AZ, June, 1994.

Sources of Information on Tourism

Your local Chamber of Commerce

Arizona Office of Tourism
1100 West Washington
Phoenix, AZ 85007
(602) 542-3126 Fax: (602) 542-4068

Arizona Hospitality Research and Resource Center
School of Hotel and Restaurant Management
Northern Arizona University
P.O. Box 6024
Flagstaff, AZ 86011-6024

Travel Industry Association of America &
United States Travel Data Center
2 Lafayette Centre
1133 21st Street N.W.
Washington, D.C. 20036
(202) 293-1433

Travel and Tourism Research Association
P.O. Box 58066
Salt Lake City, Utah 84158
(801) 581-3351

United States Travel and Tourism Administration
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