



The University of Georgia

Center for Agribusiness and Economic Development

College of Agricultural and Environmental Sciences

Georgia Agritourism Overview: Results from a 2005 Business Survey

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This project was completed as part of Georgia's Agritourism Initiative, a partnership between The University of Georgia's Center for Agribusiness and Economic Development and Georgia's Department of Economic Development.

Executive Summary

A total of 87 existing agritourism businesses were mailed a survey in the summer of 2005 to provide information for Georgia's Agritourism Initiative. The purpose of the study was to gather information on the industry and to identify issues and obstacles they face as well as general information about their specific business.

Economic Impact

Agritourism has a significant impact on both the individual farming operation and Georgia's economy.

- The 2004 Georgia Farm Gate Report indicates that agricultural and nature-based tourism had total sales of \$62.46 million (direct impact). The direct output from agritourism leads to indirect economic impacts that total \$45.26 million. Thus, agricultural and nature-based tourism has a total economic impact of \$107.72 million in the Georgia economy.
- Agricultural tourism provides 1,032 full-time and part-time jobs for wage earners involved directly in the industry.
 - Indirect employment due to agritourism involves 425 jobs, for total employment of 1,458 full-time and part-time jobs.
 - Agritourism directly generates wages and benefits of \$21.58 million for employees and proprietors. Income generated from economic activity indirectly related to agritourism is an additional \$15.73 million for total income of \$37.31 million.
- Agritourism generates \$4.75 million in state taxes and an additional \$2.57 million in local taxes.

The survey wanted to determine what percentage of the agritourism operations charge a general admission to their operation. Interestingly, one-fifth of the respondents, or 16 operations, indicated that they did charge a general admission fee.

DO YOU CHARGE VISITORS GENERAL ADMISSION	
	Frequency Distribution
Response	(n=87)
Yes	21%
No	79%

Those that charge a general admission fee to visitors were then asked to provide that figure. The majority of operations charged between \$3.50 and \$6.00 per person. These results should be viewed with caution as they only represent 16 operators. The admission charge ranges from nothing to over \$12.50 per person. This range in admission fees is most likely attributed to the variety of operations that responded to the survey.

GENERAL ADMISSION CHARGED TO VISITORS	
	Frequency Distribution
Amount	(n=16)
\$0 - \$3.50	13%
\$3.50 - \$6.50	50%
\$6.50 - \$9.50	13%
\$9.50 - \$12.50	6%
\$12.50+	19%
Mean	\$6.00

The respondents were asked why they decided to open their operation to visitors. The respondents were given four potential reasons and asked to provide additional reasons if applicable. The most common reason was to increase the profitability of the farm. Approximately two-thirds of the respondents indicated they opened their farm to visitors to increase profitability. A significantly lower percentage of respondents opened their farm because they enjoy working with people, teach visitors about the farm heritage or to provide employment for family members. Additional answers were provided by the respondents which involved providing a variety of educational opportunities.

Reason for Opening Farm to Visitors	Frequency Distribution
To increase the profitability of my farm business	62%
Because I enjoy working with people	25%
To teach visitors about farm heritage	25%
To provide an employment opportunity for family members	20%
Other – responses with only one or two mentions	25%

To further explore agritourism charges, the respondents were asked to indicate which activities, if any, they charge a participation fee. The types of activities provided by the respondents indicate that the sample is varied and not heavily influenced by one type of operation over another. The information below suggests that there are a number of activities which operators charge a participation fee, ranging from hunting businesses to exotic breeding and livestock operations. The operators were allowed to choose multiple activities and therefore the percentage of operators charging for various activities will exceed 100%.

Activities for Which Operators Charge a Fee	
Activities/Operations	Frequency Distribution
Fee hunting	22%
Bed and breakfast/country inn	10%
School tours	8%
Hayrides	8%
Educational tours	7%
Crafts	7%
U-pick vegetable or fruit	5%
Restaurant or snack bar	5%
Equestrian trail riding	5%
Educational programs, classes	5%
Bird watching	5%
Picnic area	3%
Maze	3%
Horseback riding stable	3%
Historic farm tour	3%
Herb production	3%
Petting zoo	2%
Historic farm buildings	2%
Hiking/nature trails	2%
Hiking trails	2%
For-fee fishing pond	2%
Field crop production	2%
Farm animal/breeding sales	2%
U-pick strawberries	1%
Pumpkin patch	1%
Mountain biking trails	1%
Homemade foods	1%
Greenhouse/plant nursery	1%
Fruits and vegetables	1%
Farm stand	1%
Exotic livestock breeding/sales	1%
Christmas tree sales	1%
Campground	1%
Other	13%

Seasonality and Location

The operators were asked when their operation was open to visitors. As indicated by the table below, it appears that the agritourism industry operates year around. Obviously not all operations operate year around, but enough operate during the different seasons to offer agritourism opportunities all year. The number of respondents that reported operating in the fall is noticeably higher than the other seasons, with winter being the least mentioned season. Interestingly, one-third of the operators provide special event opportunities, i.e., picnics, retreats.

Season Is The Agritourism Operation Open To Visitors	
Season	Frequency Distribution
Fall	87%
Spring	76%
Summer	70%
Winter	68%
Special events	33%

The respondents were asked about the location of their operation. Not surprisingly, the majority of the operations are *not* located within 30 miles of a population center with 60,000 or more people but were located within five miles of an interstate or major travel route.

Located within 30 miles of city with population of 60,000 or more People	
Response	Frequency Distribution
Yes	40%
No	60%

Located within 5 miles of interstate or other major travel route	
Response	Frequency Distribution
Yes	54%
No	46%

Agritourism Issues

The respondents were provided a list of potential problems and/or issues that face the agritourism industry. They were asked to indicate if they had problems with these issues and to provide the level of difficulty, if any, for each issue. The respondents were able to indicate whether they had no difficulty, some difficulty or if the issue presented a major obstacle.

There are a number of issues that are perceived to be major obstacles facing agritourism. These involve finding employees, taxation, start-up costs, liability, marketing and signage. These issues were reported by approximately one fifth or more of the respondents as being major obstacles.

When the some difficulty and major obstacle data is combined into a difficult category, a significant number of agritourism operators have experienced difficulty with a number of issues. The most common problems are marketing and start-up costs followed by finding employees and liability insurance and taxation.

Difficulty of Issues Facing Agritourism					
Issue	No difficulty	Some Difficulty	Major obstacle	Combined some and Major	
Marketing/promotion	24%	57%	19%	76%	
Costs of startup	28%	50%	22%	72%	
Finding/hiring qualified employees	33%	40%	27%	67%	
Liability Insurance	39%	40%	21%	61%	
Taxation	40%	37%	23%	60%	
Signage	47%	35%	18%	53%	
Identifying markets	48%	42%	10%	52%	
Competition	49%	42%	9%	51%	
Financing	55%	35%	10%	45%	
Licensing and permits	62%	27%	12%	38%	
Visitor relations	74%	25%	1%	26%	
Zoning	79%	16%	5%	21%	
Other	23%	0%	77%	77%	

Insurance

The issue of liability insurance was further explored with a follow-up question. The respondents were asked about the type of insurance they have for their particular operation. Interestingly, most of the respondents indicated they did have some type of liability insurance. Nearly three-quarters of the operators indicated they had liability insurance. In addition, 52% indicate they purchased comprehensive business insurance. According to the data, it appears that the operations may own multiple policies to hedge against potential liability. However, the availability of liability insurance is a concern to operators as indicated by the fact that 59% of the respondents say they were concerned about its availability.

In addition to purchasing liability insurance, agritourism operators are employing other risk management practices on their operations to reduce or protect themselves from liability. Operators are making repairs to equipment and facilities, developed and implemented safety precautions, use disclaimers and created a legal business structure as means of reducing their financial exposure.

Liability Issues Facing Agritourism Operations	
Type of Business Insurance	Frequency Distribution
Liability insurance	71%
General comprehensive business insurance	52%
Homeowner's insurance	25%
Homeowner's insurance with a small business rider	1%
I do not have insurance	1%
I can not get insurance	1%
Concern Over the availability of insurance (liability)	Frequency Distribution
Yes	59%
No	41%
How Business is Protected from Liability	Frequency Distribution
We have liability insurance	83%
We regularly make any needed repairs	71%
We have added safety precautions	59%
We have visitors sign a disclaimer	48%
We have turned our business into a LLP or LLC	34%
We have done a risk analysis for our business	17%
We do not do anything to protect ourselves from liability	1%
Other	2%

Revenue Generated by Agritourism Operation

The agritourism operation generates a significant portion of the businesses revenue. One-third of the respondents indicated that their agritourism operation generates less than 10% of their operations revenue. Another 10% indicated that their agritourism operation contributes between 10% and 20% of their operations revenue.

On average, the respondents indicated that 41% of their operations revenues are attributed to agritourism. The medium value is slightly lower, (35%). These results suggest that agritourism is contributing to the overall success of the farming operation and provide a significant income stream for farmers.

Percent of Businesses Revenue Generated by Agritourism Operation	
Response	Frequency Distribution
0% - 9.9%	33%
10% - 19.9%	10%
20% - 29.9%	6%
30% - 39.9%	3%
40% - 49.9%	5%
50% - 59.9%	8%
60% - 69.9%	2%
70% - 79.9%	5%
80% - 89.9%	6%
90% - 99.9%	5%
100%	17%
<i>Mean</i>	<i>41%</i>
<i>Median</i>	<i>35%</i>

Anticipated Management and Facility Changes

The agritourism operations are looking to expand their businesses over the next five years. This will be in the form of diversifying their businesses and product lines. In order to achieve these goals, they are planning on investing additional resources into the operation. The expansion will also create the need for additional employees as indicated by a quarter of the respondents. The data suggests that agritourism is a growing industry and that it will need capital and people to expand fueling economic development in their communities.

Anticipated Management Changes Over The Next Five Years	
Response	Frequency Distribution
Expand or diversify my business and/or products	54%
Invest more funding in my business	36%
Hire more employees	25%
Maintain my current income level	16%
Turn my business into a LLP or LLC	6%
Go out of business	5%
Other	15%

These operations plan on making changes to the physical operation over the next five years as well. This may suggest that many of the businesses are anticipating or experiencing growth that cannot be handled by the current facilities. About one in five of the operations indicated that they will expand their parking facilities. One in six of the operators anticipate either adding or enlarging their rest room facilities while a similar percentage is going to add a new retail establishment to their current operation. Fourteen percent indicated that they are going to expand their retail facilities.

Anticipated Physical Changes to Operation in Next Five Years	
Response	Frequency Distribution
Add more parking	22%
Add or enlarge rest rooms	17%
Add a new retail store	16%
Enlarge the existing retail store	14%
Add hiking trails	10%
Other	26%

Amenities

The respondents were asked what type, if any, amenities were provided by their operation. Restrooms were the most frequently mentioned amenities followed by a guided or self-guided tour of the business. These two amenities were mentioned significantly more often than others. Event hosting and picnic areas were the next two most frequently mentioned amenities followed by a handicap access and a gift shop. Only 20% of the respondents indicated their business had a playground or play area.

Operation's Amenities	
Amenities	Frequency Distribution
Public rest rooms	70%
Guided or self-guided tour of your business	69%
Events hosted	56%
Picnic area	54%
Handicap access	41%
Gift shop	39%
Play ground/area	20%

When asked what facilities or services were requested by customers, information about other tourism in the area was the most frequently requested service. This suggests that there is ample opportunity to network among all tourism operators. Providing information on other tourist attractions in the area will benefit all tourism operations while supplying tourists with requested information. It also shows the need for a top quality brochure to be distributed to nearby tourist locations.

Restrooms and guided or self guided tours were also requested by visitors.

Which facilities/services were requested by customers in 2004	
Service	Frequency Distribution
Tourism information about the area	41%
Rest rooms	39%
Guided or self-guided tour of your business	39%
Gift shop	30%
Snack bar or restaurant	29%
Others	9%

Visitation

There is a significant amount of variation in the number of visitors to the various agritourism operations. The variation is most likely attributed to the various types of operations responding to the survey. It would not be unusual for a fee hunting establishment to have less than 100 customers annually where as a pick-your-own with thousands of visitors.

The majority of the operation reported having less than 5,000 visitors annually with 44% having between 100 and 5,000 visitors. Interestingly, 5% of the respondents reported attracting over 60,000 visitors on an annual basis.

Number of Visitors	Frequency Distribution
< 100	29%
100-1,000	25%
1,000-5,000	19%
5,000 – 10,000	6%
10,000-20,000	2%
20,000-30,000	1%
30,000-40,000	3%
40,000-50,000	1%
50,000-60,000	1%
over 60,000	5%
Did not report	8%
Mean	27,690
Median	451

Repeat Customers

The majority of the respondents' customers are repeat visitors as evidenced by the fact that 70% of the visitors to an operation, on average, have visited the establishment on a prior occasion. The median is slightly lower but still very significant. Also, 90% of the operators believe that their repeat business comprises less than 10% of their total customer base. This may be attributed to length of time in business. The conclusion is that it is very important to offer a quality product as to attract repeat business.

Percentage Intervals	Frequency Distribution
0% - 9.9%	11%
10% - 19.9%	6%
20% - 29.9%	2%
30% - 39.9%	5%
40% - 49.9%	2%
50% - 59.9%	9%
60% - 69.9%	11%
70% - 79.9%	16%
80% - 89.9%	16%
90% - 99.9%	17%
100%	3%
<i>Median</i>	<i>70%</i>
<i>Mean</i>	<i>60%</i>

Revenues Generated From Agritourism Operations

Agritourism generates a significant amount of revenue according to the survey data as indicated by the fact that 65% of the respondents indicated that their operation generates \$50,000 or more in revenue annually. The range of reported revenue data reveals that some operations generate less than \$2,500 per year while others generate more than \$1 million. On average, these operations generate over \$300,000 dollars in revenue. Using the median figure, a Georgia agritourism operation generates \$75,000 annually from its activities. This is a significant amount of revenue.

2004 Revenue from Agritourism

Revenue	Frequency Distribution
<\$2,500	6%
\$2,500 - \$4,999	3%
\$5,000 - \$9,999	8%
\$10,000 - \$24,999	11%
\$25,000 - \$49,999	8%
\$50,000 - \$99,999	18%
\$100,000 - \$249,999	19%
\$250,000 - \$999,999	20%
\$1,000,000 +	8%
Median	\$75,000
Mean	\$306,006

Operating an agritourism operation does require the outlay of significant amounts of money upfront. Over forty percent of the respondents reported that they spend \$50,000 or more on their operation annually. It is encouraging to note that the majority of the operators spend less than \$50,000 annually on their operation. On average, these operations spend \$66,812 annually to operate their business.

2004 Gross Expenses from Agritourism

Expenditures	Frequency Distribution
\$0-50,000	56%
\$50,000-\$100,000	9%
\$100,000-\$150,000	3%
\$150,000-\$200,000	9%
\$200,000-\$250,000	2%
\$250,000-\$300,000	3%
\$300,000-\$350,000	1%
\$350,000-\$400,000	2%
\$400,000-\$450,000	1%
over \$450,000	8%
Unknown	3%
Median	\$42,000
Mean	\$66,812

Comparing median revenues and costs, these operations net an estimated \$44,000.

Marketing Agritourism Operations

The respondents were asked to evaluate the effectiveness of various marketing channels. Word-of-mouth appears to be the most effective method of promoting an agritourism operation. 85% of the respondents' indicated that word-of-mouth was the most effective means of promoting their operation. The nice thing about word-of-mouth is that it is free. Interestingly, websites have become very important in marketing agritourism operation. Seventy-five percent of the respondents indicated that their website was an effective marketing tool. The average cost of website marketing was \$364 dollars and constituted only 9% of the operations marketing budget. Another important marketing tool is the brochure. Three-quarters of the respondents indicate they use brochures and 70% of them indicated it was effective. The brochure does constitute the largest marketing expenditure totaling \$1,132.42 annually on average and accounting for 29% of the marketing budget.

<i>Type of Promotion</i>	Methods, effectiveness and Expenditures on Various Promotions			
	Promotion Used	Frequency Effective	Distributions Av. Expenditure	% of Marketing
	34%	15%	\$26.26	1%
County tourism guide	31%	24%	\$46.43	1%
Georgia tourism guide	10%	33%	\$0.00	
Motorcoach tours	10%	13%	\$7.86	0%
Chamber of commerce	60%	36%	\$69.11	2%
Ag associations	20%	40%	\$67.30	2%
Tourism associations	18%	13%	\$41.55	1%
Sign outside business	78%	44%	\$258.75	7%
Newspaper	49%	35%	\$192.49	5%
Television	16%	64%	\$202.20	5%
Radio	30%	33%	\$152.38	4%
Magazines	47%	38%	\$712.02	18%
Yellow pages	26%	12%	\$32.65	1%
Business newsletter	31%	61%	\$61.69	2%
Direct Mailings	53%	59%	\$327.26	8%
Brochures of business	75%	70%	\$1,132.42	29%
Web sites	69%	75%	\$364.00	9%
Word of mouth	89%	85%	\$2.38	0%
Other (8)	1%	17%	\$183.15	5%

Conclusion:

Agritourism offers farmers and land owners an alternative method of generating on-farm income. However, it is not for everyone. The survey revealed that on average, the agritourism operations can generate a significant amount of revenue above the cost of operation. Agritourism is not limited to areas close to large population centers but it does help to have access to major roads.

Marketing, securing start-up resources, finding dependable and quality labor and liability are significant issues facing agritourism operations. In addition, customer satisfaction is important as word-of-mouth and repeat business account for a large share of business.

Please see the Center for Agribusiness and Economic Developments website for additional information on agritourism and starting a business.

The Center for Agribusiness and Economic Development



The Center for Agribusiness and Economic Development is a unit of the College of Agricultural and Environmental Sciences of the University of Georgia, combining the missions of research and extension. The Center has among its objectives:

To provide feasibility and other short term studies for current or potential Georgia agribusiness firms and/or emerging food and fiber industries.

To provide agricultural, natural resource, and demographic data for private and public decision makers.

To find out more, visit our Web site at: <http://www.caed.uga.edu>

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