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IOWA AGRITOURISM ENTERPRISE ECONOMIC IMPACT SURVEY

*Beyond new numbers from the Census of Agriculture, little is known about farmers involved Iowa's agritourism industry.—
In the fall of 2008, the Iowa State University Extension Value Added Agriculture Program conducted a survey of
agritourism operations in Iowa to learn about their activities, needs and the economic importance of this industry.*

Overview of Iowa Agritourism: Results from the 2008 Enterprise Survey

Background

Agritourism and direct farm produce sales are big business in Iowa. According to the most recent 2007 Census of Agriculture, several thousand farms are involved in some form of direct marketing of farm-related products and experiences to Iowa consumers (Table 1). Almost 3,000 farms sold \$16.5 million of agricultural products to individuals for human consumption. Two hundred, forty-five farms provided agritourism and recreation services and 169 farms sell cut Christmas trees. Hundreds of others raise apples, grapes and pumpkins for sale to consumers (Table 1).

Beyond these aggregate numbers from the Census of Agriculture, little is known about farmers involved in this portion of Iowa's agricultural industry. In the fall of 2008, the Iowa State University Extension Value Added Agriculture Program conducted a survey of agritourism operations in Iowa to learn about their activities and needs.

The majority of the initiative was funded by grants from the Leopold Center for Sustainable Agriculture and the North Central Risk Management Education Center. The initiative has three major objectives:

- 1) build farm income through agritourism,
- 2) expand tourism income within rural communities, and
- 3) establish a sustainable, long-term program.

The activities of the study included a comprehensive inventory and assessment of existing agritourism enterprises, with the goal of developing workshops and training materials and promotional campaigns targeting consumers and visitors of agritourism attractions.

Definition of Agritourism

For the purposes of the study, *agritourism* is defined as “an activity, enterprise or business which combines primary elements and characteristics of Iowa agriculture and tourism and provides an experience for visitors which stimulates economic activity and impacts both farm and community income.” Attractions that often meet this definition include:

- Agriculture-related museums
- Agriculture-related festivals and fairs
- Century farms
- Corn-maze enterprises
- Farmers' markets
- On-farm tours
- On-farm retail markets
- On-farm vacations
- On-farm festivals and fairs
- On-farm petting zoos
- On-farm fee-fishing
- On-farm horseback riding
- On-farm bed and breakfasts
- Pick-your-own farms
- Wineries

Study Objectives

The following three objectives were developed for the inventory of Iowa’s existing agritourism enterprises:

1. Identify existing agritourism enterprises in Iowa that are interested in being included with Iowa agritourism promotions,
2. Identify issues/obstacles faced by agritourism enterprises that may be addressed through research, teaching and outreach, and
3. Identify characteristics of the agritourism industry in Iowa.

Survey Sample, Procedure and Response

The survey was mailed to approximately 630 individual businesses and 59 completed responses were received for a nine percent return rate. The list was mailed out to members of the Iowa Fruit & Vegetable Growers Association, the Iowa Christmas Tree Growers Association, the Iowa Wine Growers Association, Iowa Bed & Breakfasts Association and any farm listed on the Visit Iowa Farms site not previously covered by a membership in another organization.

It was necessary to conduct survey interviews during the fall season, which is when many agritourism enterprises are involved in their busiest marketing season and, thus, very difficult to reach. Figure 1 shows the percent of the 630 suspected enterprises on the original contact list by response category.

Number and Location of Enterprises

Fifty-five of Iowa’s 99 counties were represented by the 59 survey respondents with agritourism operations meeting the initiative’s definition. Table 5 illustrates the distribution of participating agritourism enterprises by county.

Attractions offered at agritourism enterprises are often only limited by one’s imagination. An individual agritourism enterprise may offer more than one attraction or activity to visitors. In fact, approximately 80 percent of enterprises participating in the study offer more than one attraction. Almost a quarter of the enterprises, 24 percent, offer three attractions, and almost 18 percent offer four attractions. Table 2 describes the number of enterprises offering different numbers of attractions.

The survey asked respondents to identify the attractions offered at their enterprise according to 17 predefined categories and an “other” category. Sixty-one percent of enterprises stated that they had an “on-farm retail market” and almost 44 percent of enterprises offer an “on-farm tour.” A quarter of enterprises offer a “pick-your-own” activity.

More than 50 percent of enterprises also reported an attraction not fitting the options included in the predefined list. “Other” attractions reported included bakeries, campgrounds, horse boarding, catering, restaurants, cider mills, display gardens, educational programs, day camps, exhibits and shows, hay mazes and wildlife viewing. Table 3 lists the number and percent of enterprises for each attraction type. It is interesting to consider whether enterprises reporting a specific number of attractions are more likely to offer specific attractions. Table 4 illustrates the percentage of enterprises reporting each attraction type by the number of attractions per enterprise. For enterprises reported as “farmers’ markets,” 40 percent reported offering one attraction. Thirty-

five percent of “cut-your own Christmas tree” operations offer two attractions, and 90 percent of “cut-your-own Christmas tree” operations offer up to four attractions.

Years of Experience

Respondents were asked to provide the number of years they had operated an agritourism enterprise. The responses ranged from less than one year to more than 30 years of experience. The median response was 10-20 years of experience with almost 39 percent of respondents having 11-20 years of experience in operating an agritourism enterprise. Table 3 shows the years of experience by number and percentage of respondents.

Number of Customers

The survey asked respondents to estimate the number of customers who visited their enterprise in 2007. The number of visitors reported ranged from less than 500 to more than 20,000 for the 56 respondents who completed this question (Table 9). The majority of respondents, (60.7 percent), reported serving less than 500 visitors. Twenty-nine percent of respondents reported serving between 501 and 20,000 visitors while 10.7 percent reported more than 20,000 visitors. Our survey did not collect information on which enterprises were seasonal operations.

If we project these survey percentages to the 630 enterprises and use midpoint values from the ranges of visitors, we estimate that 2.35 million visits were made to Iowa agritourism businesses annually.

Gross Value of Sales

When given a list of nine different gross sales categories, respondents were asked to identify the category that best describes the annual gross value of agritourism sales for their enterprise in 2007. Of the 57 respondents, 20, or 35.1 percent, reported gross sales of less than \$5,000 (Table 7). Another 35.1 percent of respondents reported sales between \$5,001 and \$20,000, while 12.3 percent earned between \$20,001 and \$50,000. Nine respondents (15.8 percent) indicated sales over \$75,000. Overall, 70.6 percent of the enterprises reported that their sales had increased in the past five years. (Fig. 2)

Using our survey results we can project to an estimate of total sales by the 630 agritourism businesses in our initial sampling list. Using midpoint values of the sale ranges from Table 7, we estimate \$18.1 million of sales by this group of businesses. This is fairly consistent with the estimate of \$20.6 million of sales by agricultural producers and agritourism services reported in the 2007 Census of Agriculture.

Employment

Agritourism operations support a significant number of jobs. Table 6 summarizes the number of enterprises reporting one or more employees for both full-time and part-time workers. Of the 16 enterprises reporting having full-time workers, 14 reported employing between one and five workers. Of the remainder, one enterprise reported hiring between six and 10 workers. More enterprises reported employing part-time workers. Of the 33 enterprises reporting using part-time workers, 22 (66 percent) reported employing 1-5 workers. Eight reported employing 6-10 part-time workers while one reported 11-20 workers and two reported hiring more than 20 workers.

We are able to project total full-time and part-time employment by Iowa agritourism businesses using mid point values for employment from Table 6. We estimate 620 full-time workers and 1,968 part-time workers are employed by Iowa agritourism businesses.

Marketing Activities

A major objective of the survey was to understand the level of business planning activities used by agritourism businesses in Iowa. Iowa agritourism enterprises report their primary target audience as the general public and families (76 percent) in table 10. A small number report targeting tourists, elderly or locals as their primary market audience. Only 35.1 percent of businesses track how far customers travel to visit their operation (Fig. 3)

Business and marketing plan activities appear to be rather limited for this group of entrepreneurs. A minority of the respondents indicated they had a marketing plan for their enterprise. 38.2 percent (Figure 4). Only 34% have a website (Fig 6) and 60 percent spend less than \$500 per year on marketing (Tables 8). Other indications of limited marketing activities include that only 25.4 percent have their farm listed with the Iowa Department of Tourism, 12 percent are listed with Visit Iowa Farms and 27.1 percent use some other organizational advertising outlet (Table 12).

The question on organizational membership indicates that survey participants most frequently listed their participation in the Iowa Farm Bureau Federation (Table 13). Membership in the Iowa Christmas Tree Association and the Iowa Fruit and Vegetable Growers were the next most common organization participation. A relatively small number, 18.6 percent, belong to a national direct marketing association (Fig 7.) At this stage, a very small percentage of the respondents, 21.2 percent express an interest in forming an Iowa agritourism association (Fig. 8).

Internet Use

Web sites and e-mail can be effective promotional and communication tools for agritourism enterprises. Survey participants were asked if they had Web sites and e-mail addresses for their operations. Less than half (46 percent) of the 210 enterprises have Web sites, and 62 percent have e-mail addresses. Figures 15 and 16 illustrate the portion of enterprises with Web sites and e-mail addresses.

Summary and Conclusions

Although the survey represents the responses of a relatively small set of agritourism enterprise operators, the results provide some insights into the nature, scope and activities of these businesses. Based on the survey averages, we estimate Iowa agritourism industries receive 2.37 million visits and have \$18.1 million visitors annually. In addition to their own labor, an estimated 620 full time and 1,968 part time workers are employed by agritourism industries in Iowa.

The survey and assessment of existing agritourism enterprises was successful in gaining information valuable to assist the Iowa agritourism enterprises in their efforts to enhance farm income through agritourism, expand tourism income within rural communities and establish a sustainable, long-term program. Information from the survey will be useful for promoting participating enterprises, create a profile of the Iowa agritourism industry and identify areas where research, education and outreach are needed.

Table 1.
Type of Direct Marketing.

Type of Direct Marketing	Number of Respondents	percent
Bed and Breakfasts	11	0.117
Christmas Tree Farms	19	0.202
Farmers' Market	24	0.255
Fruit and Vegetable u-picks	9	0.097
Hiking for a fee	0	0
Horseback riding	0	0
Hunting/fishing for a fee	0	0
Mazes for a fee	3	0.032
On-farm retail stores	12	0.128
Trail riding	0	0
Wineries	3	0.032
Other	13	0.138
Total	94	1

Table 2.
Number of Years Involved in Agritourism/Direct Marketing.

Years of involvement	Number of respondents	percent
1-10	21	0.356
11-20	23	0.390
21-30	10	0.170
30+	5	0.085
Total	59	1

Table 3.
Number Acres in your Operation.

Acres of operation	Number of respondents	percent
1-10	33	0.569
11-20	14	0.241
21-50	8	0.138
51-100	3	0.052
More than 100	0	0
Total	58	1

Figure 4.
Is Agritourism/Direct Marketing your Primary Occupation?

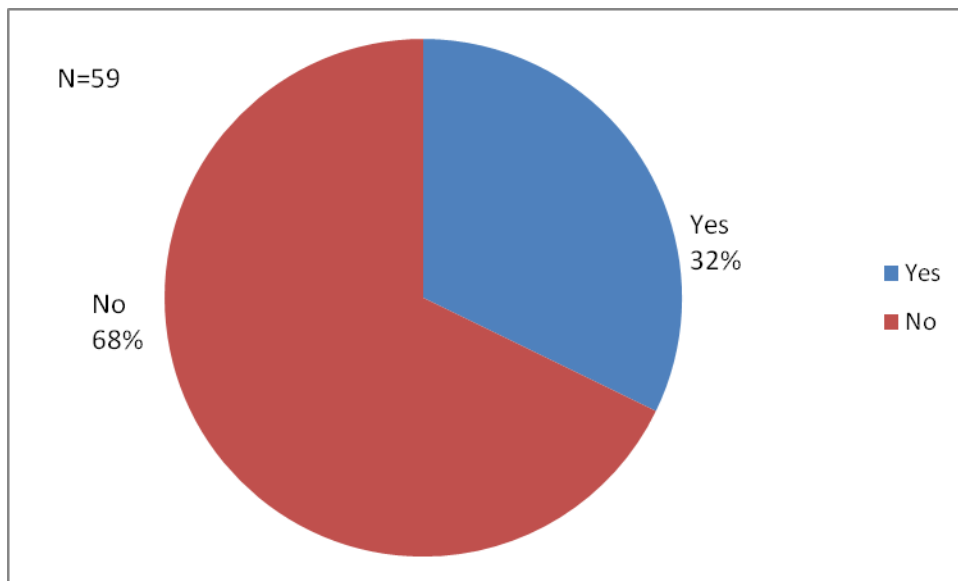


Table 5.
What County Is your Operation Located In?

Number of Enterprises	Counties
4	Warren
3	Muscatine, Story, Clayton,
2	Chickasaw, Cedar, Hancock, Grundy, Winnebago, Marshall, Dickinson, Franklin,
1	Carroll, Adair, Benton, Black Hawk, Carroll, Cherokee, Lee, Linn, Louisa, Madison, Monona, Palo Alto, Polk, Sac, Scott, Shelby, Sioux, Tama, Washington, Webster, Dallas, Delaware, Des Moines, Dubuque, Hamilton, Hardin, Iowa, Jones, Kossuth,

Table 6.
How Many Full-time and Part-time Employees Do you Utilize?

Full time	Number of respondents	Percent (full time)	Estimate of Full Time Employees
0 employees	22	0.579	0
1-5 employees	14	0.368	35
6-10 employees	1	0.026	8
11-20 employees	1	0.026	15
More than 20	0	0.000	0
Total	38	1.000	58
Aggregate Iowa Estimate (630 enterprises)			621

Part time	Number of respondents	Percent (part time)	Estimate of Part Time Employees
0 employees	18	0.353	0
1-5 employees	22	0.431	55
6-10 employees	8	0.157	64
11-20 employees	1	0.019	15
More than 20	2	0.039	50
Total	51	1.000	184
Aggregate Iowa Estimate(630 enterprises)			1969

Table 7.
Estimate your Annual Sales From Direct Marketing/Agritourism.

Annual sales	Number of respondents	Percent	Estimate of sales
Less than \$500	4	0.070	\$1,000
\$500-\$2000	7	0.123	\$8,750
\$2,001-\$5,000	9	0.158	\$31,500
\$5,001-\$10,000	9	0.158	\$67,500
\$10,001-\$15,000	8	0.140	\$100,000
\$15,001-\$20,000	3	0.053	\$52,500
\$20,001-\$50,000	7	0.123	\$245,000
\$50,001-75,000	1	0.018	\$62,500
More than \$75,000	9	0.158	\$1,125,000
Total	57	1.000	\$1,693,750
Aggregate Iowa Estimate(630 enterprises)			\$18,123,100

Figure 8.
Have you Had an Increase/Decrease in Annual Sales?

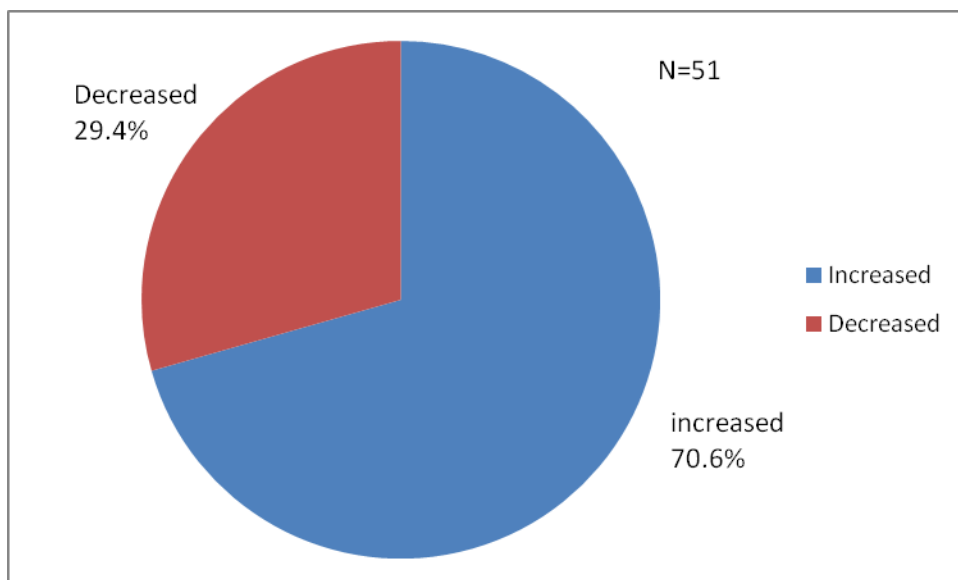


Table 8.
Estimate your Annual Expenses from Direct Marketing/Agritourism.

Annual expenses	Number of respondents	percent
0-\$1,000	7	0.123
\$1,001-\$2,500	11	0.193
\$2,501-\$5,000	13	0.228
\$5,001-\$10,000	6	0.105
\$10,001-\$20,000	8	0.140
More than \$20,000	12	0.211
Total	57	1

Table 9.
Customers Served Annually at your Direct Marketing/Agritourism Operation.

Number of customers	Number of respondents	percent	Estimate of customers
0 customers	0	0.000	0
1-500 customers	34	0.607	8500
501-1,000 customers	4	0.071	3000
1,001-5,000 customers	9	0.161	22500
5,001-10,000 customers	1	0.018	7500
10,001-20,000 customers	2	0.036	30000
More than 20,000	6	0.107	150000
Total	56	1.000	221500
Total*10.7			2,370,050

Table 10.
Do you Track Distance Customers Traveled?

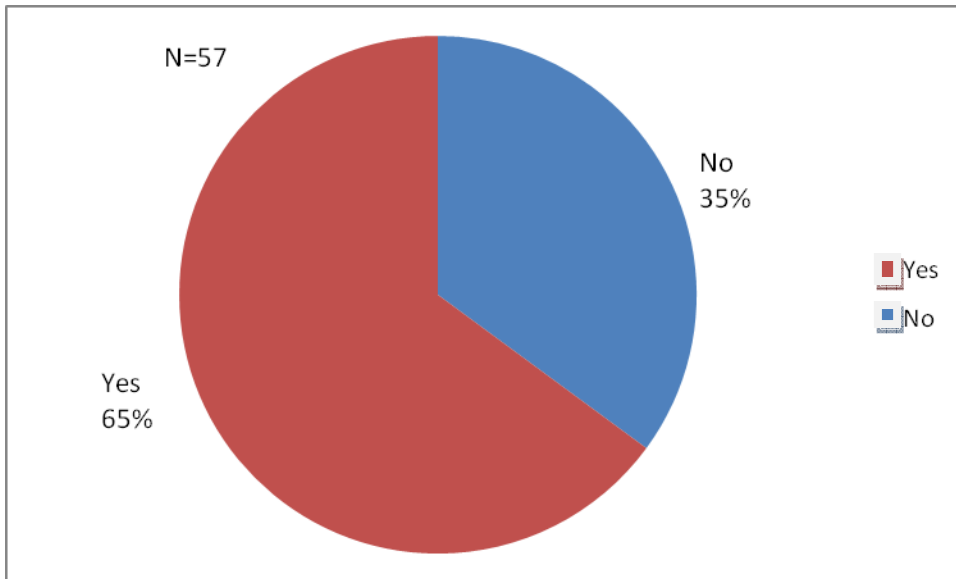


Table 11.
Target Market for Direct Marketing/Agritourism.

Target market	Number of respondents	Percent
General Public	21	0.420
Families	17	0.340
Tourists	4	0.080
Retirees/seniors	2	0.040
Local	6	0.120
Total	50	1.000

Figure 12.
Do you Have a Marketing Plan?

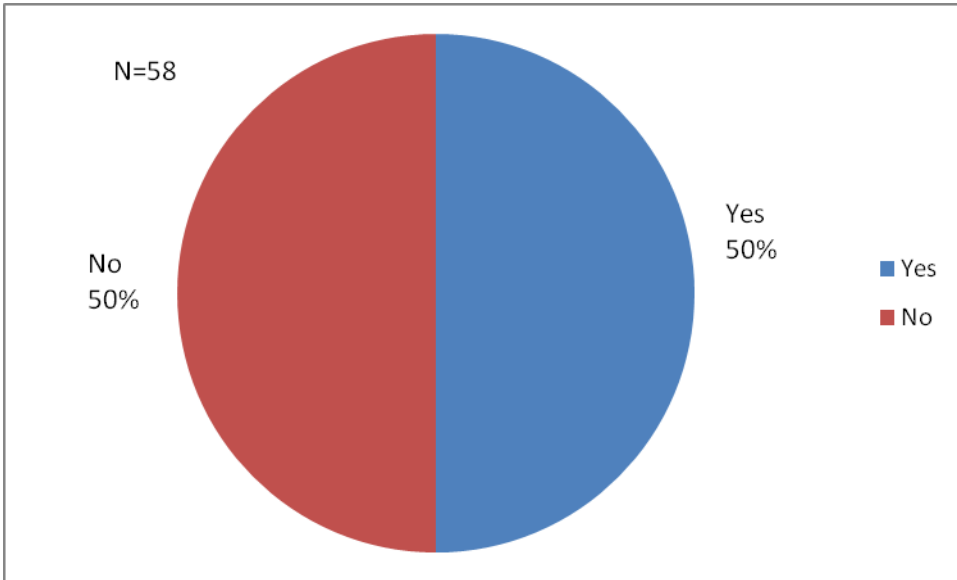


Figure 13.
Do you Have a Business Plan?

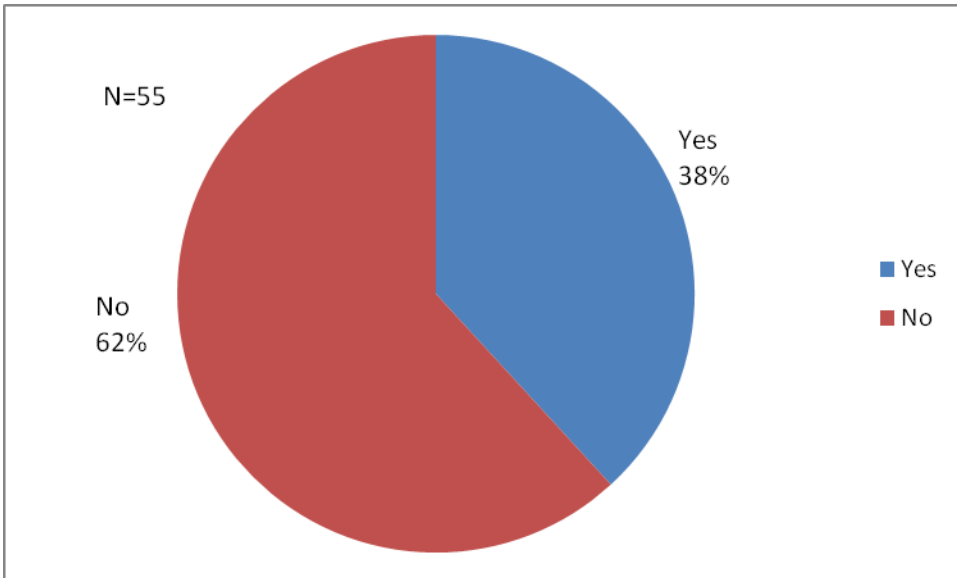


Table 14.
How Much Money is Spent on Marketing Annually?

Amount of money	Number of respondents	Percent
\$0-\$200	16	0.291
\$201-\$500	17	0.309
\$501-\$1,000	10	0.182
\$1,001-\$5,000	6	0.109
\$5,001-\$10,000	2	0.036
More than \$10,000	4	0.073
Total	55	1.000

Table 15.
Do you Have a Web Site?

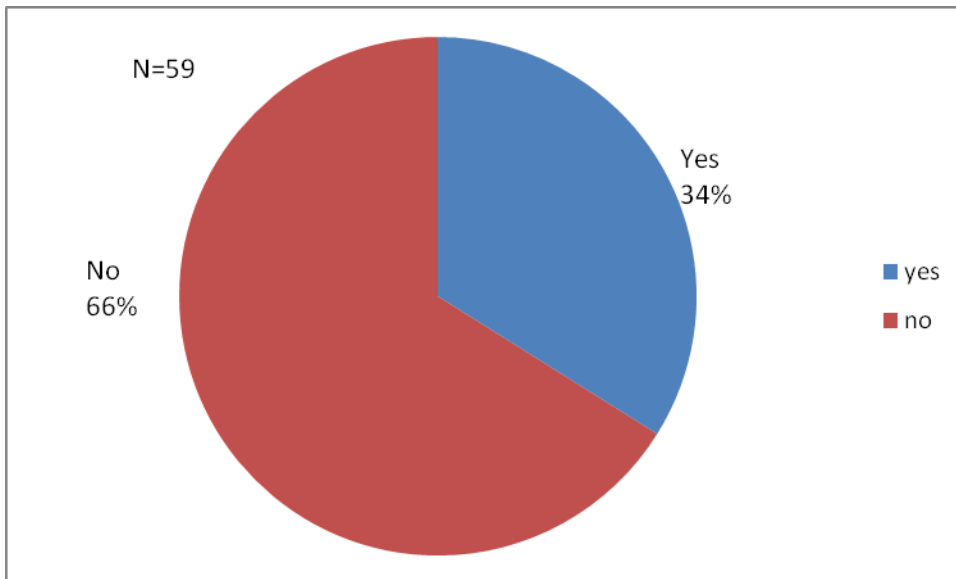


Table 16.
Is your Farm Listed on the Following Sites?

Lists and publication	Number of respondents	Percent
Iowa Dept. of Tourism	15	0.395
Visit Iowa Farms	7	0.184
Other	16	0.421
Total	38	1.000

Table 17.
Do you Belong to a National Direct Marketing Association?

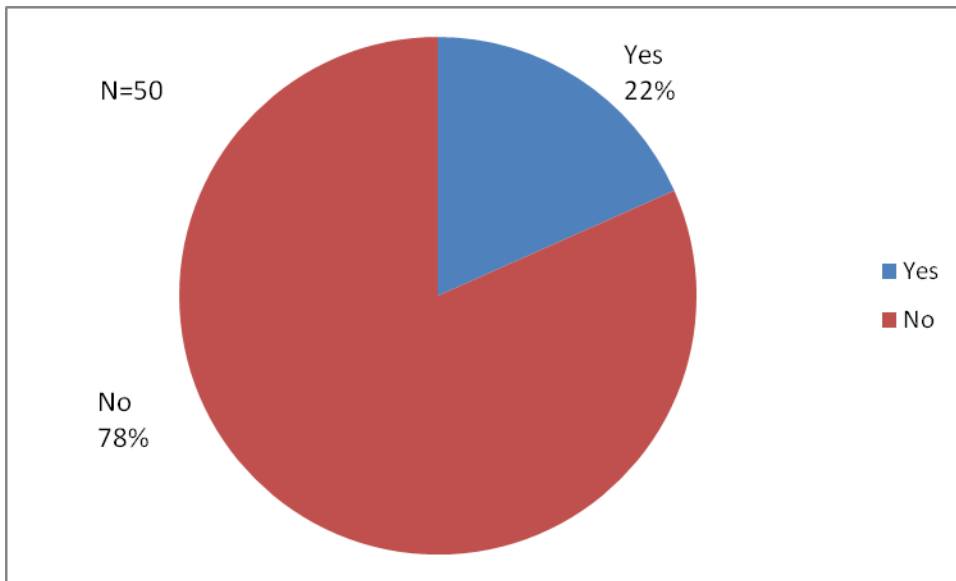


Table 18.
Do you Belong to Associations in Iowa?

Associations in Iowa	Number of respondents	percent
Practical Farmers of Iowa	6	0.065
Iowa Farm Bureau Federation	25	0.269
Iowa Farmers Union	1	0.011
Iowa Fruit and Vegetable Growers	13	0.140
Iowa Winegrowers Association	2	0.022
Iowa Christmas Tree Association	14	0.151
Iowa Bed and Breakfast Association	3	0.032
Iowa Bed and Breakfast Innkeepers Association	4	0.043
Regional Iowa Tourism Association	5	0.054
Local Chamber of Commerce	10	0.108
Others	10	0.108
Total	93	1.000

Table 19.
Do you Have an Interest in Forming an Iowa Agritourism Association?

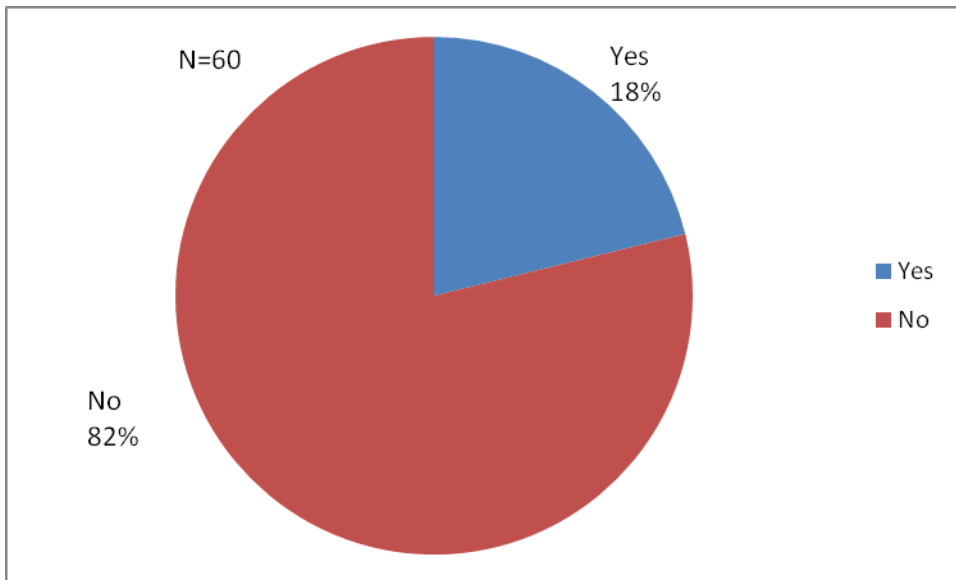


Table 20.
Number of Farms and Sales of Agritourism Products, Iowa and U.S. 2007.

	Iowa Farms	Iowa Sales	U.S. Farms	U.S. Sales
Agritourism & Recreation Services	245 farms	\$3.1 million	23,350 farms	\$566 million
Agricultural products sold directly to individuals for human consumption	2,987 farms	\$16.5 million	136,817 farms	\$1.2 million
Cut christmas trees & short-rotation woody crops	169 farms	\$1.0 million	13,374 farms	\$384 million
Apple	364 farms		25,591 farms	
Grapes	335 farms		25,892 farms	
Pumpkins(fresh market)	279 farms		14,877 farms	

Source: 2007 census of Agriculture