

**EXPANDING DIRECT MARKETING OPPORTUNITIES THROUGH FARM SHOPS IN WESTERN
TOURISM DESTINATIONS: EXTENSION PROGRAM DESIGN**

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Abstract

Direct marketing outlets have expanded dramatically due to increasing consumer demand for local fresh and valued-added food products, especially in the western US. Direct marketing has been crucial in creating jobs, expanding market opportunities for agricultural producers, and spurring regional economic development—especially in prime tourism destinations, where visitors spend almost half of their travel budget on food and beverages. On-farm shops/stores, where producers can sell their fresh produce, value-added food items, and other arts and crafts are popular direct marketing avenues in the UK and some eastern US states. There are very few on-farm shops in the West, however, likely due to high initial investment costs, lack of experience and information on farm shop management and marketing. The I-15 corridor in the Intermountain West provides access to over 20 national and state parks, and thus, is a prime area for tourism development, including on-farm shops for producers looking to access this market.

To assess producer interest in on-farms shops, producer preferences for shop location, as well as the primary hurdles and educational topics they view as important, an online survey of small-scale producers in the Intermountain West states of Utah, Nevada, Idaho, and Wyoming was conducted in November 2013. Survey results show interest in farm shops is high among respondents as 36% have considered selling their products through farm shops, 79% would

attend Extension workshops on farm shop establishment and operation, and 73% would consider joining a food hub or state-wide farm shops system.

This project will enhance the economic viability of small farms in the region by introducing opportunities to diversify markets, market outlets and product lines through farm shops. A curriculum on best practices and assessing economic feasibility for farm shop development focused on the tourism market will be delivered through workshops across the Intermountain West.

Introduction

Food tourism is gaining momentum, as agricultural producers look to diversify their operations in order to achieve economic sustainability (Everett and Slocum, 2013) and tourism providers struggle to find the regional distinctiveness necessary to differentiate themselves against other tourism destinations (Lane, 2009). In the Intermountain West, agritourism has received extensive industry and policy focus (Thilmany et al., 2007). However, it can be argued that traditional agritourism is only a sub sample of a broader agricultural related tourism industry, which also includes food tourism. Many policy directives and funding in the Intermountain West region have neglected to address the larger picture of uniting the growing tourism industry with the local foods movement.

Food tourism is a concept that has gained significant attention in recent tourism literature. It is recognized as a vehicle that can enhance a destination's tourism offering and create backward

linkages that generates additional economic opportunities for local residents in tourism destinations (Telfer and Wall, 1996). Especially in areas where farming and food production constitutes a large economic sector, food tourism provides an avenue to promote and distribute local agricultural production while simultaneously providing the tourist with a means by which cultural experimentation can occur (Everett and Aitchison, 2008). Government agencies have also realized the potential of food tourism's ability to enhance the sustainability of tourism development (du Rand and Heath, 2006) and have created a culturally-aware and critically-orientated policy research agenda that supports agriculture and tourism partnerships (DEFRA, 2002). The result is that food is increasingly becoming part of the sustainability agenda for many communities, especially in Europe, and emphasis has been placed on food tourism to supplement the agricultural sector and broaden the scope of regional development schemes in rural areas (Sharples, 2003).

Food tourism is important in strengthening a region's identity, sustaining cultural heritage, easing fears of global food homogenization, and supporting a region's economic and socio-cultural foundation (Everett and Aitchison, 2008). Therefore, community identity and cultural distinctiveness can be expressed through food tourism while providing an avenue for economic development (Rusher, 2003). The ultimate policy agenda for uniting food production and tourism are two-fold: to fulfill utility goals that involve the contribution of the farming sector in the overall health of the economy; and enhance equity goals that focus on the provision of satisfactory incomes for rural populations (Pretty, 2002).

Research has shown that tourists spend approximately 40% of their travel budget on food and beverages when traveling (Boyne et al., 2002). Additionally, tourists may travel exclusively for food related experiences, such as brewery and winery tours, cooking schools, etc. Food can enhance tourists' experiences and can be used to represent the image and distinctiveness of the destination (Quan and Wang, 2004). Therefore, identifying and positioning food for the tourism market is highly desirable in developing a potential regional image for tourists.

Corigliano (2002) argues that regions that take advantage of their food and beverage offerings and position them as part of their premier tourism basket will benefit highly through the increased value of their destination.

The I-15 corridor in the Intermountain West (See Figure 1) provides access to over 20 national and state parks and other outdoor tourism activities (skiing, hiking, fishing, boating, rafting, etc.), and thus, is a prime area for agriculture and food tourism development. In 2012, Utah had 23.5 million visitors and it is estimated that visitors spent over \$4 billion. According to the Utah Department of Workforce Services, tourism is a key job creator in rural Utah counties, employing 41.9% percent of the workforce in Garfield County, 35.6% in Grand County and 32.8% in Kane County for example (Park Record, 2013).

This project seeks to enhance economic development in rural areas of the Intermountain West by opening up new markets and diversifying outlets and product lines of small-scale agricultural and food producers in Utah, Idaho, Nevada, Wyoming, and Montana, through ag/food tourism development and expansion, as well as coordinated marketing efforts through current tourism

publications. The project will focus on small-scale producers, which make up 90% of all farms in the Intermountain West (defined by the USDA as those who have less than \$250,000 in annual sales (USDA –AgCensus, 2007)). Thus, their long-term success is important for the economic survival of these communities.



Figure 1. US Intermountain West.

Background

Traditional industries, such as farming, face new challenges with increasingly globalized supply chains and price-competitive marketing strategies employed by food service providers.

However, consumer food safety concerns in combination with the potential environmental repercussions of global food systems, consolidation among food industry players, and a perceived loss of distinguishable food identities, has resulted in widespread discouragement with current food distribution systems (Goodman and Du Puis, 2002). Thus, consumers are turning to regionally-identified foods, relying on local direct markets and distribution networks (Lockie and Collie, 1999).

The local foods movement in the US has fueled the expansion of direct market outlets for fresh local foods. For example, the number of farmers' markets increased by 184% percent from 2000 to 2013 (2,863 to 8,144) (USDA-AMS 2014). Other typical direct outlets such as farm stands and community supported agriculture (CSA) programs have also grown dramatically in number due to consumer concerns regarding foods safety, diet/health, the environmental impacts of conventional food production and transportation, as well as the desire to support local agriculture and preserve local agricultural lands (Curtis and Cowee, 2011; Darby et al., 2008; George et al., 2011). Research suggests that those consumers who support local producers and purchase local foods through direct marketing outlets at home also seek to experience local and traditional food/drink when traveling (Curtis et al., 2009). The direct marketing of local foods has been crucial in creating jobs, expanding market opportunities for agricultural producers, and spurring regional economic development (Curry and Oland, 1998). Direct marketing venues such as farm shops/stores (both on and off-farm), where producers can sell their fresh produce, value-added food items, and other products are popular in the UK and some areas of the US, but there are very few farm shops in the Intermountain West (less than 25 in Utah, Nevada, and Idaho combined), likely due to high initial investment costs, as well as lack of experience selling to tourists/visitors and knowledge regarding visitor preferences.

Food tourism is defined as “the desire to experience a particular type of food or the produce of a specific region” (Hall and Sharples, 2008, p.10) and covers a vast number of gastronomic

opportunities for tourists (Okumus et al., 2007), as well as economic development schemes. Food tourism has been hailed as a vehicle for regional development that can strengthen local production through backward linkages in tourism supply-chain partnerships (Telfer and Wall, 1996; Renko et al., 2010) and is regarded as an important vehicle in delivering sustainable tourism (Everett and Aitchison, 2008). In rural areas where food production constitutes a large percentage of the economic output, food tourism offers new opportunities to promote and distribute local produce while providing an enhanced visitor experience through the expression of community identity and cultural distinctiveness (Rusher, 2003).

In the Intermountain West, academic studies and Cooperative Extension publications document the rise of direct market distribution networks, such as farmers' markets, consumer supported agriculture programs (CSAs), and farm stands/shops. However, there are only a few studies that have acknowledged the rise of agritourism in this region (Gascoigne et al., 2008). A study of agritourism visitors in Arizona found that visitors were seeking a farm experience, especially when they had children unfamiliar with farm life (Anderson and Hall, 2000). In a study involving 11 western states, many of them Intermountain states, Wilson et al. (2006) measured the impact of Conservation Reserve and Wetland Reserve programs on the productivity of agritourism operations. They found that public investment through these national programs did enhance the recreation (and tourism) revenue streams of the study areas by increasing native animal populations and supporting a growing hunting and fishing industry.

Healy (2009) documented the advantages of a locally formed ranch cooperative in Montana and found that the network helped match vacationers with specific ranches that offered a customized holiday experience and helped ranchers create an 'authentic' touristic experience. This limited list of agritourism and food tourism studies show the need for a much larger scale investigation into economically feasible models of ag/food tourism activities. An investigation is needed to assess the willingness of agriculture and food producers to diversify into food tourism, consumer (tourist) perceptions of food in the Intermountain West and the food related images currently promoted, as well as strategies for integrating food tourism into current tourism activities.

Program Design

This project is designed based upon the standard Logic model (Millar et al., 2001), which describes logical linkages among audience needs and program resources, activities, outputs, and short, intermediate, and long-term outcomes (Table 2). The situation and target audience of the program is founded and described based upon the *Needs Assessment*. The assessment also provides the foundation for fashioning the economic and social impacts, both private and public, that the program aims to achieve. Required inputs, outputs, and evaluation tools can then be chosen or created to best achieve the program results/impacts desired. The following paragraphs describe the needs assessment conducted and an overview of the results, the current program outputs and activities planned, and finally the program impacts and evaluation methods.

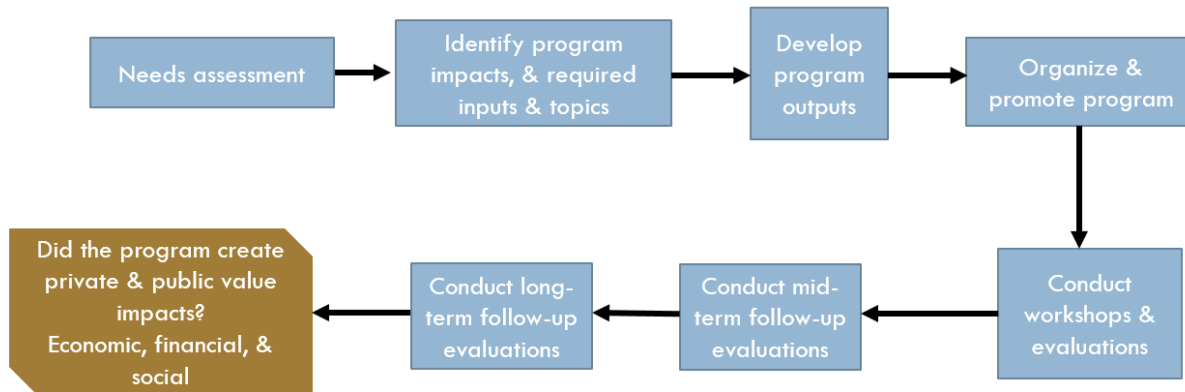


Figure 2. Extension Program Design Schematic.

Needs Assessment

To assess producer interest and educational needs related to programming in agritourism and farm shops specifically, a web-based survey of small-scale producers in the Intermountain West (Utah, Nevada, Idaho, and Wyoming) was conducted in November 2013. Producers were recruited through programming list serves of Extension programs in the target area. A total of 96 producers responded to the survey.

The survey respondents primarily marketed their products through direct marketing outlets such as farmers' markets (72.8%), as well as by internet (38%) and to restaurants (36%). Just over 45% of the respondents had five years or less experience farming and 49% had annual gross revenues under \$5,000. About 63% indicated they were located near a tourism destination or on a direct travel route between destinations, 36% (Figure 3) had already considered selling their products through on/off-farm shops, and 24% were already involved in

agritourism activities (farm stays, hay rides, school visits, etc.). Additionally, 49.3% felt that the new activity should be located on or near their farm/operation and 32% would locate it in a nearby town. Over two-thirds (73%) were interested in joining a marketing cooperative, such as food hub or state-wide farm shop system (Figure 4)and 79% would attend Extension workshops on best practices for ag/food tourism expansion and operation.

The primary benefits noted by respondents in rank order (Figure 5) were, 1) additional market for current products, 2) a venue for year-round sales, 3) an outlet for value-added/processed product sales, and 4) additional income opportunity for family members. Infrastructure (capital) investment was the primary hurdle noted by respondents, followed by governmental regulations, insurance costs, marketing, and labor availability, respectively (Figure 6). Respondents ranked marketing, pricing, financing options, and processing/labeling value-added products highest among the education topics they would like to see offered through programming (Figure 7).

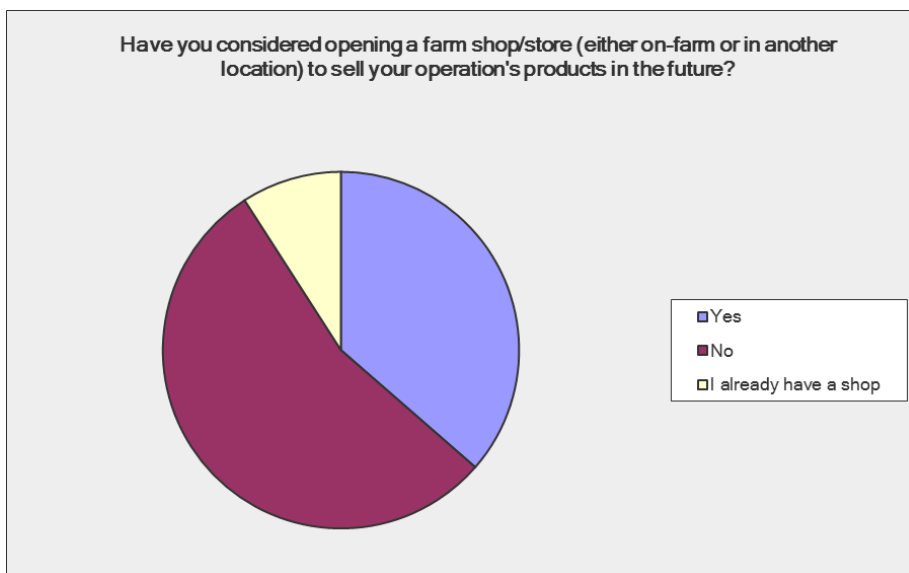


Figure 3. Interest in Farm Shops as a Marketing Outlet

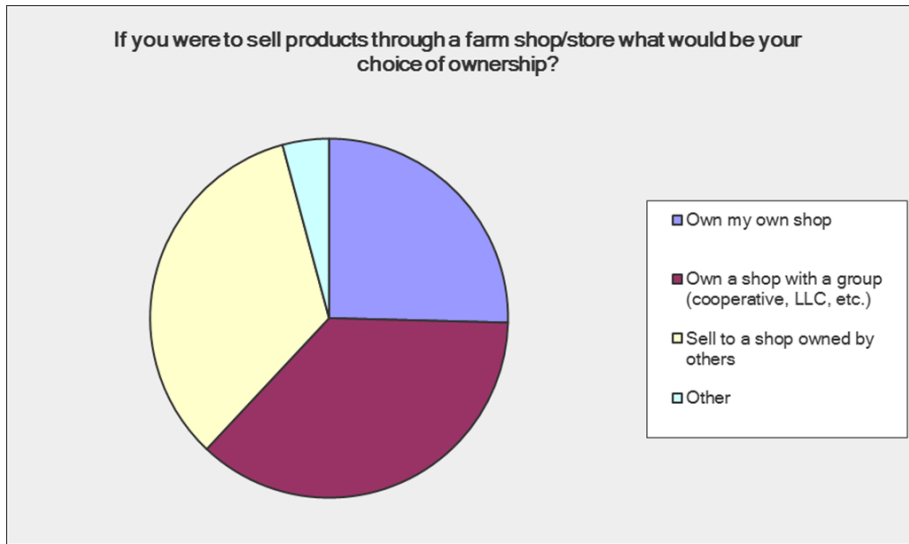


Figure 4. Ownership Interest

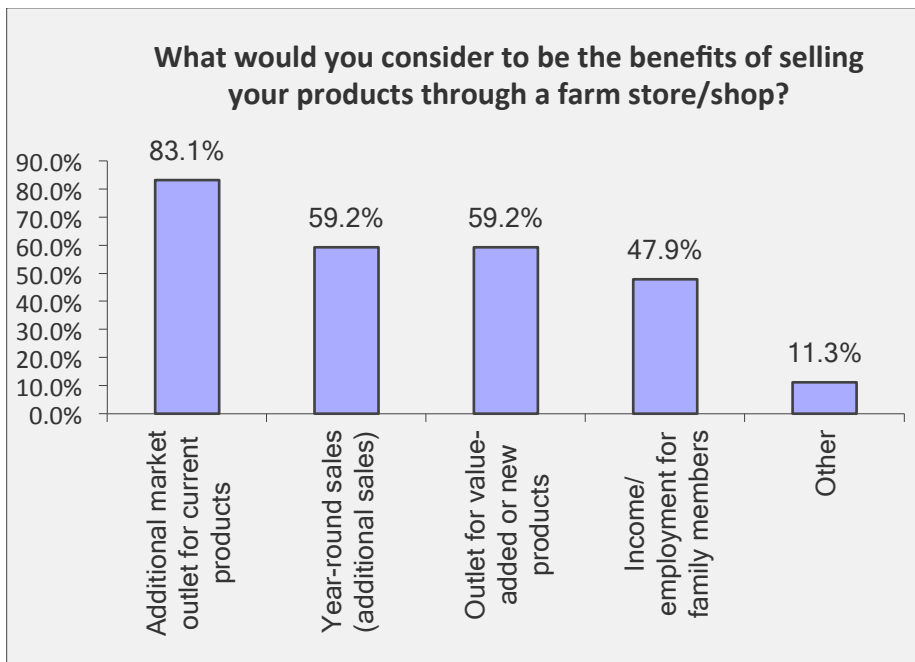


Figure 5. Benefits of Sales through a Farm Shop

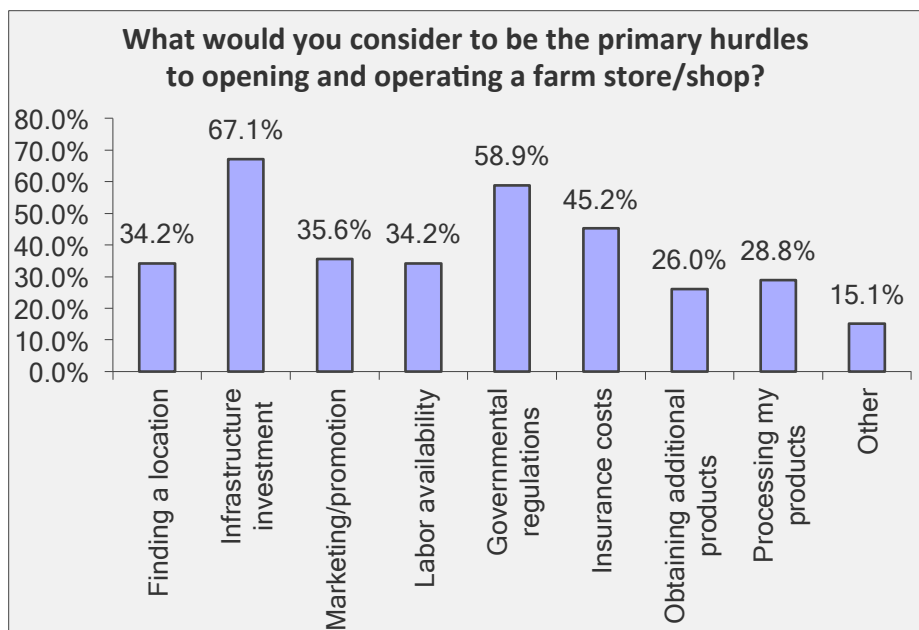


Figure 6: Primary Hurdles to Opening/Operating a Farm Shop

If you were to attend a workshop/training on farm shop sales, what topics would you like to see covered? (Check all that apply)

Answer Options	Response Percent	Response Count
Financing	63.1%	41
Hiring and managing employees	35.4%	23
Marketing/promotion	75.4%	49
Ordering and inventory management	33.8%	22
Product placement and arrangement	40.0%	26
Processing/labeling value-added products	61.5%	40
Pricing products	66.2%	43
Contracting with store owners	52.3%	34
Other (please specify)	9.2%	6

Figure 7: Educational Topic Rankings

Program Outputs

A curriculum on best practices and assessing economic feasibility for farm shop development focused on the tourism market will be delivered through workshops across the Intermountain West. Engaging, interactive Extension programming, where participants are given the tools needed to successfully evaluate new opportunities and the ability to use those tools by the end of the program, demonstrate a high likelihood of success in terms of participant achievement of

program goals/results and ultimately the economic and social impacts desired. This project follows this hands-on engagement model. The project will deliver face-to-face workshops, where instructors will lead producer participants through a step-by-step process of evaluating the financial, regulatory, and marketing aspects of introducing farm shop sales and value-added products into their operation. Workshop materials will include a notebook including topic-based fact sheets and worksheets participants will complete during the workshops, as well as check lists, action plans, and excel assessment tools for their use in completing all remaining project results. The project will also track participant progress, in terms of achieving project results and resulting impacts. All materials will be available online and distributed to Extension professionals.

Program Impacts and Evaluation Methods

All project activities will be evaluated for participant knowledge gain/attitude change, practice change, and economic and social impacts resulting from the educational programming.

Proposed project impacts or results are provided in Table 1. Evaluation instrumentation will be quantitative in design primarily, utilizing Likert-type scales that provide participants with flexibility to answer question items as honestly as possible while allowing analysis using basic descriptive statistics. The Likert-type scales featured in questionnaires will pose user-friendly questions and provide both positive and negative options, with each containing equal numbers of choices. Evaluation design with these type of ordinal response options will be meaningful, balanced, easy to understand and complete, and easy to distinguish from the question and response directions. An accurate, user-friendly evaluation instrument will include numbered,

simply worded questions, simply worded responses, clear instructions, logical question order, attractive and easy to read design and format.

Evaluation instrumentation will be designed to measure project benefits/impacts. Evaluation questions will assess baseline knowledge, skills, attitudes, motivation, confidence, behavior, practice and decision-making. The baseline data (pre-workshop) will be used to compare with post-workshop evaluation data to gauge immediate changes as a result of educational intervention in an intense learning setting. Retrospective evaluations will be designed to measure knowledge retention over time in addition to subsequent desired attitude and behavioral changes. Similarly, these evaluation instruments will be quantitative in design, utilizing Likert-type scales and will be user-friendly and simple to answer. Retrospective questionnaires will be as brief as possible so as not to require lengthy time involved with completion, and thus ensure a higher response rate.

All evaluation instrumentation will be designed early on in the project planning phase so as to match impact measures with identified benefits/impacts and teaching/learning activities designed to achieve the identified benefits/impacts. Evaluation instruments will be reviewed by a panel of experts in survey design, and revisions made accordingly. Evaluations will measure the quality and effectiveness of teaching/facilitation, strengths, and areas that may need improvement. Evaluations will also identify the needs, interests, and assets to build on in future programs and projects. Evaluations will measure the type, number and quality of teaching and learning activities, their strengths and weaknesses, the resources that were mobilized, and the

process in general for educational delivery, including participant recruitment and retention throughout the project.

Table 1: Proposed Project Results/Impacts

Proposed Result	Participant Action	When Measured	Number of Participants
1. Understand the components and process of evaluating the economic feasibility of a direct marketing outlet, such as a farm shop	Understand	Post-workshop evaluation	150
2. Understand the various components of farm shop establishment and operation	Understand	Post-workshop evaluation	150
3. Understand the market in terms of tourist preferences and expectations when visiting the I-15 corridor	Understand	Post-workshop evaluation	150
4. Understand the advantages and disadvantages of business entity types, ownership structures, and contracts	Understand	Post-workshop evaluation	150
5. Understand any governmental code, regulations, and permit and licensing procedures for farm shop establishment	Understand	Post-workshop evaluations	150
6. Understand processing and labeling requirements for cottage food production (value-added) and sales	Understand	Post-workshop evaluation	150
7. Understand product pricing, labeling, visual merchandizing, and inventory management best practices	Understand	Post-workshop evaluation	150
8. Develop action plan for completing all for post-workshop activities	Develop	Post-workshop evaluation	150
9. List and investigate farm shop ownership options and costs/benefits of each option	Analyze	Follow-up evaluation -six months	105
10. Investigate farm shop location options and corresponding code and regulatory implications for each option	Analyze	Follow-up evaluation -six months	105
11. Create a listing with a description including type, size, and price of all current and future farm/ranch products which could be sold through the farm shop	Develop	Follow-up evaluation -six months	105
12. Create a basic business plan with common elements, as well as projected investment pay back period and annual operating budget	Develop	Follow-up evaluation -six months	45
13. Investigate USDA grant/loan programs for farm shop financing	Analyze	Follow-up evaluation - 1 year	30
14. Implement farm shop sales through off-site shop in conjunction with others	Implement	Follow-up evaluation - 1 year	15
15. Establish and begin operating an on-farm shop	Implement	Follow-up evaluation - 1 year	10

Conclusions

This project seeks to the enhance the economic viability of small farms and surrounding communities in the Intermountain West by introducing opportunities to diversify markets, market outlets and product lines through farm shops. A curriculum on best practices and assessing economic feasibility for farm shop development focused on the growing tourism market will be delivered through workshops across the region. The curriculum will be based on

the educational needs and issues identified by the target audience in the needs assessment conducted in 2013. Project activities will be evaluated to assess their contribution toward the achievement of the identified program's economic and social impacts.

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