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Success factors in the development of farm vacation tourism

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Abstract:

Farm vacation tourism allows many families to fully use their domestic resources; furthermore it generates social benefits for the surrounding community. We have conducted a study to examine the success factors of this type of tourism. The results clearly demonstrate that one of the key components relies on the entrepreneurial skills of the farmer.

Problem statement and objectives:

A high level of uncertainty has for many years characterized the world agricultural market. In this unpredictable environment rural tourism remains one of the few viable economic options for rural communities (FESENMAIER et al. 1995). Although in some cases the generated profit is only a small-side income (OPPERMANN 1996) the social value of farm vacation tourism² displays a variety of qualitative benefits both for farmers and for guests. As a mutual learning experience (INGRAM 2002), farmers share their abilities with guests and affirm, in this way, their role as loyal partners in the food chain. At the same time customers recall their memory of the past (a past of more genuine food and of forgotten tastes) and rediscover their traditions.

Scientists have been analyzing factors for success for almost 40 years (GRIMM 1983, SCHMALEN et al. 2005) due to the fact that such studies can help entrepreneurs to develop useful strategies for their businesses. The purpose of our study is to examine the success factors of farm tourism. For this reason we conducted an empirical survey on the panorama of German farm tourism and we extrapolated the factors that have helped rural entrepreneurs to successfully develop this type of business. The results clearly demonstrate that the principal component for the success of farm tourism relies on the entrepreneurial skills of the farmer.

Current research in farm tourism:

A great deal of interest has been focused on the area of motivations of farm tourism hosts and guests. On the supply side a plethora of literature has stated that besides the economic reasons, such as additional income, also social ones, such as companionship with guests, motivate both organic and conventional farmers to diversify their activities and enter into this business (MCGEHEE & KIM 2004, NICKERSON et al. 2001, WILSON et al. 2001). On the demand side customers often choose this type of tourism as a means to escape from the city (PUTZEL 1984, NICKERSON et al., 2001); furthermore there is also a strong motivation of seeing children learning from farm activities (INGRAM 2002). Generally speaking rural areas still have a special appeal because of the mystique associated with them (WILSON et al. 2001). Since recent studies have pointed out that the average customer who buys on the farm can hardly distinguish between organic and conventional farmers (NIESSEN & HAMM 2006), we think that the former can find in farm tourism a good opportunity to educate guests on the main features of the organic market.

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²In the following part of the study we use the abbreviation farm tourism

Procedure:

Since our purpose was to discover the key factors for the success of farm tourism we carried out an empirical analysis. As a starting point we chose the study of WILSON et al. (2001). This analysis adopts a qualitative method (in-depth interviews with focus groups) and has a community approach, which means that farm tourism is considered within its local economic context. The implication for policy makers is to support the whole community around the farm facility in order to generate multiple effects and positive externalities (e.g. the preservation of regional traditions and local food variety). In the study of Wilson et al. many indicators of success were taken into consideration in order to represent the multidimensionality of this type of tourism: attraction, promotion, tourism infrastructure, services and hospitality. Nevertheless tourism entrepreneurs and their role in fostering these components have been left out. In our analysis of success factors however we do include the entrepreneurs' skills and we use both qualitative and quantitative indicators for success within a quantitative-confirmative approach (Fig. 1).

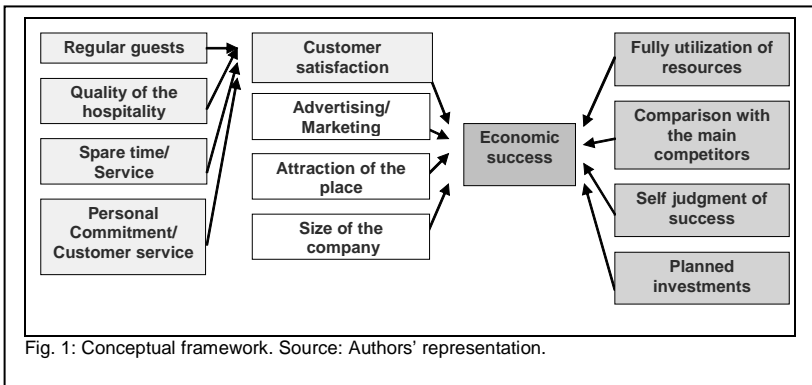


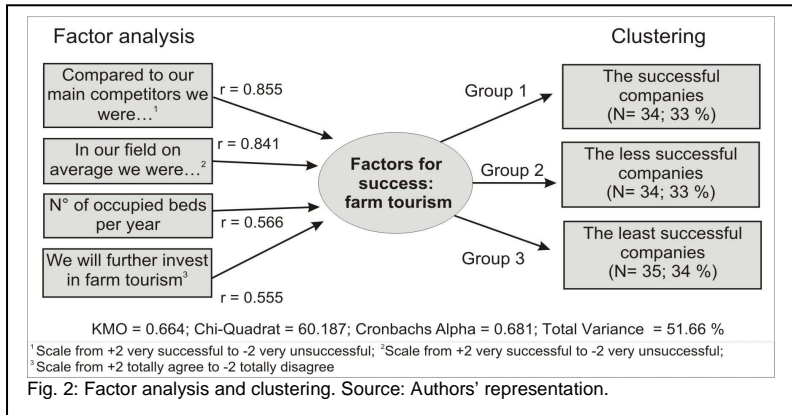
Fig. 1: Conceptual framework. Source: Authors' representation.

We conducted an on-line survey in the state of Lower Saxony, in the north Midwest of Germany, based on a comprehensive approach, which looked at both quantitative (e.g. number of beds) and qualitative (e.g. self judgment of success; planned investments) variables. The questionnaire was filled in by 103 farmers with a response rate of 23.6%. The majority of farm facilities is located in the most attractive areas of Lower Saxony: the so called *Lüneburger Heide* (34% of farmers) and the north-east region of *Nordseeküste, Ostfriesland and Cuxland* (29% of farmers). On average farmers offer 18.2 beds.

Results:

For the data analysis we first adopted a principal components factor analysis in order to create a success factor (index). In the second step we differentiate this factor into very successful, less successful and least successful clusters (Fig. 2). By means of a variance analysis of passive factors we interpreted these success groups. The respondents of the first group judge themselves as very successful. This self estimation was confirmed by the number of nights their beds are occupied each year (occupancy rate). The respondents of group one performed well with an occupancy rate of 204 nights whereas group three only had 77 nights (group two: 135 nights). When asked if they would invest further in farm tourism, the respondents of the first group mainly agreed (mean=1.25) compared to group two (mean=0.41) and group three

(mean=0.21). Farms in group one are generally bigger with 25 beds ($\alpha = 0.001$) against the 16 beds of group two and the 15 beds of group three. Group one also displays the highest amount of regular guests with a clear 38% attendance whilst group two reports 32% and group three 28%.



We conducted a variance analysis in order to detect the main reasons of success throughout the three groups. Respondents of group one believe that their success is especially due to their personal skills (Tab. 1). They stressed in particular the importance of providing rich activities programs for their guests and to show a constant personal commitment. Other factors expressed by the respondents, such as the high quality of the hospitality (especially comfort and cleanliness) and the power of attraction of the farm (e.g. large variety of animals), were also partially confirmed by the variance analysis.

Tab. 1: Analysis of variance among passive factors for success.

What are the main reasons of your success? ¹	Group 1	Group 2	Group 3
Personal skills of the farm entrepreneur***	1.59 ($\sigma = 0.56$)	1.24 ($\sigma = 0.58$)	1.06 ($\sigma = 0.64$)
Quality of the hospitality**	1.85 ($\sigma = 0.36$)	1.63 ($\sigma = 0.49$)	1.36 ($\sigma = 0.70$)
Power of attraction of the farm*	1.39 ($\sigma = 0.93$)	0.57 ($\sigma = 1.28$)	1.09 ($\sigma = 1.04$)

¹scale from +2 = totally agree to -2 = totally disagree; *** = $p < 0.001$, ** = $p < 0.01$, * = $p < 0.05$; σ = standard deviation

Source: Authors' calculation.

Conclusions:

Our investigation provides evidence for two main aspects: on the one hand the majority of the successful farmers judge their personal skills as one of the most important factor for success; on the other hand we have stated that the size of the company does matter which demonstrates the importance of economies of scale in the sector. This leads to the conclusion that many farmers of group one, who have started farm tourism for sake of diversification (additional income), have eventually chosen -or are going to choose- to develop it as their main economic activity. It is therefore of the utmost importance to establish a coherent dialogue with the main personnel of local government (chambers of commerce and agriculture, schools, business consultan-

cies). This is consistent with previous investigations, which have highlighted the importance of the community approach to tourism development, as tourism is a place-oriented (WILSON et al. 2001) social business (NICKERSON et al. 2001). Nevertheless the scope of our research is reduced to the German panorama of farm tourism. Further studies, also within a cross-country's approach, could highlight chances and differences of this type of tourism.

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