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By

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AGRITOURISM AND DIRECT AGRICULTURAL MARKETING IN WASHINGTON STATE: AN INDUSTRY PROFILE[1]

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Abstract

The objective of this report is to take stock of the activities, motivations, impacts and challenges faced by the farms in Washington as they relate to agritourism and direct marketing. We characterize the agritourism entrepreneurship and direct marketing activities in different counties of the State through a direct survey of industry respondents. Also, we determine the extent to which Washington's agritourism and direct marketing industry attracts local and foreign tourists. We find that the direct marketing industry in the State is well established but the agritourism activities are still developing. Most farms that conduct agritourism are small farms (with less than $250,000 of total sales), whereas direct marketing farms vary in size and include some larger farms in terms of sales. The primary reasons for operating are to earn additional income and educate the local populace regarding agricultural and local activities which illustrates economic and altruistic motives for farmers. Respondents feel that the main obstacles to the industry are State laws and regulations and concerns about liability. Farm operators in the industry rely on social networks to enhance production capacity as well as help increase demand for their product or service. Development of social networks may help overcome current and future obstacles of farms leading to overall growth of the industry.

I. Introduction

Washington State farmers produce many profitable, high-value crops and the State is a significant contributor to U.S. crop production as a major producer of a number of fruits and vegetables, such as apples, hops and potatoes (USDA NASS 2007). Agriculture is also the second leading export sector in the State after aircrafts and ahead of computers and electronics.[3] However, declining farm profits and real farm incomes over the past decade have put pressure on some farmers to augment their income. According to the 2007 Agriculture Census, total sales of the farm in Washington amounted to $6.8 billion, averaging $172,917 per farm. Despite product diversity and significant acreage allocation for crop production, net returns to growers have been declining since 1997. Figure 1 illustrates the trends of income and expenditure in the Washington State agricultural industry from 1987 to 2007. Gross receipts have been generally increasing over time along with farm production expenses. However, farm income has been declining since 1997. One potential mechanism by which producers can increase income is by expanding farm-related activities and tapping into retail markets through direct sales, processing, packaging and agritourism activities.

One strategy to increase farm income is diversification. Developing an alternative farm enterprise like agritourism is a way of capitalizing on the farm's agricultural products. Two of the most important reasons often stated for why farms operate an agritourism business are to supplement income and to employ diversification strategies in order to safeguard income against fluctuations in agricultural markets (Nickerson *et al* 2001; McGehee and Kim 2004; Ryan *et al* 2006). Agritourism is an enterprise at working farms which generates income and is conducted

[3] According to the Washington Office of Financial Management (OFM), in 2008, agricultural exports were about 1/3 of aircrafts but almost 4 times that of computers and electronics, the third leading export sector (http://www.ofm.wa.gov/trends/tables/fig106.asp).

for the enjoyment, education and active involvement of visitors. While agritourism is an established industry in many European nations, it is an emerging niche in the United States.

A number of farms not only conduct agritourism activities but also engage in direct marketing of products. The outlets for products range from road-side stands to local groceries and community-supported agricultural markets. Direct marketing of produce can increase freshness, quality, and variety for the consumer and increase farm operator revenues from sales at retail rather than commodity price levels. Farm operator net revenues will depend on the costs of direct marketing including increased transportation, labor and management costs. Direct marketing may also have external benefits. It may reduce transportation costs and GHG emissions as noted by "eat local advocates," though actual results will depend on the characteristics of the transportation and distribution mode. For instance, ship and rail transport have lower costs and emissions per mile than trucks.

Recent studies show that farm-based recreation activities have a widespread appeal to economic and community development since they generate benefits, not only to farmers, but also to providers of other goods and services in the community. Surveys in Vermont and Hawaii show an increase in total annual farm income from agritourism by 86% between 2000 and 2002, and by 30% between 2000 and 2003, respectively (New England Agricultural Statistics Service 2000, 2002; Hawaii Agricultural Statistics 2004). Agritourism activities may also have a positive effect on local employment. The increase in annual employment from agritourism activities across counties in difference states vary widely. For instance, in San Diego County, Florida an additional 69 jobs annually are added due to agritourism (Lobo *et al.* 1999). In contrast, in South Miami-Dade County, Florida agritourism activities generate an additional average of 2,600 jobs annually (Evans and Hodges 2006).

In Washington State, a number of farms in different counties practice agritourism activities, such as winery tours, U-pick farms and lavender festivals, or engage in direct marketing activities. Internet savvy farm operators and farmer groups have websites that present their business information and variety of agricultural products and experience offered. Examples of these are the Cascade Foothills Farmland Association, Green Bluff Growers and Puget Sound Fresh-Agritourism Farm Directory, among others. The Washington State University Small Farms Program also has a farm-finder database. However, having a consolidated inventory of the agritourism and direct marketing activities in each county would demonstrate a united front with respect to marketing agritourism at the state level and enhance its competitiveness with other states.

The growing importance of agritourism and direct marketing in Washington is supported by conferences and publications that aim to educate farmers on these ventures (e.g., Beus 2008). Recently, the Governor's Workgroup on Agritourism prepared a report examining the regulatory opportunities and barriers of permitting a "homestay" or overnight lodging at small farms – a very popular form of agritourism in Europe (Vasquez 2008). Although homestay is only one of numerous on-farm recreation activities, the report demonstrates the interest of the Governor's office, state agencies, county planners and development specialists in agritourism. However, there is an existing knowledge gap about the primary drivers and overall scope of agritourism in the State. The overall status and extent of agritourism as well as the various types of agritourism and direct marketing activities in Washington is currently unknown. Lack of this knowledge about the overall structure of the agritourism and direct marketing industry is an important issue because, without it, we cannot adequately and thoroughly characterize the different benefits that accrue to the farms and to other economic sectors from these activities. Additionally, policies that develop the agritourism and direct marketing industry in Washington State cannot be instituted without understanding the factors that influence the participation decision in these businesses.

The objective of this report is to take stock of the activities, motivations, impacts and challenges faced by the farms in Washington as they relate to agritourism and direct marketing. We use a direct survey of industry participants to document the characteristics of the agritourism and direct marketing industry in the State. The survey provides us with verifiable information in which to frame the identification and estimation of current and future agritourism and direct marketing benefits to the farmers and the local economy. In particular, we characterize the agritourism entrepreneurship and direct marketing activities in different counties of the State. This allows us to gain a better understanding of the diversity of these activities operated by farmers in different areas of Washington. Also, we determine the extent to which Washington's agritourism and direct marketing industry attracts local and foreign tourists. This allows us to gauge the marketing prospects of promoting Washington's various agritourism activities and farm products to consumers.

The remainder of the report is organized as follows. Section 2 outlines the survey procedures. Section 3 presents the results of the survey. Section 4 concludes the report.

II. Survey Procedures

The research approach involved a two-stage process: (1) a preliminary inventory of agritourism activities in different counties of Washington; and (2) surveys of farm operators with farm-based recreation business, where the sample is determined from *stage 1*.[4]

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[4] Note that our original target respondents were agritourism operators. As we built the sample frame we included enterprises that had either or both agritourism or direct marketing operations. Our final sample frame was inclusive, but there may be under representation of direct marketing only operations.

In the first stage, we collected information of various agritourism and direct marketing businesses from websites and Internet searches. In an effort to build a comprehensive sample frame, we also conducted surveys of Extension faculty/staff in each county. Local extension agents are very knowledgeable about the diverse agritourism-related activities within their respective counties and were our first contact points in the field. We sent Extension agents a cover letter and survey, which included a brief description of the study and questions about the contact information of agritourism businesses within the county. We conducted follow-up telephone calls to the selected agents one week after the survey was mailed. This was to: (1) determine if they are the appropriate persons to fill out the questionnaire and obtain a referral in case they are not; (2) answer any questions they have about agritourism, the survey and our study; and (3) talk with them about who else in the county might be knowledgeable about agritourism and farms engaged in agritourism in the area. This stage helped us include as many agritourism operations as possible for the study. The survey questionnaire to the Extension agents is shown in Appendix 1. As we collected and compiled the data from the surveys and from the Internet, we eliminated duplicates and compiled the contact information of businesses including phone numbers, email address and mailing address. From this, we were able to develop an extensive database of diverse agritourism businesses in the State.

In the second stage, we developed a survey questionnaire that focused on the characteristics of the farms and operators, types of recreation activities offered, types of direct marketing and motivations and challenges of operating their business. The sample of the survey was determined by data collected in stage 1. A pilot questionnaire, in both printed and electronic forms, was tested first with select people at Washington State University and industry in order to note any necessary modifications to the final questionnaire.[5] We uploaded the electronic version to the Internet and sent the website link to the participants.[6] The web-based survey technique was convenient for respondents who use and have access to the Internet. A mail-back survey captured those businesses that do not maintain email addresses.[7] Hence, in stage 2 we had two groups of respondents — those with and without documented email addresses. After testing and improving the survey instrument, we adapted the modified Dillman's (1978) mail-back survey methodology by Rademaker *et al.* (2007). Table 1 illustrates the sets of mailings that are sent to two groups of the survey sample.

III. Results

We identified a total population of 292 small and medium-sized farms that conduct some form of agritourism and/or direct marketing activity in Washington.[8] Out of the 292 farms, 119 responded to our survey yielding a response rate of 41%. Approximately 67% of respondents answered via the online survey. We begin by presenting an overall description of the Agritourism and Direct Marketing Industry in Washington as revealed by our survey responses. Then, we discuss the farm characteristics and demographics of those that are in the industry. Lastly, we present the social network support, motivations and challenges facing the industry.

Overview of the Agritourism and Direct Marketing Industry in Washington State

We identify two major classifications of activities in farms across Washington. Farms that conduct agritourism activities and/or those that engage in direct marketing of their products. Approximately 13% of respondents conducted direct marketing exclusively while 9% engaged in

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[5] We included farms that conduct directing marketing after the pre-test survey showed that some farms were engaged in both agritourism and direct marketing.
[6] A sample of the electronic survey is provided in: http://impact.wsu.edu/ADAM/Survey.html.
[7] Appendix 2 provides a sample of the mail survey along with the count, mean and mode of selected questions.
[8] Small farms and medium-sized farms are defined as those having total sales of less than $250,000 and between $250,000 and $499,999, respectively (USDA ERS, 2005).

an agritourism activity only. The majority of our respondents (76% of the respondents) conducted at least one agritourism activity and engaged in direct marketing. We subdivide agritourism activities into dining and accommodation, year-round activities, seasonal activities and U-pick and identify the outlet of those that conduct direct marketing.

Table 2 summarizes the agritourism and direct marketing activities of the survey respondents. The majority of respondents participate in some form of the year-round activity. Ranch or farm tours are the most common agritourism activity, followed by farms that host special events. The most common seasonal activities in Washington are pumpkin patches and Christmas tree stands, while the most common forms of U-pick activities are fruits and berries. Although these agritourism activities are identified as some of the most common activities, they are not always regarded as the primary activity of the farm. For instance, only five farms out of the total number of respondents identify their primary activity as ranch or tour farms. Among all the agritourism activities, wine tour tasting and related activities were identified as the most common primary activity of the farm. Thus, the other commonly identified activities such as pumpkin patches, U-picks and farm tours may be regarded as secondary activities in the farming business in Washington.

About 89% of respondents directly sold their produce through a marketing outlet. Thus, direct marketing activities of farm produce play an important role in sustaining farm activities. The most common outlet of produce is the road side stand followed by local grocery stores and local restaurants. This result emphasizes the role of local farms in supplying local businesses.

Table 3 identifies the most common agritourism and direct marketing activities by county in Washington. The agritourism activity identified as the most common primary activity in the Southeast Region of Washington is wine tasting and related activities. This is not surprising since this area boasts much of Washington's wine industry. In the Northwest region and South Puget Sound, direct marketing activities via road-side stands and local stores are the most common activity. Given the large population of fruit growers in the Northeast region, most responding farmers also engage in U-pick fruits and sell their produce in road-side stands and local stores. In the Olympic Region, growing flowers is a significant activity which has lead to a prevalence of U-pick flowers and direct selling in local stores. Lastly, we find that the most common activity in the Pacific Cascade region is farm and ranch tours.

Table 4 summarizes the location of customers or guests. The majority of the customers (guests) are local or come from other counties in Washington. Thus, most of these activities go directly towards fueling the local economy. If we categorize activities according to agritourism activity or direct marketing activity only, we find that there is a slight difference in the proportion of local versus other county consumers. Agritourism consumers are still mostly local but those that conduct only direct marketing have mostly consumers from other counties. This may indicate that consumers from a county are more willing to travel to other counties to purchase produce directly from farmers. It could also indicate that farmers participate in a farmer's market or have a store in a neighboring county; therefore making their produce available to out-of-county consumers. On the other hand, the agritourism activity does not seem to attract as many residents from other counties but caters more to their local community.

Relatively few consumers come from outside of Washington. About 17% of customers come from other states and a small fraction from other countries. The most commonly identified foreign consumers are from Canada, Japan and the United Kingdom. Thus, the agritourism and direct marketing industry in Washington does not yet seem to have a well known national and international awareness relative to other states such as Montana and Vermont.

The number of visitors also fluctuates by season. The average monthly number of visitors during the peak season is 6500 while it drops by about 80% during the low season. If we separate between direct marketing activities only and agritourism activities only, most consumers are from the former. In a high season, farms that conduct only direct marketing report an average of 21,630 monthly customers while in the low season they have about 5,700 monthly customers on average. In contrast, farms that conduct only agritourism activities have 5,200 monthly guests in the high season and can drop to as low as 20 monthly guests in the low season. These results highlight both the sensitivity of the industry to seasonal influence on guests and customers as well as the large gap between agritourism and direct marketing consumer profile. Here, the cost of production in farms conducting agritourism is likely to be higher per unit customer than the per unit cost of serving direct market buyers.

Farm Characteristics

Agritourism may be a relatively new endevour for many agricultural producers in Washington State, while for many, direct marketing has been part of farm activities for several decades. We report the duration of operations for direct marketing and agritourism businesses in Table 5. Nearly a third of those involved in direct marketing have been in business in the range of eleven to twenty years. A quarter of the direct marketers have done so for between twenty-one and thirty years, and almost 40% have been in the business for over thirty years.

Agritourism has only recently become part of the business plan for many Washington State agricultural producers. Over a third of those in the agritourism business have operated for less than ten years. More than half of those providing agritourism opportunities began these endeavors between eleven and twenty years ago. Only about 10% of agritourism operations are over the age of twenty-one. Thus, direct marketing is more established in Washington State, as compared to agritourism.

The firms that participate in both direct marketing and agritourism activities are also relatively new in Washington State. Recall that these are the majority of the sample farms. Over 44% of these producers have been in both businesses for less than ten years. Approximately 29% have operated from eleven to twenty years. And, 15% and 12% have been serving the public for twenty-one to thirty years and more than thirty years, respectively.

In Table 6 we present the percent of farms operating on different acreage ranges. Generally, agritourism occurs on smaller farms than direct marketing operations. Approximately 45% of the agritourism farms operate on twenty acres or less while 18% range between thirty-one and forty acres. The largest 10% of agritourism operations occur on farms between two hundred fifty-one and three hundred acres.

Direct marketing farms a wide range of sizes compared to the agritourism operations. Approximately 25% of these farms range between eleven and twenty acres, 6% range between twenty-one and thirty acres, and 19% between thirty-one and forty acres. Over 19% of the direct marketing operations produce on farms ranging from fifty-one to one hundred and fifty acres, and 13% of these farms range between five hundred and one to one thouand acres. More than 6% direct marketing operations occur on farms over three thousand acres.

The size of farms involved in agritourism and direct marketing tend to be smaller than other types of agricultural production. According to ERS (2010A), the average farm size in Washington State in 2007 was three hundred eighty one acres. The distribution of farm sizes in Washington State varies widely across areas because of differences in the type of crop produced. Washington State production includes wheat, barley, corn, soybeans, forage, over forty-five types of vegetables, and nearly thirty types of fruit (USDA NASS, 2007). Much of the grain production occurs on relatively large acreages, while products like specialty crops are more likely grown on relatively smaller operations. Agritourism and direct marketing may be associated with crops that are produced on smaller farms.

The total on and off farm income of households operating in the agritourism or direct marketing sector vary widely, as can be seen in Table 7. More than 18% of the operations report incomes between $75,001 and $100,000, and 9% earn between $100,000 and $200,000. Additionally, 9% of the agritourism operations earn more than one million dollars. However, nearly 55% of the agritourism operations earn gross revenues less than $25,000. Approximately 9% earn between $25,000 and $50,000. These farms may be hobby operations, in the development stage of production, or may simply generate relatively low levels of income. The ERS (2010B) reports that the mean net farm income per operation in Washington State in 2008 topped $49,700.

Direct marketers earn much more than agritourism operations on average. Only 7% of direct marketing operations earn less than $25,000. Approximately 20% earn between $50,000 and $100,000. Nearly 33% of these operations earn between $400,000 and $750,000. And more than 25% of direct marketing households earn more than one million dollars in gross revenue.

The gross incomes of operations providing both direct marketing and agritourism are more evenly distributed between the income levels. Approximately 22% earn less than $25,000, and 7% garner more than one million dollars. A significant number of farms earn incomes in each income levels.

Agritourism and direct marketing operations often employ non-family member employees. We present the employee information in Table 8. Nearly 27% of the agritourism farms have no additional permanent employees. Approximately 18% require four seasonal employees. Nearly 10% of agritourism firms hire 5 to 9 seasonal workers, and none of the farms in our sample hire ten seasonal workers or more.   Direct marketing operations often require several seasonal workers, as nearly 70% of these firms hire ten or more seasonal workers.

Approximately 50% of direct marketing operations hire two or three permanent workers. Nearly 13% hire 4 and 6 permanent workers and 25% hire nine or more permanent workers. Approximately 36% of agritourism operations hire one permanent worker and another 36% hire two. Over 9% hire three workers and 18% hire four permanent workers.

The operations that engage in both agritourism and direct marketing hire all numbers of seasonal and permanent workers. The number of permenant workers is typically between 2 and 4, and seasonal workers are usually hired in small numbers or not at all.

Social Network of Farms

Advertising activities of farms involved in direct marketing and agritourism are summarized in Table 9. The average number of advertising outlets used by farms is 4.3, suggesting that these businesses are employing a diversified marketing plan for reaching potential audiences. The most commonly used advertising outlets are websites dedicated solely to the farm's business. Other common outlets include advertising through farm groups, print publications such as magazines or newspapers, the local chamber of commerce, and simply word of mouth. Travel agents and travel websites appear to be the least commonly used advertising outlets for direct marketing and agritourism farms.

Farms that only conduct direct marketing rely more heavily on some form of advertising than those that have some agritourism activity. Advertisements through farm group associations are the most common form of advertisement for farms that only conduct direct marketing. On the other hand, websites dedicated to the farmer's business are the main means of advertising for a farm that conduct some agritourism activity.

The responses regarding current memberships are listed in Table 10. The vast majority, 90%, of all respondents are members in a farm, tourism, or community organizations. On average, farmers belong to two organizations. The exact nature of the organizations may be difficult to determine, but the names provided were analyzed to determine the general intent of the organizations. Approximately 40% of farms are involved in organizations that appear to be commodity-specific, while 27% are involved in organizations that are likely to focus on agritourism activities without a specific commodity focus. It is likely that these organizations provide benefits to farmers that include production information, advertising, or other resources geared toward the unique business structure and target audiences of the direct marketing and agritourism industry. The largest percentage of farms, 67%, belongs to organizations that appear to be very general in nature and may provide a large variety of benefits to members.

A related question in the survey asked for willingness to join an organization of other agricultural producers engaged in agritourism activities. As shown in Table 10, a majority of respondents, 73%, stated they would be interested in joining such a group. If we disaggregate responses by farm activity, we find that those more willing to join an organization are those that conduct some form of direct marketing. Interestingly, a majority of respondents that only conduct an agritourism activity are unwilling to join a new organization.

We identify those farm owners who have contacted different agencies for assistance with their farming or agritourism business and summarize the results in Table 11. The most common contact made by respondents was toward Extension Agents, with approximately 64% interacting with this group. Respondents that conduct only agritourism activities have a relatively higher rate of contact with extension agents than those that participate in some form of direct marketing. State, county, and city government contact was made by approximately one-third of the respondents. The percentage of farms that used other or no resources of this nature was 20% and 21%, respectively. Approximately half of the farms that responded made contact with at least one of these agencies, suggesting that current information on the agritourism and direct marketing industry is being sought out from Extension and government agencies.

Opportunities and challenges facing agritourism and direct market farms

Table 12 reports respondents' reasons for starting or operating an agritourism or direct market farm. The dominant reason is to provide additional income. On an "importance" scale, the average rating was 4.6 -- indicating that a high frequency of respondents viewed income as extremely important. Interestingly, the next two most important reasons, as measured by a virtual tie in their average importance rating, both reflected altruistic motives. Respondents gave "providing a service or an opportunity to the community," and "helping to educate the public about farming and agriculture" rankings of 3.76 on a five point scale, and the modal (most frequent) response was five (extremely important).

If we disaggregate the results by the type of operation, the results are fairly close to the overall ranking. For those that conduct only direct marketing, the main reason for operating is still additional income followed by the educating the public and to provide service to the community. For agritourism operators only, the ranking are slightly closer between altruistic service and additional income. There is a tie between earning additional income and educating people. This result also holds for firms that conduct both agritourism and direct marketing.

Since farm businesses are often family enterprises we expected that employment for family members would be an important concern. However, results were mixed. On the one hand, while the most frequent response to this question was five (extremely important), the average response was only three on the five point scale. An interpretation is that the enterprises are heterogeneous in this dimension. While family employment is extremely important for some, it is not very important to others in the industry.

In sum, the results suggest that income was important for virtually all farms surveyed. Social purposes and family concerns were important for some farms. Two other plausible motives, tax purposes and hobby pursuits scored very low – they seem to be judged not important.

Turning to obstacles faced in starting or expanding these enterprises, we found three challenges that were most frequently felt to be "major obstacles" as shown in Table 13. The first two of these three challenges involved laws and regulations. Both "state regulations and rules" and "land use rules/zoning" had very high average ranking indicating a strong overall feeling among respondents that these were major obstacles. This holds true across all business types: direct marketing only, agritourism activity only, and farms that conduct both. However, these issues seem to be most important for those that conduct direct marketing only. Interestingly, land use and zoning laws are of slightly less concern for those that conduct agritourism only.

In general, all respondents were concerned about potential liability. The pattern of this response category tells an interesting story. Although the most frequent rating assigned to "potential liability" was a four (above average obstacle), the average rating was lower than four. Hence, it seems potential liability is a challenge that concerns a broad segment of enterprises, especially those that conduct some agritourism activity. With potential liability third to general regulations and land use laws as the most cited challenges overall, it is clear that legal issues rank high in the minds of operators of these enterprises. The importance of laws and liabilities suggests an unsettled state in the property rights surrounding agritourism and direct marketing businesses. Economic analysis suggests that healthy markets need well-defined property rights. The results suggest ill-defined property rights, at least in the minds of the operators.

Lack of time and lack of financial resources were the next most frequently cited challenges. Both scored an average rating of three – medium obstacle. Lack of time seemed the more pressing issue for those that conduct both agritourism and direct marketing activities. On the other hand, lack of financial assistance was the next highest concern for firms that are direct marketers only, while lack of lack of insurance availability was the next highest concern for firms that conduct only agritourism activities. The lack of insurance of availability for agritourism operators is likely to fuel their liability concerns.

The rest of the obstacle categories were most frequently rated as not an obstacle. The average ratings were between two (minor obstacle) and three (medium obstacle). This pattern suggests a set of challenges which are situational rather than general. Many businesses find no challenges, while others find minor or medium obstacles. Two of these categories concern scarcity of inputs – insurance and labor availability. Results suggest that, while many of these businesses feel they have adequate access to insurance and workers, some businesses have some concerns about availability of labor and insurance.

Most of the remaining, categories concern challenges having to do with knowledge and human capital -- business knowledge, information, family support, and social networks. Hence, we infer that knowledge and human capital are perceived to be specific and particular challenges rather than general challenges in the industry. Since these results concern perceptions, the implications are not totally clear. If perceptions are accurate, then many or most businesses have adequate information and knowledge support to manage their businesses.

IV. Summary

The agritourism industry in Washington, as a whole, is still developing. The most well known agritourism activities are wine tours and tastings -- located in the Southeast region of the state. On the other hand, the most common agritourism activities, such as farm and ranch tours, pumpkin patches, Christmas tree stands and U-pick activities, are not as well known outside of the state. In contrast, direct marketing activities are well established in the Washington. The Northwest and Northeast regions in Washington contain many well-established farms that sell their produce directly in road-side stands, to local stores and in direct-to-consumer programs.

Most farms that conduct some type of agritourism activity have been in business for less than 20 years and have a farm area less than 100 acres and relatively low gross revenue less than $100,000. Firms that conduct some type of direct marketing have been in business a longer period of time with most having had at least 10 years of experience. There are more large farms that conduct direct marketing compared to those that conduct agritourism activities but most are also small and have 10-200 acres of farmland. There is also more heterogeneity in gross revenue for those that conduct some form of direct marketing.

The two main reasons why firms in the agritourism and direct marketing industry in Washington operate are to earn additional income from operations and to help educate people about farming and agriculture.Respondents feel that state regulations, zoning laws and potential liability are the main hindrances to operation. Farm operators in the industry rely on social networks to enhance production capacity as well as help increase demand for their product or service. Development of social networks may help overcome current and future obstacles of firms in the industry.

Washington State has a significant potential to develop the agritourism industry. By overcoming obstacles in the industry along with an increased presence of social networks, the industry can grow over time. Such a development can help foster economic returns for farmers in the form of additional income as well increased social returns through education of agricultural and farm practices.

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Table 1: Survey Procedures for the Two Groups of Respondents

Group 1: With Internet Access (3 Sets)	Group 2: Without Internet Access (4 Sets)
Set 1: Contained a letter introducing the study and providing the website of the questionnaire Set 2: A reminder post card was sent to the survey sample one week after the first set of mailing, to thank those who responded and request non-respondents to fill out the survey Set 3: A final mailing was sent to non-respondents two weeks after the post card is delivered. The mailing contained a printed copy of the questionnaire and a note about the website link. This gave the respondents the option to mail back the survey or complete it on the Internet, depending on their preference.	Set 1: Contained a letter introducing the study and informing the recipients that they will receive a survey questionnaire via mail. Set 2: A copy of the survey was sent to the survey sample. Set 3: A reminder post card was sent one week after the second mailing to thank those who responded and request non-respondents to fill out the survey Set 4: A final mailing was sent to non-respondents two weeks after the post card was delivered. The mailing contained a replacement survey.

Table 2. Agritourism and Direct Marketing Activities

Agritourism Activity								Direct Marketing	
Year – round activities	Percent participation	Dining and accommodation	Percent participation	Seasonal activities	Percent participation	U – pick	Percent participation	Marketing Destination	Percent participation
Dairy, milking, cheese-making	4	Bed & breakfast	6	Christmas tree stand or U-pick	28	Berries	24	Farmer's markets	34
Guide services (hunting, fishing, rafting, etc.)	4	Guest house, cabin rental	10	Cider press	14	Flowers	22	Local grocery stores	43
Historic farm demonstrations	13	Restaurant	8	Corn/hay maze	17	Fruits	24	Local restaurants	39
Horse rentals, rides or lessons	10	RV park	1	Egg hunt	4	Vegetables	18	Other local retailers	34
On site hunting, fishing	8	Special dining events	24	Pumpkin patch	29			Community supported agriculture	12
Performances	19	Working farm, ranch vacations	6					Other direct-to-consumer programs	33
Petting zoo	17							Roadside stand	45
Ranch or farm tours	54								
Sheep (goat, alpaca) spinning, shearing, etc.	4								
Wagon, hay rides	25								
Weddings and special events	34								
Wine tours, tasting	27								

Table 3. Agritourism and Direct Marketing Activities by Region in Washington

Northwest	Southeast	Northeast	South Puget Sound	Pacific Cascade	Olympic Region
Whatcom	**Whitman**	**Stevens**	**Pierce**	**Wahkiakum**	**Clallam**
Ranch or farm tours	Farmer's market	Dairy, milking, cheese-making	CSA	Bed and breakfast	Upick flowers
Snohomish	Local grocery stores	Wine tours, tasting	Upick berries	Guest house, cabin rental	Wine tours, tasting
Other direct-to-consumer programs	Other direct-to-consumer programs	**Spokane**	**Mason**	Farmer's market	
Roadside stand/store	**Yakima**	Other direct-to-consumer programs	Upick vegetables	**Thurston**	
Christmas trees	Wine tours, tasting	Roadside stand/store	Bed and breakfast	Pumpkin patch	
Pumpkin patch	**Walla Walla**	Upick fruits	**King**	**Skamania**	
Skagit	Wine tours, tasting		Farmer's Market	Weddings and special events	
Roadside stand/store	**Klickitat**	**Pend Oreille**	Other local retailers	**Clark**	
Christmas trees	Wine tours, tasting	Ranch or farm tours	Other direct-to-consumer programs	Other direct-to-consumer programs	
Upick berries	**Grant**	**Okanogan**	Pumpkin patch	Christmas trees	
Wine tours, tasting	Wine tours, tasting	Other direct-to-consumer programs	Upick berries	Dairy, milking, cheese-making	
San Juan	**Douglas**	Roadside stand/store	Ranch or farm tours		
CSA	Cider press	**Ferry**	Special dining events		
Roadside stand/store	**Chelan**	Other direct-to-consumer programs			
Upick flowers	Roadside stand/store				
Ranch or farm tours	Wine tours, tasting				
Wine tours, tasting	**Benton**				
Bed and breakfast	Wine tours, tasting				
Island					
Roadside stand/store					

Table 4. Guest or Customers of Agritourism and Direct Marketing Activity

	Farm Operation			
Source of Guest or Customer	Direct Marketing Only (%)	Agritourism Only (%)	Both (%)	All (%)
Local	38	44	56	41
Other Counties in Washington	45	32	30	39
Other States	13	22	13	17
Other Countries	4	2	1	3

Table 5. The Number of Years in Business for Direct Marketing and Agritourism Operations

Farm Operation	Number of Years in Business			
	0-10 years	11-20 years	21-30 years	Over 30 years
Direct Marketing Only	6	31	25	38
Agritourism Only	36	55	9	0
Both	44	29	15	12
All	39	31	16	14

Table 6. The Percent of Farms Operating on the Given Amount of Acreage

	Farm Operation			
Acres	Direct Marketing Only	Agritourism Only	Both	All
0	0	0	4	3
1-10	0	36	25	23
11-20	25	9	15	16
21-30	6	0	9	8
31-40	19	18	12	13
41-50	6	9	5	6
51-100	13	9	10	11
101-150	6	0	8	7
151-200	0	9	2	3
201-250	0	0	2	2
251-300	6	9	0	2
351-400	0	0	1	1
401-450	0	0	0	0
451-500	0	0	0	0
501-1000	13	0	1	3
1001-2000	0	0	2	2
2001-3000	0	0	0	0
Over 3000	6	0	2	3

Table 7. The Percent of Farms with Total Household Income Levels in Each Income Range

	Farm Operation			
Income	Direct Marketing Only	Agritourism Only	Both	All
Less than $25,000	7	55	22	23
$25,000-$50,000	0	9	14	12
$50,001-$75,000	13	0	7	7
$75,001-$100,000	7	18	9	9
$100,001-$200,000	7	9	11	10
$200,001-$300,000	7	0	9	8
$300,001-$400,000	0	0	6	5
$400,001-$500,000	13	0	3	4
$500,001-$750,000	20	0	8	8
$750,001-$1,000,000	0	0	4	3
Over $1,000,000	27	9	7	9

Table 8. The Percent of Farms with Various Numbers of Permanent and Seasonal Employees

	Farm Operation							
	Direct Marketing Only		Agritourism Only		Both		All	
Number of Employees	Permanent	Seasonal	Permanent	Seasonal	Permanent	Seasonal	Permanent	Seasonal
0	0	0	0	27	2	20	2	18
1	0	0	36	0	7	8	8	6
2	25	6	36	9	38	10	36	9
3	25	13	9	0	16	4	17	6
4	13	6	18	18	12	7	13	8
5	0	0	0	9	8	5	6	5
6	13	0	0	9	4	1	5	2
7	0	6	0	9	3	3	3	4
8	00	0	0	9	2	5	2	5
9	6	0	0	9	1	4	2	4
10 or more	19	69	0	0	5	32	7	34

Table 9. Advertising activities of farms in the agritourism and direct marketing industry

	Percentage of Farms Using Advertising Method by Farm Activity			
Advertising method	Direct Marketing only	Agritourism only	Both	All
None/Word of Mouth	56	36	43	44
Books	44	18	30	31
Chamber of Commerce	75	45	56	58
Farm Group Associations	81	36	68	67
Travel Agents	0	0	2	2
Magazine or Newspaper	75	36	60	60
Internet-travel website	38	9	24	25
Internet-own website	75	73	81	80
Internet-WA travel website	31	0	31	29
Other	31	55	38	39

Table 10. Membership of Farmers to an Organization

		Farm Operation			
		Direct Marketing Only	Agritourism Only	Both	All
Current Member of an Organization	Yes	88	91	90	90
	No	13	9	10	10
Willing to Join a new organization	Yes	75	27	78	73
	No	25	73	22	27

Table 11. Percentage of Respondents that Contact Agencies for Assistance

	Farm Activity			
Contact with any of the following	Direct Marketing Only	Agritourism Only	Both	All
Extension Agent	63	82	62	64
State Agency	25	09	37	33
County or City Government	38	18	41	39
Other	25	18	20	20
None	25	18	21	21

Table 12. Reasons for Operating an Agritourism and/or Direct Marketing Operation

	Direct Marketing Only		Agritourism Only		Both		All	
Reasons for Operating Business	Average Rating	Most Frequent Rating	Average Rating	Most Frequent Rating	Average Rating	Most Frequent Rating	Average Rating	Most Frequent Rating
For additional income	4.81	5	4.00	4	4.51	5	4.59	5
For employment of family	3.81	5	1.82	1	3.10	5	3.08	5
To provide a service/opportunity to the community	4.50	5	3.45	3	3.67	4	3.76	5
For tax incetives	2.31	1	2.09	3	2.13	1	2.18	1
As a hobby; for fun, "to keep active"	2.13	1	2.55	3	2.26	1	2.27	1
To help educate, teach people about farming, agriculture	4.56	5	4.00	4	4.51	5	3.75	5

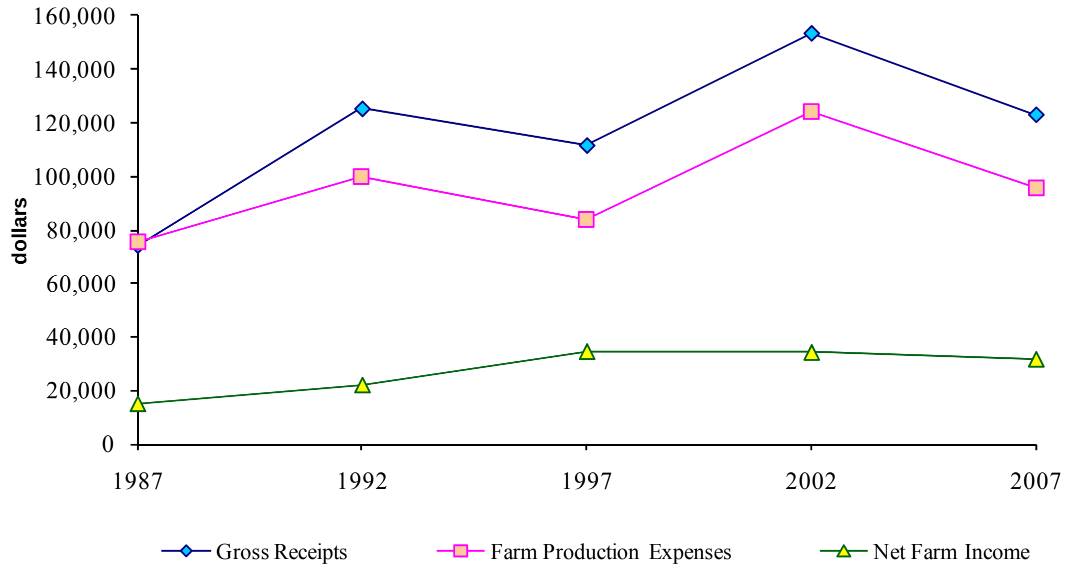
Note: * Rating scale from 1 (not important) to 5 (Extremely important)

Table 13. Obstacles in Expanding/Starting an Agritourism and or Direct Marketing Operation

	Direct Marketing Only		Agritourism Only		Both		All	
Obstacle to expanding or starting business	Average Rating	Most Frequent Rating	Average Rating	Most Frequent Rating	Average Rating	Most Frequent Rating	Average Rating	Most Frequent Rating
State regulations and rules/legal	4.54	5	3.48	5	4.00	5	4.03	5
Land use laws, zoning	4.60	5	3.42	5	3.69	5	3.80	5
Lack of insurance availability	3.33	4	3.09	4	2.76	1	2.86	1
Lack of financial assistance or resources	3.58	4	2.81	4	3.07	2	3.10	4
Lack of workers	3.21	4	2.97	4	2.54	1	2.68	1
Lack of time	3.46	4	3.06	4	3.32	5	3.32	5
Lack of appropriate business knowledge	2.33	1	2.00	1	2.60	1	2.49	1
Lack of family and or public support	2.18	1	2.57	1	2.35	1	2.35	1
Lack of information	2.00	1	2.45	1	2.73	1	2.61	1
Lack of social networks with others in agritourism or recreation	2.27	2	2.36	1	2.52	1	2.48	1
Potential liability	3.37	4	3.72	4	3.44	5	3.46	4

Note: * Rating scale: 1 (not an obstacle) to 5 (major obstacle)

Figure 1: Income and Expenditure Trends in Washington Agritourism (PPI 1982=100), Average Per Farm, 1987-2007



Source: USDA NASS (1992, 1997, 2002, 2007), US BLS (2010).
Note: “Gross receipts” refer to the “total market value of agricultural products sold and government payments”. The combination of sales and government payments is considered a better measure of the economic size of farm since it represents all income resources of an operation, other than income from farm-related sources. “Farm production expenses” includes the production expenses provided by the operators, partners, landlords (excluding property taxes) and production contractors for the farm business “Net farm income” is derived by subtracting total farm and farm-related expenses from total sales, government payments, and other farm-related income. Nominal figures are deflated using the farm products producer price index (PPI) with 1982 as base year.

Appendix

APPENDIX 1. SURVEY TO IDENTIFY AGRITOURISM OPERATIONS IN WASHINGTON

Agritourism is a rapidly developing business opportunity that farmers in many parts of the U.S. are beginning to embrace. Although we know of a number of agritourism businesses in Washington, we know there are many more in the state that we are unaware of. The first step in our research aimed at documenting the current and potential future economic impact of agritourism is to identify as many agritourism operations in the state as possible. Please help us to do this by completing this brief survey. Thank you!

— *WSU Extension, IMPACT Center and School of Economic Sciences*

County:
Name of person filling out survey:

1) How knowledgeable would you say you are about agritourism?
   ☐ Very Knowledgeable ☐ Somewhat Knowledgeable ☐ Not Very Knowledgeable

2) Are you or someone else in your office interested in being involved in educational programs to help farmers and others learn about agritourism?
   a. ☐ YES ☐ NO
      If "YES," please provide the name(s) of persons:

3) Are you aware of people in your county or other nearby areas involved in agritourism businesses of some type (other than wineries)?
   a. ☐ YES ☐ NO
   b. If "NO," please skip to question #5

4) Please list as many agritourism operations and contact people for these operations as you are aware of in your county or area.
   — Use Attached Sheets for Answers to this Question —

5) Are their other agencies or people (e.g., visitors' bureau, chamber of commerce, etc.) in your county who you believe to be knowledgeable about agritourism and who might potentially know of additional agritourism operations in the area?
   a. ☐ YES ☐ NO
   b. If "YES," can you please provide names and contact information for them?

6) Do you have any additional questions, comments or information related to agritourism in Washington you would like to share with us?

Contact Info for Agritourism Operations (Annex to Question 4)

Please provide what information you can about each agritourism business

Name of business:
Briefly describe the nature of agritourism business:
Name of owner/manager:
Phone Number:
Mailing Address:
E-mail Address:
Website Address:

Name of business:
Briefly describe the nature of agritourism business:
Name of owner/manager:
Phone Number:
Mailing Address:
E-mail Address:
Website Address:

Name of business:
Briefly describe the nature of agritourism business:
Name of owner/manager:
Phone Number:
Mailing Address:
E-mail Address:
Website Address:

Appendix 2. Mail-in Survey and Frequency, Averages and Mode of Responses

AGRITOURISM AND DIRECT AGRICULTURAL MARKETING

Agritourism (or agrotourism) is broadly defined as a *commercial enterprise at working farms which generates supplemental income for the farm and is conducted for the enjoyment, education and active involvement of visitors*. Direct agricultural marketing refers to *commercial enterprises that disseminate agricultural produce to consumers.*

PART A. AGRITOURISM AND DIRECT AGRICULTURAL MARKETING ACTIVITIES

Do you participate in any of these agritourism and direct agricultural marketing activities? We have grouped these into 5 categories (local sales, seasonal activities, U-pick, events and dining/lodging) to help you find the activities most relevant to you.

A1. Local Sales *(Please select all that apply.)*

Do you sell your produce or products ...?		
At farmers markets	☐	40
To local grocery stores	☐	51
To local restaurants	☐	46
To other local retail shops	☐	41
To a community supported agriculture	☐	14
To other direct-to-consumer program	☐	39
At a roadside stand	☐	53
Other ___________________________	☐	
NONE of the above	☐	12

A2. Seasonal Activities *(Please select all that apply.)*

Do you provide …?		
A Christmas tree stand or U-Pick	☐	33
A cider press	☐	17
A corn/hay maze	☐	20
An egg hunt	☐	5
A pumpkin patch	☐	34
Other ___________________________	☐	
NONE of the above	☐	55

A3. U-Pick Sales *(Please select all that apply.)*

Do you sell …?		
U-pick berries	☐	29
U-pick flowers	☐	26
U-pick fruits	☐	28
U-pick vegetables	☐	22
U-pick other ___________________	☐	
NONE of the above	☐	57

A4. Events *(Please select all that apply.)*

Do you provide the following …?		
Dairy, milking, cheese-making	☐	5
Guide services (hunting, fishing, rafting, etc.)	☐	5
Historic farm demonstrations, activities	☐	16
Horse (pony etc) rental, rides or lessons?	☐	12
On site hunting, fishing	☐	9

Pack animal rental	☐	0
Performances (music, plays)	☐	23
Petting zoo	☐	20
Ranch or farm tours	☐	64
Sheep (goat, alpaca) spinning, shearing, etc.	☐	5
Wagon, hay rides	☐	30
Weddings and special events	☐	40
Wine tours, tastings	☐	32
Other ______________________________	☐	
NONE of the above	☐	20

A5. Accommodations & Dining *(Please select all that apply.)*

Do you provide the following …?		
Bed & Breakfast	☐	7
Guest house, cabin rental	☐	12
Restaurant	☐	9
RV park	☐	1
Special dining events	☐	29
Working farm, ranch vacations	☐	7
Other ______________________________	☐	
NONE of the above	☐	74

A6. Of the items marked above as "Yes", please write the primary activity that corresponds to your primary direct marketing/recreation/tourism business:

____

A7. Do you have guests or visitors?

☐ 28 No ⇨ Skip to A10
☐ 91Yes

A8. On average, how many paying guests visit your agritourism and/or direct agricultural marketing business per month?

_____ # of guests per month — High season Average: 6561

_____ # of guests per month — Low season Average: 1057

A9. On average, in 2008, what percent of your guests were from the following areas? *Please total to 100%.*

Locals (same county or community as the farm)	**%**	41
Washington State (other counties or communities)	**%**	39
Other states	**%**	17
Other countries	**%**	3
Which other countries?	**100%**	

A10. How do you advertise your business/activity? *Please select all that apply.*

- ☐52 None/word of mouth
- ☐37 Books (travel/guide books)
- ☐69 Chamber of Commerce
- ☐80 Farm group associations
- ☐2 Travel agent
- ☐71 Magazine or newspaper article
- ☐30 Internet - travel planning website
- ☐95 Internet - your own website
- ☐34 Internet - WA travel website
- ☐46 Other, please specify below

A11. Do you advertise or label any of the food products you sell with the following terms? *Please select all that apply.*

Advertising Labels		
Made in Washington	☐	29
Made in ______________ (region, e.g.: Palouse, Columbia Valley)	☐	33
Organic (USDA certified)	☐	12
Organic (other)	☐	15
Natural	☐	19
Sustainably Produced or Grown	☐	17
Locally Grown	☐	50
Other label: ______________________________	☐	25

A12. Are any of your labels or certifications from a regionally or nationally recognized group or organization?

- ☐ 88 No
- ☐ 31 Yes ⇨ Name of certifying/labeling organization:_________________________

PART B. SOCIAL NETWORKING BACKGROUND

In order to understand the potential future of agritourism and direct marketing, it will help to know what social connections you have and how those might help support your agritourism and agricultural enterprises.

B1. Do you currently belong to any farm, tourism or community organizations?

- ☐ 12 No
- ☐ 107 Yes ⇨ Which ones? ____

B2. Would you be interested in interacting with other agricultural producers who engage in agritourism activities?

- ☐ 32 No
- ☐ 87 Yes

B3. Have you had any contact with any of the following local or state agencies or personnel to help you in your farming or agritourism business? *Please select all that apply.*

Agents		
Extension agent	☐	76
State agency	☐	39
County or city government	☐	46
Other	☐	24
None	☐	25

C1. How important is each of the following reasons for operating an agritourism and/or direct agricultural marketing business?

	Not important 1	2	3	4	Extremely important 5	Mean	Mode
For additional income	☐	☐	☐	☐	☐	4.50	5
For employment of family members	☐	☐	☐	☐	☐	3.08	5
To provide a service/opportunity to the community	☐	☐	☐	☐	☐	3.76	5
For tax incentives	☐	☐	☐	☐	☐	2.18	1
As a hobby; for fun, "to keep active"	☐	☐	☐	☐	☐	2.27	1
To help educate, teach people about farming, agriculture	☐	☐	☐	☐	☐	3.75	5

C2. How much of an obstacle are the following in expanding/starting an agritourism and/or direct agricultural marketing business? [9]

	Not an Obstacle 1	Minor Obstacle 2	Medium Obstacle 3	Major Obstacle 4	Mean	Mode
State regulations and rules/legal	☐	☐	☐	☐	4.03	5
Land use laws, zoning	☐	☐	☐	☐	3.80	5
Lack of insurance availability	☐	☐	☐	☐	2.86	1
Lack of financial assistance/resources	☐	☐	☐	☐	3.10	4
Lack of workers	☐	☐	☐	☐	2.68	1
Lack of time	☐	☐	☐	☐	3.32	5
Lack of appropriate business knowledge	☐	☐	☐	☐	2.49	1
Lack of family and/or public support	☐	☐	☐	☐	2.35	1
Lack of information (i.e., market, demand)	☐	☐	☐	☐	2.61	1
Lack of social networks with others in agritourism/recreation	☐	☐	☐	☐	2.48	1
Potential liability	☐	☐	☐	☐	3.46	4

[9] There is a slight disparity between the mail-in survey and online survey for question C2. The mail-in question has a maximum of 4 while the maximum online is 5. We adjust the mail-in response. If respondents answered 2, 3 or 4, they are adjusted to 2.33, 3.66 and 5, respectively.

C3. Would you be interested in attending a 1-day workshop on setting up and running an agritourism and/or direct agricultural marketing business?

☐ 64 No ⇨ Skip to Part D

☐ 55 Yes ⇨ If yes, which month is best for you? ____________________

C4. What type of information would you like to learn from a workshop to enhance your agritourism and/or direct agricultural marketing activity?

PART D. FARM ATTRIBUTES

The following questions will help us characterize the diverse agritourism and/or direct agricultural marketing businesses in Washington State.

D1. What year did you start your very first agritourism and/or direct agricultural marketing business? __________ year started Average: 1992

D2. How many acres of farm land do you currently operate (2009)?

☐4	0 acres	☐7	41-50 acres	☐2	251-300 acres	☐2	1,001-2,000 acres
☐27	1-10 acres	☐13	51-100 acres	☐1	351-400 acres	☐0	2,001-3,000 acres
☐19	11-20 acres	☐8	101-150 acres	☐0	401-450 acres	☐3	Above 3,000 acres
☐9	21-30 acres	☐3	151-200 acres	☐0	451-500 acres		
☐16	31-40 acres	☐2	201-250 acres	☐3	501-1,000 acres		

D3. Please indicate the current combined gross revenues/income of your agricultural, agritourism and/or direct agricultural marketing enterprises (2009).

☐27	less than $25,000	☐12	$100,001 to $200,000	☐10	$500,001 to $750,000
☐14	$25,001 to $50,000	☐9	$200,001 to $300,000	☐4	$750,001 to $1,000,000
☐8	$50,001 to $75,000	☐6	$300,001 to $400,000	☐11	Over $1,000,000
☐11	$75,001 to $100,000	☐5	$400,001 to $500,000		

D4. Including yourself and your family, how many people currently work in your agritourism and/or direct agricultural marketing business?

	Permanent/Year-round	Additional/Seasonal
Self and family	Average: 2	Average: 1
Non-family workers	Average: 1	Average: 5

PART E. GENERAL INFORMATION

The following questions are about your personal background. Remember that all information is strictly confidential; all results will be reported so that no individual will be identified. (This information allows us to report by group, e.g., young/old; male/female; etc.)

E1. What is the zip code of your main agritourism and/or direct agricultural marketing operation? ______________________

E2. What is your gender? ☐ Male 70 ☐ Female 49

E3. What is your race/ethnic background? *Check all that apply.*

☐ 109 Caucasian	☐ 0 Indigenous/Native People	☐ 0 Black/African American
☐ 2 Hispanic	☐ 2 Asian/Pacific Islander	☐ 4 Multi or Other

E4. Please indicate your age.

☐2	less than 25	☐6	36 to 40	☐17	51 to 55	☐12	66 to 70
☐3	26 to 30	☐10	41 to 45	☐17	56 to 60	☐14	Over 70
☐2	31 to 35	☐14	46 to 50	☐21	61 to 65		

E5. Please indicate your highest level of formal education.

☐2	Some High School	☐6	AA (2 yr) degree	☐19	Graduate degree (MA, PhD, etc.)
☐12	High school graduate	☐19	Some college	☐4	Professional degree (Law, MD, etc.)
☐0	High school GED	☐38	College degree (BA/BS)		
☐2	Technical degree	☐16	Some post-graduate education		

E6. Please indicate your total net annual household income (All sources: Off and On-farm income).

☐17	less than $30,000	☐10	$120,001 to $150,000	☐1	Over $300,000
☐34	$30,001 to $60,000	☐4	$150,001 to $200,000	☐0	***If willing***, specify income: ________________
☐27	$60,001 to $90,000	☐4	$200,001 to $250,000		
☐15	$90,001 to $120,000	☐4	$250,001 to $300,000		

E7. Any comments about agritourism and/or direct agricultural marketing

The last section (Part F: Sustainability and Marketing) of this survey contains four questions and is Optional.

Farms come in all shapes, sizes and types. Farm operators vary at least as much. With the increasing attention given to greenness and sustainability*, we are trying to identify how direct marketing and agritourism operators approach sustainable food system/marketing issues. The following questions will help us to understand how YOU approach these issues.

**Sustainability (definition): The capacity of the food production and distribution system to provide high-quality safe food over the long term, with minimal damage to soil, water, air, and wildlife habitat quality.*

If you are willing to answer Part F, please continue to page 10.

If not, you are done and we thank you for your participation! Please use the enclosed return envelope to mail us your completed questionnaire and yellow paper which contains the gift card information you wish to receive.

PART F. SUSTAINABILITY AND MARKETING

Whether or not you now participate in any labeling or certification programs, we would like you to consider the following hypothetical situation.

F1. *Hypothetical Scenario:* Imagine that you are the sole manager of your current business. Suppose that there is a program in your region that offered an "Eco-friendly" label/certification for the good or service you are providing. This "Eco-friendly" certification, would inform clients/customers that you do not employ production practices or chemicals that create pollution. Suppose that obtaining the "Eco-friendly" label does NOT significantly raise your revenues.

As manager of this firm, would you be interested in obtaining an Eco-friendly label for your product or service?
☐ 31 No ⇨ Skip to Question F4
☐ 62 Yes

F2. Obtaining an "Eco-friendly" label yields added revenues and "non-financial" benefits. The "Eco-friendly" label increases your revenues by less than 5%. Also, you receive "non-financial" benefits from the "Eco-friendly" label which include enhanced health of workers and customers, protection from liability, enhanced reputation in the community, and improved sustainability of the business. Suppose that your current operations comply with all but one of the requirements for this "Eco-friendly" label. For full compliance you would have to replace a prohibited "dirty chemical" with a "clean alternative" that increase your costs by some amount, possibly more than your expected revenue. Assume there is no charge for the "Eco-friendly" label itself.

As the manager of this business, would you consider switching chemicals to obtain the "Eco-friendly" label, even if the costs were greater than the added revenues? To be specific, consider what costs above the added revenues you would accept to obtain the non-financial benefits of such an "Eco-friendly" label. Examine the list of costs-above-added-revenues in the table below and check the amount of added operations cost you would accept to obtain the "non-financial" benefits of this label.

To obtain the "Eco-friendly" label, would you switch to the clean chemical if it increases your cost by…	Yes	No	Not Sure
$ 0/month	☐54	☐5	☐6
$ 5/month	☐50	☐8	☐5
$ 10/month	☐48	☐9	☐6
$ 20/month	☐43	☐11	☐9
$ 40/month	☐30	☐16	☐17
$ 80/month	☐21	☐25	☐17
$ 160/month	☐15	☐32	☐16
$ 320/month	☐11	☐37	☐15

F3. When you are considering green/sustainability programs like the one described above, how important is each of these reasons? *Please check one box in each row.*

I would join …	Not Important	Somewhat Important	Very Important	Most Important	Mean	Mode
To increase product appeal & revenues	☐	☐	☐	☐	3.08	3
To decrease costs, now or in future	☐	☐	☐	☐	2.55	3
To help comply with legal requirements	☐	☐	☐	☐	2.32	2
To reduce potential liability (legal actions)	☐	☐	☐	☐	2.36	2
To improve the well-being of farm/food workers	☐	☐	☐	☐	3.18	4
To improve the well-being of customers	☐	☐	☐	☐	3.29	4
To increase my reputation as a "good citizen"	☐	☐	☐	☐	2.95	3

F4. When you are considering programs like the one described above, how important are the reasons NOT to join the program? *Please check one box in each row.*

Reason for not joining:	Not Important	Somewhat Important	Very Important	Most Important	Mean	Mode
It will increase costs too much.	☐	☐	☐	☐	2.66	3
There is too much uncertainty about costs & revenues.	☐	☐	☐	☐	2.49	2
It "opens door" to future regulation.	☐	☐	☐	☐	2.61	4
My methods are already safe and sustainable.	☐	☐	☐	☐	3.18	4
I already have "eco-friendly" label/certificates.	☐	☐	☐	☐	1.79	1
I already have "eco-friendly" reputation.	☐	☐	☐	☐	2.61	4

Thank you for your participation!

Please use the enclosed return envelope to mail us your completed questionnaire and yellow paper which contains the gift card information you wish to receive.