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Direct Marketing of Agricultural Products to Tourists -Tourism Information Series No. 12

Michigan State University Extension Service

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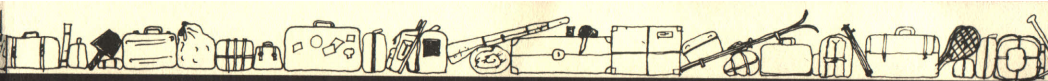
Direct Marketing of Agricultural Products to Tourists





DIRECT MARKETING OF AGRICULTURAL PRODUCTS TO TOURISTS

By Dennis B. Propst, Patricia S. Newmyer, & Thomas E. Combrink



What do a Blueberry Festival, a winery, a roadside market, wagon rides, picking your own fruit, and an international cherry pit spitting contest have in common? They are all examples of the meshing of Michigan's second and third leading industries: agriculture and tourism.

You may think of the above examples as being agriculturally based tourism businesses and activities. On the other hand, you may think of them as being tourism based agriculture businesses and activities. Both are correct. We will call them A/T businesses and activities, or the A/T industry for short.

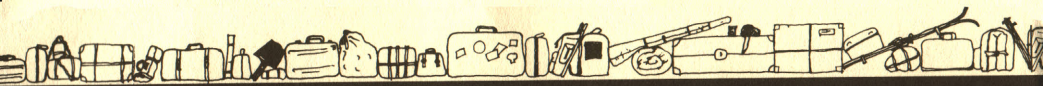
What is important is that the A/T connection is an opportunity to strengthen and diversify Michigan's economy, add jobs, and promote its quality of life. A/T businesses and activities provide another outlet for the direct sale of Michigan farm products. Also, promotion of Michigan's diverse farm products can bring an appreciation of agricultural issues to a growing population that has never been on the farm.

If you have never thought of marketing your produce directly to tourists, maybe it's time you did! In some places the traveling public (nonlocals) represents a large market for agricultural products. A case in point is Napa County, California. In this renowned wine region, the production of 100,000 tons of grapes supports a wine industry which generates \$189 million in sales and over 4,300 jobs. The wine industry in turn creates an additional \$50 million in tourism sales and over 1,500 additional jobs in the tourism sector. Some Michigan counties have the potential for similar economic impacts from the A/T industry.

IS A/T FOR EVERYBODY?

We do not mean that all farmers should hop down from their tractors and set up a roadside stand for travelers right away. You should first consider whether or not direct marketing is for you. This bulletin does not address this question but other reference material does (see the bibliography on the last page).

Once you decide to attempt direct marketing or if you are already in that business, the next step is to decide which markets to pursue. You certainly do not want to neglect your local market. In some cases, reduced accessibility (location



away from major travel routes or attractions, inability to post signs, etc.) may mean that local customers are your largest and easiest market to serve. The purpose of this bulletin is to let you know that tourists may also be a big market for you and how to attract more of them so that they will be a major source of your income, or at least a supplement to it.

SOME BACKGROUND

The link between agriculture and tourism is not new. People began buying agricultural products in the 1920's and 30's as part of a recreational outing. Automobiles helped. Sunday drives into the country to bring back fresh fruit and vegetables became a part of the American culture which has grown and prospered. There are now about 8,000 roadside markets and 3,000 U-Pick operations nationwide. Michigan has about 10% of these.

Some definitions might help clarify the components of the A/T Industry.

1. **Agricultural Products**—Included are fresh fruits and vegetables; trees, shrubs, and bedding plants; fresh or smoked fish; and certain processed food (wine, honey, maple syrup, apple cider, cheese, preserves, fruit juices). Agricultural products also include experiences or activities associated with farming (tours by bus, wagon, buggy, sleigh, or foot; vacation farms; rural bed and breakfasts; fishing and hunting; firewood cutting).
2. **Tourist**—Generally, someone traveling for pleasure and who either stays away from home overnight or is on a day trip at least an hour's drive one-way from his/her origin; not necessarily someone from out-of-state.
3. **Traveler**—Similar to "tourist" except that travel can be for any purpose (business, visiting family and friends, conventions, etc.) except commuting to and from work.
4. **Nonlocal**—The same as "traveler" and used here to mean anyone whose permanent residence is located one hour or more one-way from the A/T operation; used to distinguish local customers from all others.
5. **Agricultural Festivals or Events**—Activities that are related to a particular agricultural product as defined above. The Tulip Festival, The National Cherry Festival, and the Asparagus Festival are examples.

Figure 1 shows the distribution of these businesses and activities across the state. The southwest and southeast regions have the greatest number of U-Picks, whereas the southwest and west central regions lead in roadside markets and combination roadside market/U-Picks. The largest proportion of farmers' markets are found in the southeast; the most wineries in the southwest and northern regions. Finally, the highest proportion of agricultural festivals are in the southwest and northern regions. A majority of these outlets are located near Michigan's interstate highways, major state roads, and urban areas.



What does the inventory reveal about the state's A/T industry? First, many of the direct market outlets are already located where they can capture a large portion of the traveler market. However, it appears that only a handful of businesses are doing so. One of our projects revealed that 17% of the roadside markets and U-Pick businesses we surveyed had 93% of the nonlocal customers in 1983. Eight businesses alone accounted for 57% of the nonlocal customers! Sixty percent of the businesses sampled had less than 300 nonlocal customers in 1983; a few had around 100,000 nonlocals. Thus, there is room for expansion of all direct outlet types catering to nonlocal needs, particularly in those areas already receiving a great deal of non-local traffic.

The second finding of our inventory is that having a successful A/T business requires a unique product. There are already a large number of traditional direct farm product outlets in Michigan. What sets yours apart from the rest? To answer this question requires you to adopt a marketing approach for your business, match your business identity (who you are or want to be) with the traveling public's image of you, and position a unique product in travelers' minds. Other bulletins in this series will help you perform these activities, so we will not elaborate here. Briefly, what these other bulletins imply is that travelers are not just interested in the produce you grow and sell. They are interested in the product you provide: that is, the produce plus an experience. This experience is composed of the special services you provide (not all of which have to be free) plus the friendly, local atmosphere you create. Your aim is to uniquely position your product (produce + special service + atmosphere) in the heads of your target markets.

For example, think about roadside markets. In the customer's mind, most roadside markets seem alike, but there are one or two that stand out from the crowd because of their uniqueness. Your goal should be to be one of those that stands out. However, you cannot be all things to all people. Therefore, select the market or target group you would like to attract and determine what you can offer them that will make them see you as a unique business. This way customers can match themselves with you and know that you will best satisfy their needs.



Here are some things that add to a traveler's experience with farm products:

Picnic Facilities	Pleasant Surroundings
Walking Trails	Opportunities for Children
Wagon Rides	Programs
Tours	Educational Signs/Exhibits
Skiing	Lunch
Desserts	Recipes
Newsletters	Special Events/Contests/Festivals
Announcements	Gift Certificates
Mailing Lists	Good Parking
Calendar of Events	T-Shirts
Friendly Employees	Clear Directions
Rent-A-Tree/Plant/Shrub	Clean Restroom Facilities

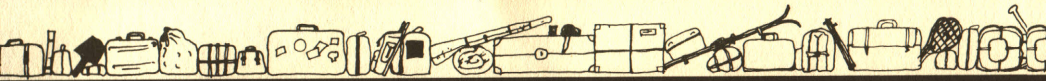
Some of these things (for example, wagon rides) raise the question: "how much liability do I incur by providing them." Liability is not discussed in this bulletin, but it is an important topic. Readers with liability questions should contact Extension specialists or refer to the book by Kaiser (1986) listed at the end of this bulletin.

Direct marketers have provided the facilities and services listed above. This list is by no means complete. You can probably think of other things you might do or already are doing. The bottom line is that you need to develop a unique product that is more than just produce. To develop this product, you must look to who you are and who you want to be (your identity).

ECONOMIC IMPACT

What's the economic impact of the A/T industry in Michigan? Additional findings from our survey of roadside market and U-Pick businesses indicate:

- There were 2.4 million nonlocal customers in 1983 (31% of all customers at roadside markets and U-Picks).
- There were \$18 million in direct sales to nonlocals in 1983. This figure represents 55% of all direct farm product sales in Michigan. It also means that some businesses are selling a large amount of farm products to nonlocals (17% of the businesses got 93% of the nonlocal share in 1983).
- There would be 2,000 fewer part-time and full-time jobs in



Michigan if there were no nonlocal sales at roadside markets and U-Picks.

- 99% of the income received from nonlocals is respent by roadside market and U-Pick operators in Michigan on everything from fertilizers to containers.

Compared to Michigan's \$3 billion agriculture industry and 103,000 farm jobs, the above figures are relatively small. The economic impact of the A/T industry in Napa County, California alone is greater than that of the A/T industry in the entire State of Michigan. Thus, the economic potential of Michigan's A/T industry has yet to be realized. To determine if this potential can ever be reached, it is first necessary to know something about the customers that the A/T industry attempts to serve.

WHO ARE THE NONLOCALS?

To serve customer needs, you must first know your customers and potential customers. Direct marketing to travelers means understanding their special characteristics and needs. Listed below are some characteristics of travelers who bought farm products in Michigan in 1983. Also listed are some implications of these characteristics.

CHARACTERISTICS		IMPLICATIONS
SEX: Female	65%	Travelers are a well-educated, mature group of consumers. They will not be pleased with low quality products. They know how to find what they are looking for and will not return if they don't find it.
Male	35%	
AGE: Average 45 years old		There are a large number of male shoppers among nonlocal customers; therefore, the stereotype that only housewives shop at direct market outlets does not hold for this group of customers.
EDUCATION:		
1-4 years college	36%	
College grads & beyond	29%	
RESIDENCY:		Many of your nonlocal customers will be Michigan residents who may or may not be staying overnight somewhere. So, don't confine your marketing efforts to just out-of-staters who are on long trips. Residents and day-users who live within an hour or two of your business are an important nonlocal customer segment.
Michigan residents	52%	
Not now or never before a Michigan resident	38%	
TRIP DESTINATION:		
Somewhere in Michigan	93%	



FREQUENCY OF VISITS:

Repeat Customers	61%
First-time customers	39%

There are a large number of repeat nonlocal customers. These repeat customers can be an excellent source of word-of-mouth advertising about your business. There are also a fair number of first-time visitors. If they have a bad experience or don't find what they're looking for, they won't return and they'll tell others where *not* to stop.

PURPOSE OF TRIP:

Vacation	40%
Vacation & other	14%
Visits family and friends	17%
Buy Agricultural Products	10%
Business	5%

Most of the nonlocal customers we talked to were on a pleasure trip or were visiting friends and relatives. Therefore, it is important that employees of recreation and tourist facilities and residents of your community know about your business. These people can help channel more nonlocal customers to you. Also, these figures show that people who are on trips for a variety of reasons will stop and buy your products.

LENGTH OF STAY NEARBY:

63% planned to stay at least one night within 30 miles of the direct market outlet or event.

The potential for repeat visitation is high. Also, since visitors often find out additional things to do in an area from lodging employees (see Extension bulletin E-1938), it is important that hotel/motel, resort, and campground employees know about your business.

SPENDING:

61% who stopped bought something (the majority who bought no farm products were at festivals)

27% bought 3 or more products

Spending Range:

\$0-\$101.00 per person

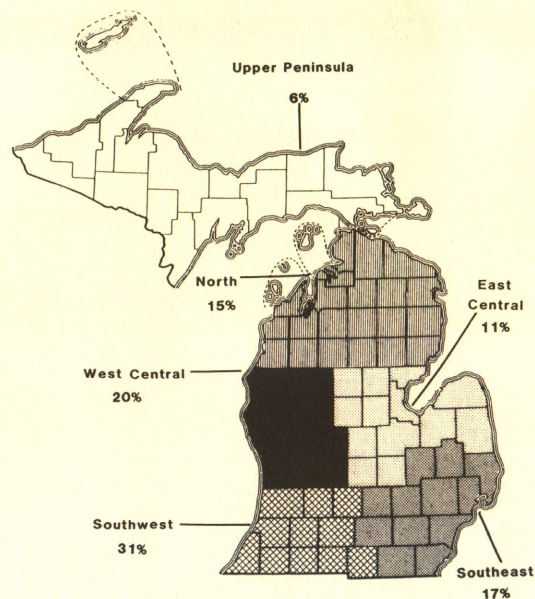
Overall average per person was \$5.58

Average spent by location ranged from 18¢ per person (one festival) to \$23.50 (one winery)

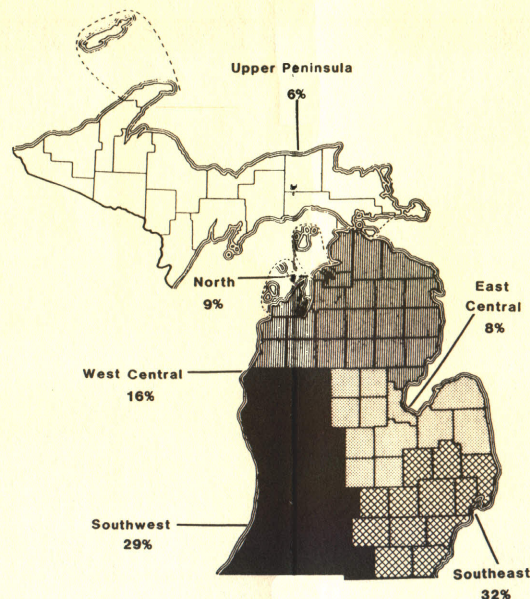
Average spent by outlet type:

Festivals \$ 0.71

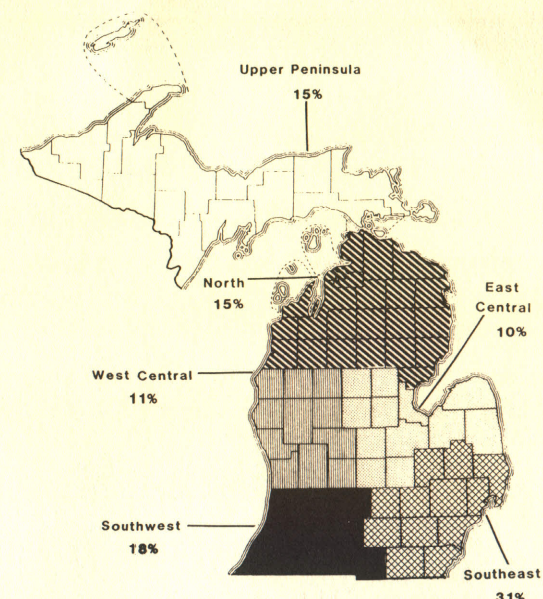
With the exception of festivals, nonlocal customers who stopped at a direct farm product outlet bought a fair amount of produce. Little spending on fresh farm products occurred at agricultural festivals mainly because such products (even those that the festival was named after) were unavailable. Nonlocal customers bought a large diversity of fresh farm products depending on what was in season. These buyers tend to purchase products that they know were locally grown in Michigan.



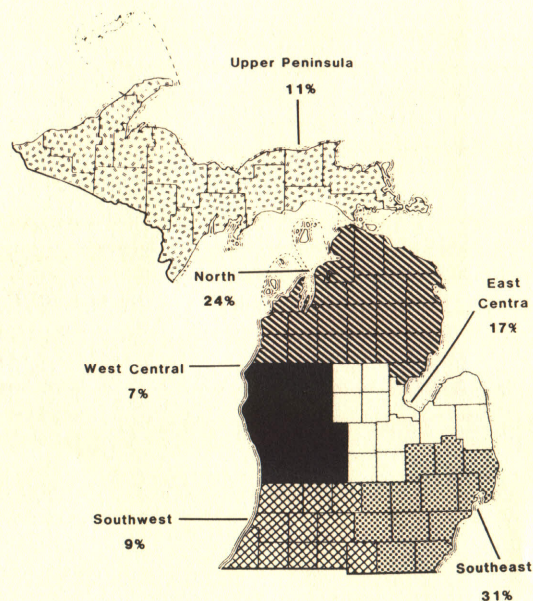
Roadside markets
(total = 678; 285 were roadside
market/U-Pick
combination businesses).



U-Pick operations only
(total = 299).



Farmers' markets, municipal and private
(total = 80).



Agricultural festivals,
not including county fairs
(total = 54).



Wineries
(total = 17 locations, 15 wineries).

Figure 1
Percent of selected agricultural/
tourism (A/T) businesses and
events in Michigan located in
Cooperative Extension Service
regions (based on 1983
inventory).



Flowers and Plants—low interest here; 10% of the travelers expressed an interest in cut flowers.

Dairy Products—eggs (42%), cheese (35%), milk (33%).

Vegetables—top 8 were: corn (57%), lettuce (41%), tomatoes (33%), potatoes (32%), carrots (30%), cucumbers (28%), broccoli (27%), and cauliflower (24%).

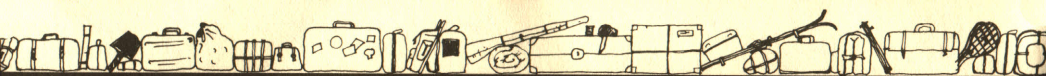
Processed (except dairy)—relatively high interest in all: jams, jellies and preserves (38%), cider (35%), fruit juices (34%), wine (34%), and maple syrup (34%).

Other Products—honey (30%), smoked fish (29%), fresh fish (25%), firewood (16%).

Services—winery tours (28%), vacation farms (18%), rural bed and breakfasts (18%), forestry museums (10%), farm tours (9%).

Thus, travelers express a high level of interest in a variety of agricultural products and services. Only 4% of all the travelers said they were not interested in any farm products. However, knowing how many nonlocals are interested in buying certain goods and services only defines the “potential” market. It does not tell how many nonlocal customers will buy from you. For example, we know that 56% of all Michigan travelers are the “potential” market for cherries. How many Michigan travelers actually stop and buy cherries from you depends on certain real and perceived barriers. To learn more about the barriers, we asked this same group of travelers to indicate why they do not buy more farm products in Michigan. Here are their answers:

I buy these products at a grocery store	49%
Products will spoil before I reach home	38%
Not enough room in the vehicle	36%
Price of products is too high	34%
Products are not in season	33%
I can get all I need near home	27%
Didn't know these products were available	23%
Don't know WHERE to buy these products	22%
Don't know WHEN to buy these products	16%
I have to buy in too large a quantity	16%
Unsure of product quality	9%
Not enough time on this trip	5%
Just not interested	2%



Many of these are knowledge/image/awareness barriers. Some may be overcome fairly quickly at the business level and some will require long term cooperation between the public and private sectors. For example, individual businesses may begin to overcome some barriers through their promotional material by stressing the advantages of buying directly from the farm, describing ways to reduce spoilage, and emphasizing that small quantities of all products are available. However, increasing traveler awareness of where to buy certain products and seasonal availability calls for cooperative efforts between various levels of government and business interests.

A positive sign in the list of barriers is that very few nonlocals expressed disinterest, lack of time, or uncertainty about product quality.

HOW CAN YOU INCREASE YOUR SALES TO TRAVELERS?

There are basically 4 ways to increase your sales. The first involves communicating with your customers through the fine art of promotion (see Extension bulletins E-1939, E-1957 and E-2005 in this series). People have communication preferences. They prefer certain ways of getting information over others. These preferences are not always obvious. Another bulletin in this series, Extension bulletin E-1939, identifies the specific information sources preferred by Michigan travelers. In one study, we asked nonlocal customers to state where they first learned about a direct farm product outlet or agricultural festival. This is how these customers responded:

1. Informal/word-of-mouth sources (another person in group, family, friends, used to live here)..... 51%
2. Roadside sign 21%
3. Newspaper 10%
4. Travel Information Center 3%
5. Radio, Magazine, TV each 1%
6. Chamber of Commerce less than 1%

Word-of-mouth and other informal information sources are used very frequently by travelers. In fact, word-of-mouth sources were used by over half the travelers interviewed as a way of first finding a direct market outlet. Roadside signs were a fairly important information source **ONCE TRAVELERS WERE NEAR THE BUSINESS OR EVENT**. Informal sources were much more powerful than road signs in attracting nonlocal customers from greater distances.



How can these informal sources be used most effectively?

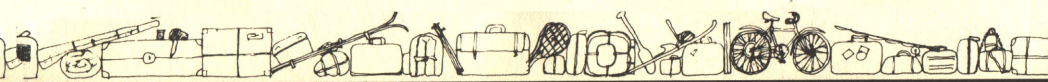
1. **ACTIVELY** hand out **ATTRACTIVE, CURRENT** brochures and other printed material with clear directions and accurate descriptions of your products (see Extension bulletin E-1931).
2. Provide a quality product. This includes friendly and knowledgeable employees, a clean site, fresh produce, and some of the other services we mentioned earlier.
3. Remember, nearly two-thirds of the nonlocal customers we interviewed were repeat visitors! These people convey information (good or bad) about your business to others.
4. Be sure others in your community are aware of your business. These people can promote for you because travelers ask them to recommend things to do. Work on establishing good relationships with travel information center personnel, lodging and state park employees, gas station attendants, and restaurant workers.

The second way to increase your nonlocal sales is through cooperation. As an individual, you may not be able to do all that is necessary to reach the traveling public. Therefore, cooperative promotional efforts (mutual signing, radio ads, and so on) among several direct outlets in an area may help stretch tight budgets and reach more customers. Cooperation may also occur between the farming community and organizations on the one hand and tourism agencies, convention bureaus, and chambers of commerce on the other.

The goal of cooperative promotion is to exchange travelers. For example, convention bureaus or chambers of commerce can assist in getting the word out that there are agricultural products and events nearby. Farm employees, in turn, can refer travelers to restaurants, lodging facilities, and other attractions in the area. This means that all employees that come in contact with visitors be well-informed about community resources. Farm trail maps, placemats with a map showing the location of direct outlets, and directories are examples of printed promotional material that has been cooperatively produced in Michigan. A California wine directory, sold at cost, provides travelers with maps and descriptions of wineries, restaurants, and lodging facilities.

Third, be aware of and incorporate into your product the unique characteristics and needs of nonlocal travelers. There

Lack of awareness is one reason why spending is not greater. Travelers simply do not know what, when and where fresh products are available. Michigan farm products do not have the same image, say, as California wine, Florida citrus, or Vermont maple syrup. This awareness problem cannot be overcome by any one business. Instead, agriculture and tourism organizations and businesses must cooperate in promoting each other.



Businesses and organizations both need to tap the informal but powerful word-of-mouth communication network that exists among travelers. The goal is for all customers to be spreading the same good word about your business and Michigan agriculture in general.

Have your business and your product ready when your guests arrive. This means being aware of yourself as a tourism business and having a quality product.

FURTHER INFORMATION

Additional information on Michigan's A/T industry, its potential for growth, and marketing recommendations can be found in the full report on which this bulletin is based:

- Propst, Dennis B., Lewis W. Moncrief, and Charlotte Young. *The Relationship Between Agriculture and Tourism in Michigan*. Department of Park and Recreation Resources, Michigan State University, East Lansing. 133 pages. 1984. Copies are available at a minimal cost from the Travel, Tourism, and Recreation Resource Center, 131 Natural Resources Building, Michigan State University, East Lansing, MI 48824.

For information on the basics of direct marketing, pricing, fruit and vegetable production, consult the Cooperative Extension Service Publication Catalog. This catalog is available from your county Extension office.

Community and state resources which may also be helpful include:

1. Local chambers of commerce, regional tourism associations, and convention bureaus for assistance in promoting your business.
2. Other direct market outlets in your area who cater to travelers to assess what is and is not provided locally and to learn of past mistakes.
3. The Economic Development Branch of the Michigan Department of Agriculture (Lansing) for sources of technical and financial assistance.

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Tourism Information Series

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