



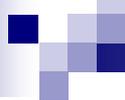
Marketing Your Agritourism Business: Using Research to Develop a Strategy

Dawn Thilmany McFadden

Dept of Ag and Resource Economics
and Cooperative Extension

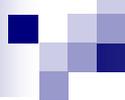
Colorado State University





Overview

- Strategic Positioning and Marketing
 - Basic Elements of a Strategic Plan
- The Marketing Plan
 - An Extension of your Strategic Plans
 - The 4 P's of Marketing
- Emerging Tools for Effective Niche Market Research and Promotion



What is strategic management?

- ✓ Strategic management is all about anticipating, driving, and capitalizing on change:
 - ◆ Anticipating: seeing the future (SWOT)
 - ◆ Driving: shaping the future (Goals)
 - ◆ Capitalizing: making the most of the future

SWOT Analysis

- Purpose to identify:

–Strengths

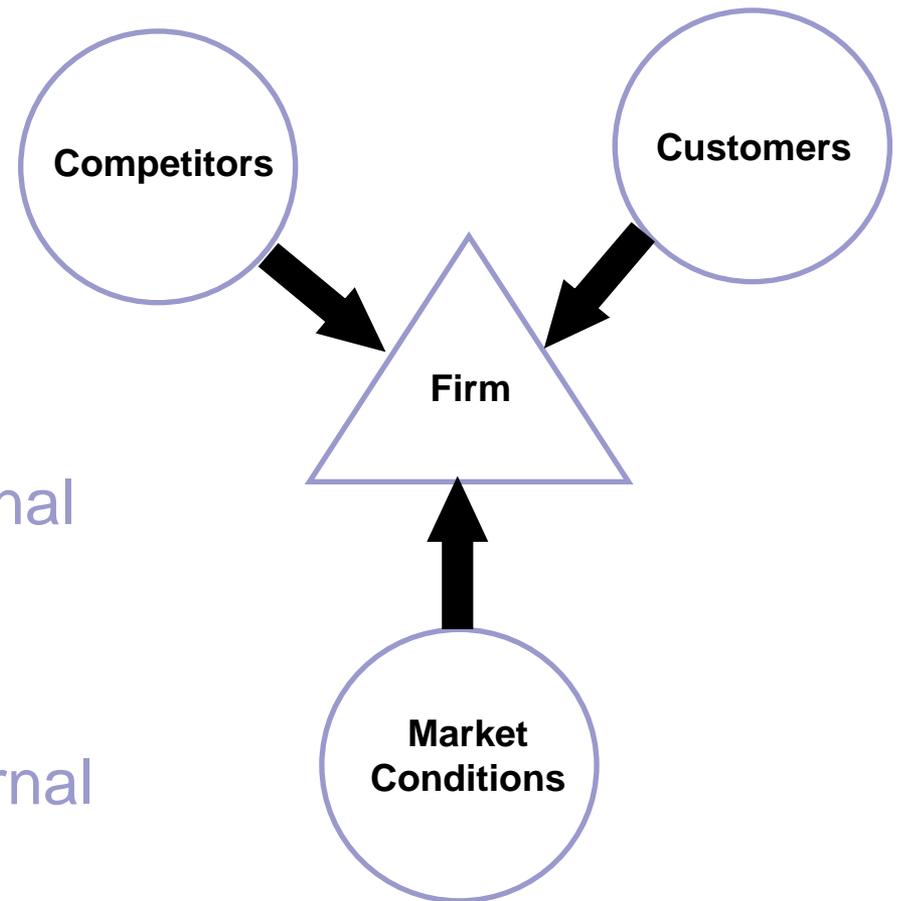
–Weaknesses

–Opportunities

–Threats

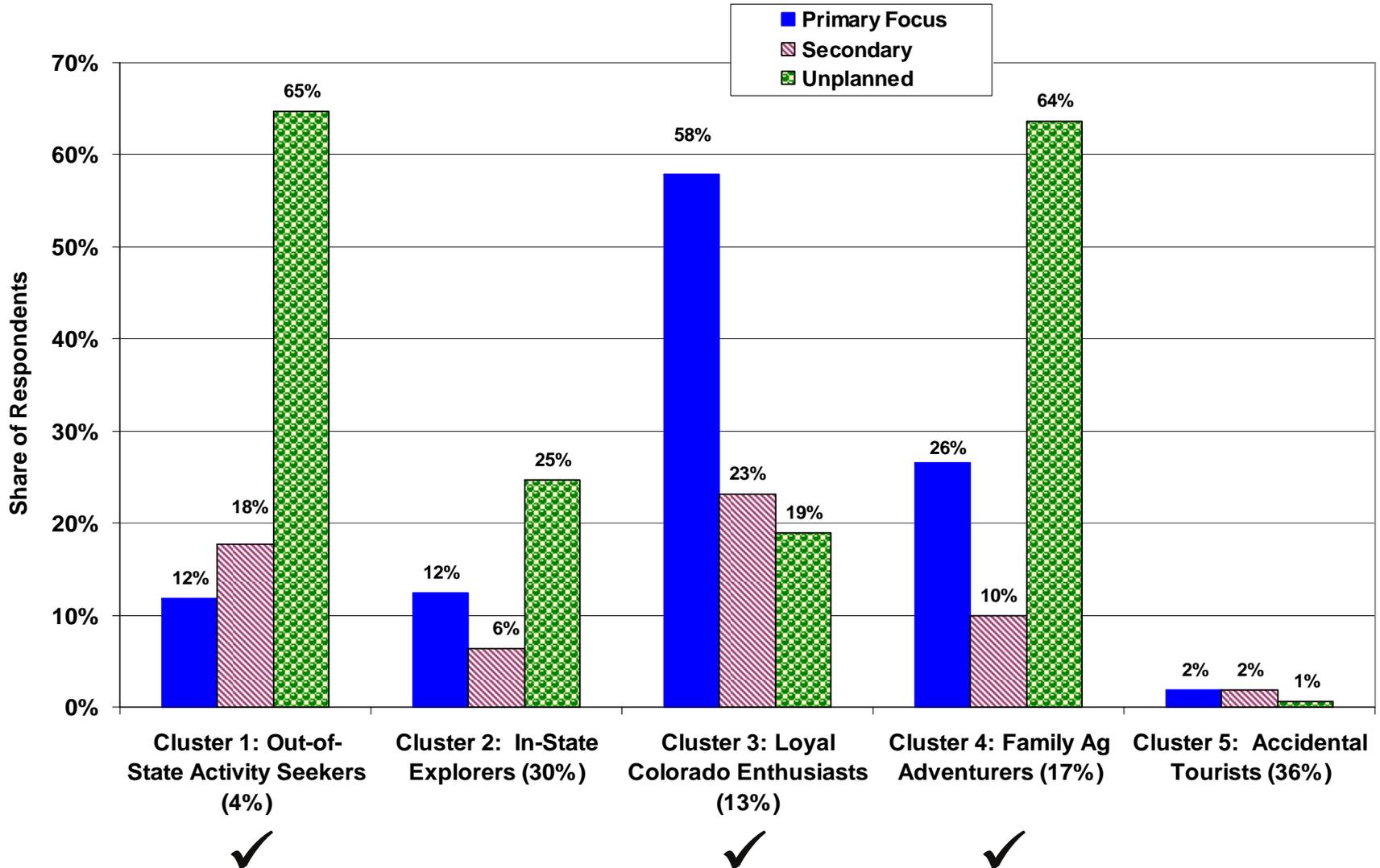
Internal

External



Importance of Agritourism to Visit

By Cluster, N=897





Vision/Mission Statements

- Statements that explain who we are
 - *Type of organization*
 - *Products/services*
 - *Needs we fill*
- Statements that explain our direction, our purpose, our reason for being
 - *What difference do we make?*
- Statements that explain what makes us unique
 - *Values*
 - *People*
 - *Combination of products and services*

A Sample Mission Statement

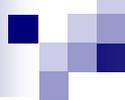
- The Chico Basin Ranch is dedicated to the enhancement and preservation of the natural world and our western heritage. Our mission is to create a working ranching model that views the ranch as an ecological resource base. This base supports a complementary mix of enterprises that emphasize sustainability, innovative management, and diversification as the keys to economic and ecological viability.
- We believe that ranchers provide an increasingly important role in the stewardship of our nation's native rangelands because ranchers already live on the land and because our families' futures depend on our success at building and maintaining the health of



Strategies/Goals/Objectives

Enterprise	Mission/Vision	Desired outcomes
E.g., Greater Mountain Bird Observatory	<i>"To provide the highest quality experience to birders through nurturing plant and wildlife ecosystems that are unique to our region "</i>	Increase visitorship by birders Raise visibility of partnering farms and community businesses through special events Enhance the quality of experience for visitors to earn loyalty and promotion through word of mouth

Goals	Objectives	Outcome (how much of what by when)	Key Strategies
Increase direct revenues from birding visits	Recruit 50 new visitors for the upcoming season and encourage 140 of 200 visitors from last year to return	Increase visitor fees by 10% (\$300 add)	Enhanced marketing activities and strategic partnerships with birding organizations
More off-season weekend visitors	Have 1 off-season event (focused on local foods)	All rooms rented for 2 days (15 couples) in off-season	Develop event around local foods movement (featuring local producers)



Marketing Overview: *New Acronyms*

- Analyze strengths, weaknesses, opportunities and threats (SWOT)
 - Uses Internal and External Information
- Research customers, costs and competition (3 C's)
- Develop the marketing mix using product, price, place and promotion (4 P's)



Types of Marketing

■ ***Strategic Marketing***

- Encompasses the entire firm strategy
- Deals with the broader issue of determining firm's strategic position in the market and how to create value from that position

■ ***Product Marketing/Pricing***

- Deals with the tactical side of selling a product
- Similar to a set of standard operating procedures for marketing a particular product.

The Three Cs Of Marketing

- 1. Customer
- 2. Costs
- 3. Competition

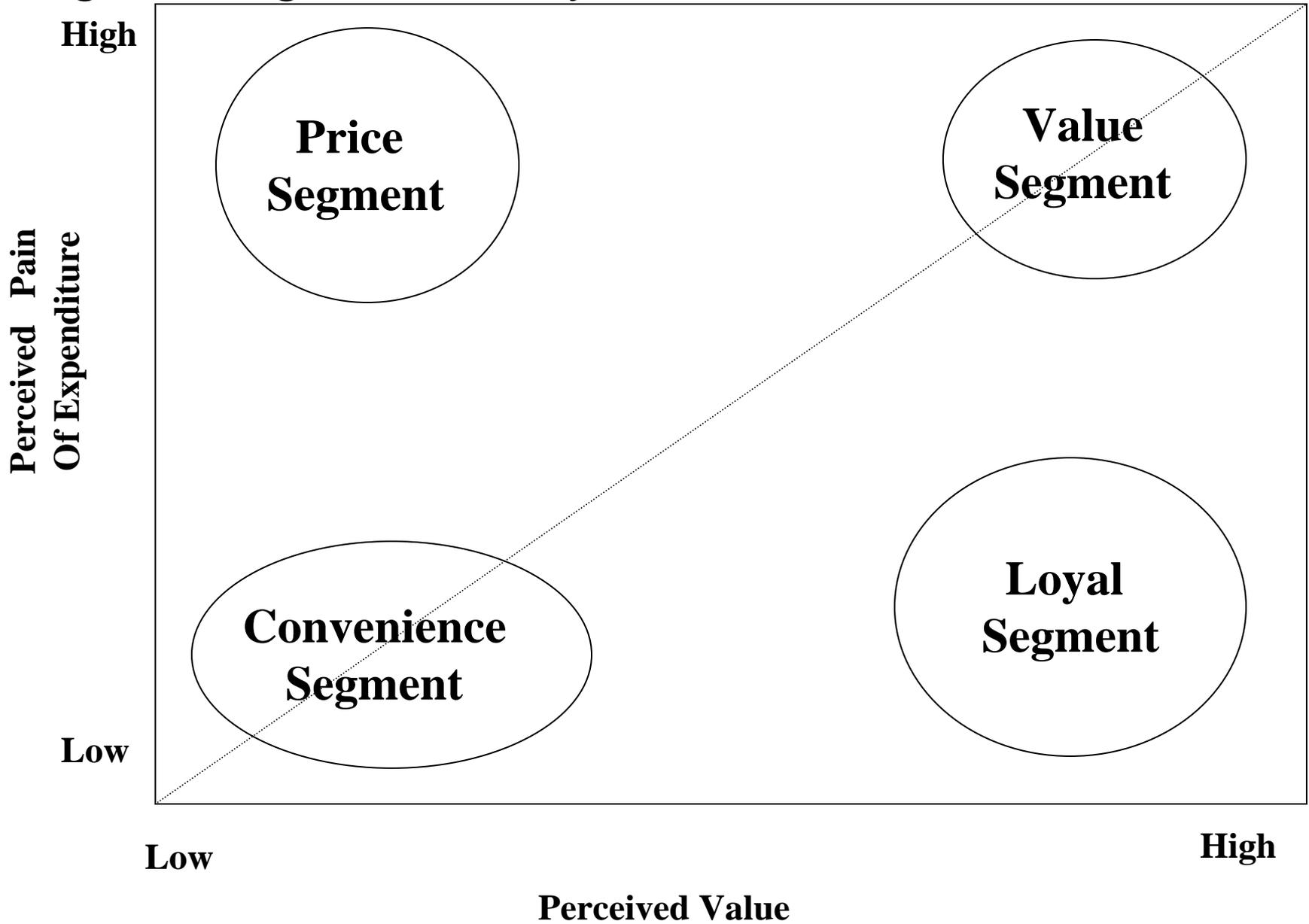


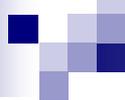
The Customers.....





Segmenting Markets by Influencers





Target Segments

- Loyal are return customers ...less worried about costs, want a relationship
- Value segment are hardest to keep happy, but do recognize and value quality
- Convenience segment are those you can get to make impulse buys...less price sensitive
- Price segment is not too attractive unless you compete entirely on price

Know your Customer's Goals

BERRY ADVENTURES

[HOME](#)

Again this year we are proud to announce choices in the subject matter of our adventures. This will give you, the educator, greater freedom to select the curriculum that may fit with what you are teaching in class. Shown are the descriptions of the Adventures.

Select the one you wish the class to study, then scroll to the



TRACK A: "THE GOOD, THE BAD & THE UGLY" This ninety minute adventure studies which insects farmers love and which they dislike as well as how beneficial insects are used in organic farming practices. Through a video, talk and hands on demonstration a greater understanding and appreciation will be had by the student regarding the challenges in organic farming. Included in the ninety minute field trip is berry picking (strawberry or raspberry whichever is in season) whereby the class will take a hayride out to the berry fields to enjoy picking a pint of berries. Colorado Teaching Standards: Life Science 3.1 & 3.3 Costs: \$5.00/student (minimum charge: \$75.00)



**"A UNIQUE FARM EXPERIENCE
WITHOUT THE ATTITUDE"**

**Clearly targeting the need to
Connect with educational
standards**

- Activities**
- Horses & Cattle
- Fishing
- Hayrides & More
- Nature & Birding
- Calendar of Events

- Amenities**
- Lodging
- Group Facilities
- Recreation
- Food & Beverage
- Nearby Attractions

- About Us**
- Rates
- Travel Tips
- History
- Photo Gallery
- Print Brochures

- Ranch News
- Related Links
- Green Practices

TRAIL RIDES - Rates (per person)

Minimum of two riders. Single riders pay double rate.

1 Hour	\$30
1 1/2 Hour	\$39
2 Hours	\$48
3 Hours	\$62
Lead-Around Rides for children 6 and under	\$8

Riding Assessment \$12 (to qualify for loping rides)
 Add a saddle bag lunch to your ride for only \$5

Rates subject to change. Payments must be made at time of reservation. Cancellations 48 hours before may be applied to future rides. 4-6 hour rides also available upon request (call for information.) Private rides may be scheduled for additional fee.

Trail ride Descriptions

SPECIALTY HORSEBACK RIDES - Rates

Breakfast Ride: Approx. 2 hours	\$60
Lunch Ride: Approx. 3 hours	\$72
Steak Ride: Approx. 2 hours	\$67
Evening Ride: Approx. 2 hours	\$54
Overnight Pack Trip: 20 hours	\$195

Rates subject to change. Payments must be made at time of reservation. Cancellations 48 hours before may be applied to future rides. Note: We can also arrange a Private Ride for you. Please call for details. We do so we need a minimum of six riders,

Family Owned Since 1946



- Home Sites
- Natural Beef

Specials and Discounts

- HOME PAGE
- Group Events
- Weddings
- Dude Ranch Vacations**
- Bed & Breakfast
- Events & Holidays

Contact Us

- Activities**
- Horses & Cattle
- Fishing
- Hayrides & More
- Nature & Birding
- Calendar of Events

- Amenities**
- Lodging
- Group Facilities
- Recreation
- Food & Beverage

Rates - Hayrides:

Hayride Horse Drawn (limit: 20 people per ride)	\$125.00
Hayride Tractor Drawn (limit: 30 people per ride)	\$95.00
Hilltop Campfire Area (2 hours)	\$50.00
Hot Beverage and S'mores (per person)	\$4.00

Prices Subject to Change

Deposits: Hayride-only events for groups must be prepaid in full 24 hours in advance. If the hayride is cancelled more than 24 hours prior to the event, the deposit is refundable or transferable. If cancelled less than 24 hours prior to the event, the deposit is non-refundable.

A Welcome Hayride for Summer Dude Ranch Vacation guests is complimentary



COLORADO MARKETMAKER™ Home Help About Us FAQs Contact Us

Producer/Farmer>MEAT>On Farm Sales

Producer Detail

[<view location map>](#)
 Last Activity: Feb 26, 2010

Business :	Sylvan Dale Guest Ranch
Hours :	8-5:00 Winter Hours 8-6:00 Spring, Summer, Fall
Comments :	Sylvan Dale is an award-winning sustainable ranch offering grass-fed and natural beef from open range cattle born and raised on 3200 acres. The ranch is also Green Hotel Association member. We welcome family vacations, weddings and business retreats year 'round. Outdoor adventures include horseback riding, fishing, cattle drives, rock-climbing, trap shooting and more. 2939 N. County Road 31D Loveland, 80538 970.667.3915 ranch@sylvandale.com www.sylvandale.com

Recognize all the drivers to your business

2. Your Costs (and their Spending)



- Know variable costs of producing your product
- Realize there are fixed costs that must be paid, whether you produce your product or not
- Use variable and fixed costs to calculate the break-even point where costs are covered
- Compare break-even with industry standards

Break-Even Example

- Direct cost of a ranch visitor per day
 - \$25- includes food, labor, materials
 - You charge an average of \$125 per day
- Fixed costs are \$200,000
 - Includes facility improvements, management, marketing costs and administrative overhead
 - Breakeven= $200,000 / 125 - 25 = 2000$ visitor days
 - Any volume above this represents profits
- If under break-even goal, examine which part of the equation you have most control over
 - Price, variable costs, overhead or sales volume

Cornell 2000 Study

- Various Agritourism Operators
 - Average Income=\$101,041
 - Average Gross Expenses=\$88,499
 - Average Net Profit=\$12,347
 - U-Pick most profitable on % basis
 - because of low capital and labor investment?
- Dependent on Scale, cost per visitor....
 - One way to consider break even, if you consider visits as “yield”





Product Benefits and Costs

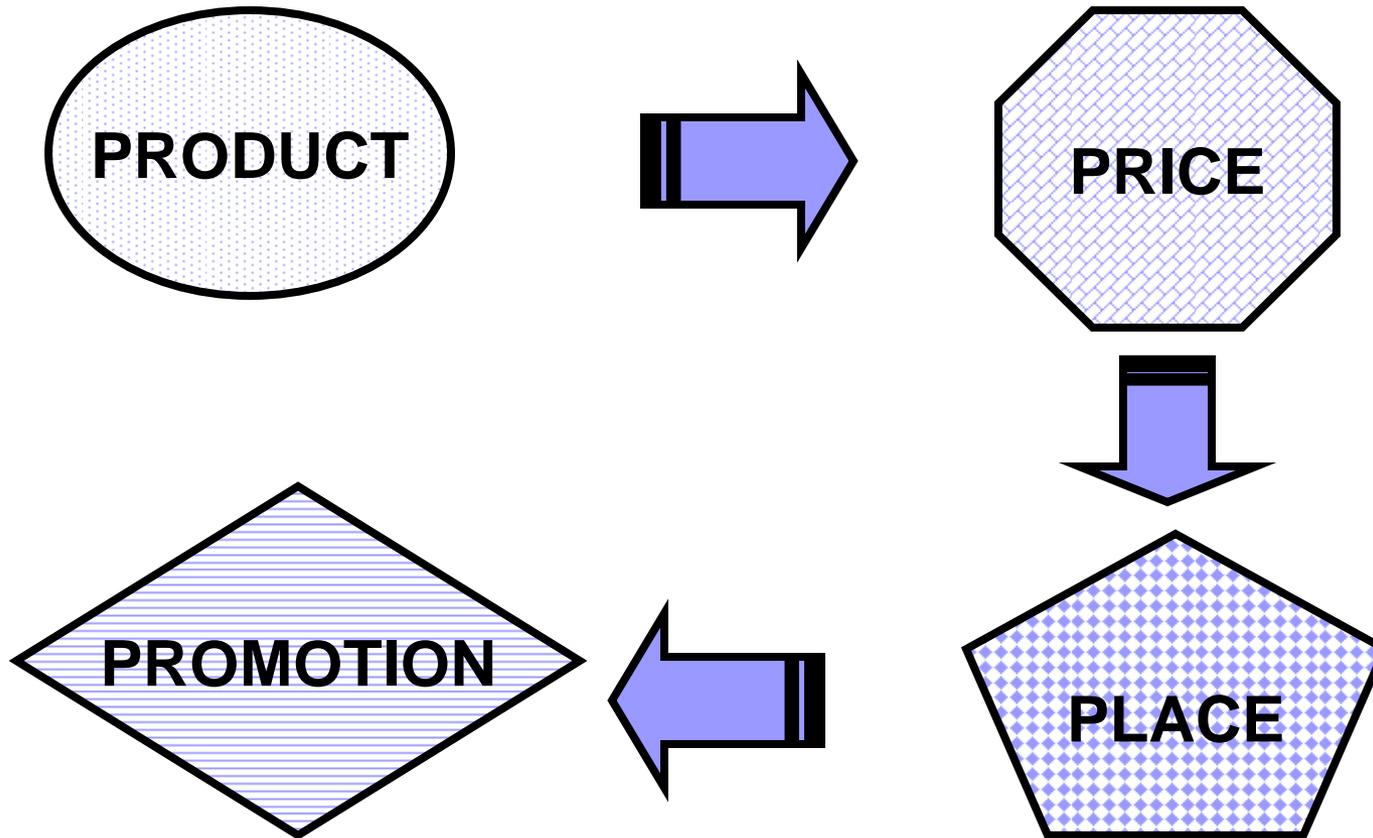
- Tangible Those product benefits (costs) that are easy to measure, “features.” Tangible attributes come through in the product design
- Intangible: attributes that are not easily measured. Sales and promotion will often be used to establish intangible attributes in lieu of product design.

3. The Competition

...and Other Challenges

- From SWOT analysis, assess your business' strengths and weaknesses compared to your competitor's
- Competition can be other operations, regions, types of recreation or leisure
- Emulate your competition's strengths and overcome their weaknesses
- Differentiate your product from the competition's

The Marketing Mix: Implementation



1. Product (or Service)

- Goods that satisfy the needs of a target market should have the following characteristics:
 - Physical features (design and packaging)
 - Branding and image/personality
 - Degree of customer service: products and services
 - Consistent quality, supply or experience
 - Pricing to cover costs & generate required margins or returns



Horizon Dairy's Product Package

Organic-anti-"all the bad things"

- Happy Cows
- Fun for the kids
- Variety
- Convenience
- Advocating farms through education and policy



Two Rivers Winery and Event Center

- Wine is Culture, with European Routes
- A Chateau among Mesas
- Wine in Every Room
- Grape Vines for Production or Ambience?



Different Approaches to Pricing

■ Reference Points

- Customers-Demand Driven
- Costs-Supply Driven
- Competitors-Value Driven

■ Other Pricing Decisions

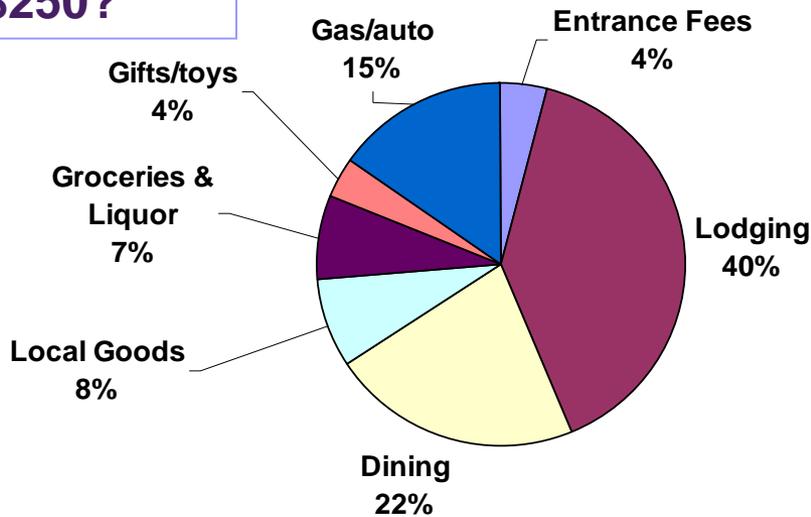
- Discounts
- Allowances
- Credit

- Target Market, Promotion Plans and Ultimate Goals of Business must always be Considered

What are travelers spending?

Colorado Tourists

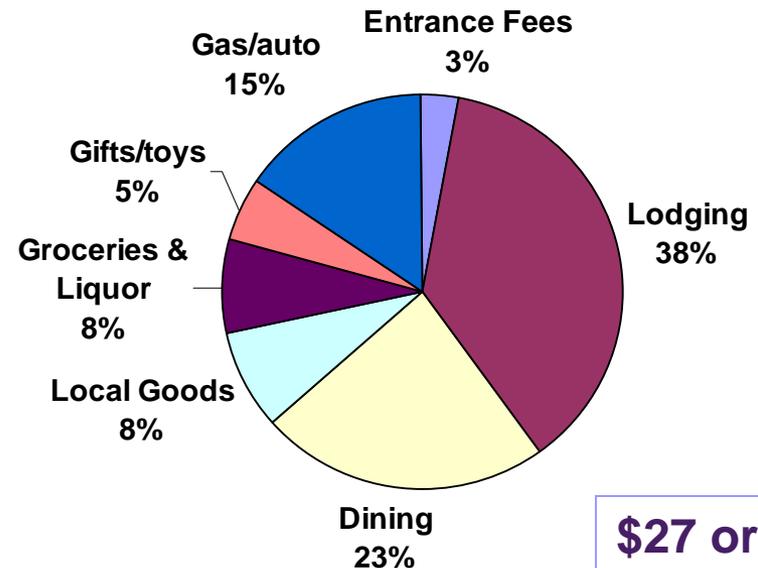
**\$16? Or \$64?
Or \$250?**



- Out-of-state tourists spent an average of \$887 on last trip to Colorado: important as it is a greater impact

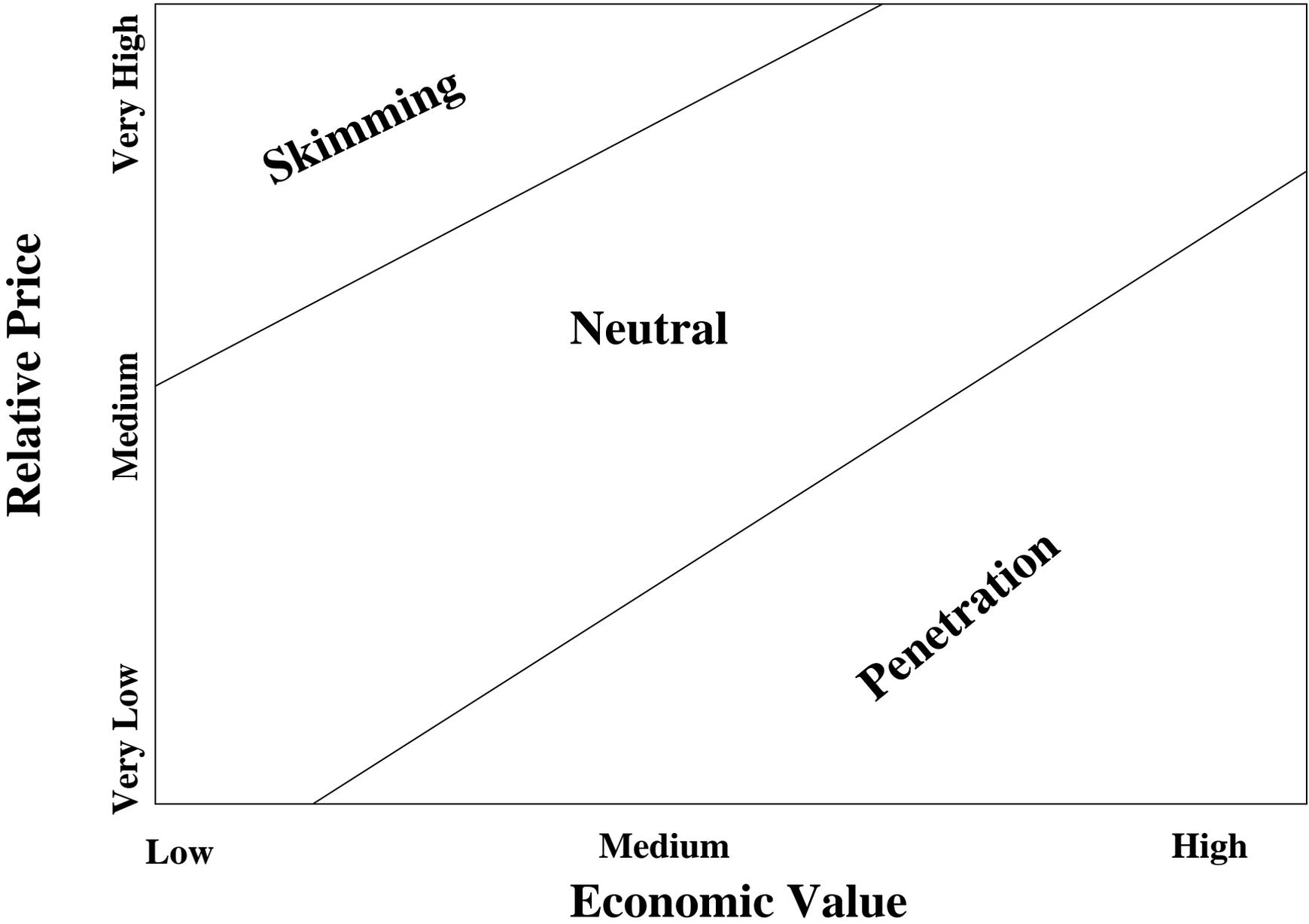
- Colorado tourists spent an average of \$391 on last trip to Colorado that involved agritourism

Out of State Tourists



**\$27 or \$150
Or \$600?**

Generic Pricing Strategies



Pricing Strategies: Segments

- Loyal and Convenience consumers can be highest revenue potential...skimming
 - Artisinal, foodies or ready to eat products
- First time buyers may be attracted through penetration
 - Low or at cost pricing to Cover Fixed Costs
 - Sampling in new market with coupons
- Good pricing strategies can help increase revenues from those less price sensitive
 - Out of towners visiting and looking for souvenirs or those buying something unique for special event

What about Market Research on Pricing?



Anderson Farms Fall Festival

- 2007 Group Rates-Save \$2 per person
 - September 22nd - October 11th
or any Monday – Thursday
 - \$8 for Adults, \$6 Kids (4-12) & Seniors
 - \$1 more closer to Halloween
- Add a meal deal and receive a **FREE** small pumpkin!!
 - Hot Dog Meal Deal
\$12.50 Adults, \$10.50 Kids
- Penetration, bundling, value



One Fremont County Farm

- Admission: Free
- Tractor Rides: Free
- Wholesome Family Fun: Free
- Baskets/Boxes for picking: Free
- Tony's Personality: Free
- Deli Items: Reasonable !



Apples: Pick-your-own \$1.35 Lb.

Already picked Apples in the store vary by variety
usually \$1.50 to \$1.77 a Lb.

Fresh Pressed Apple Cider: 1/2 Gallon \$3.00 Gallon \$6.00



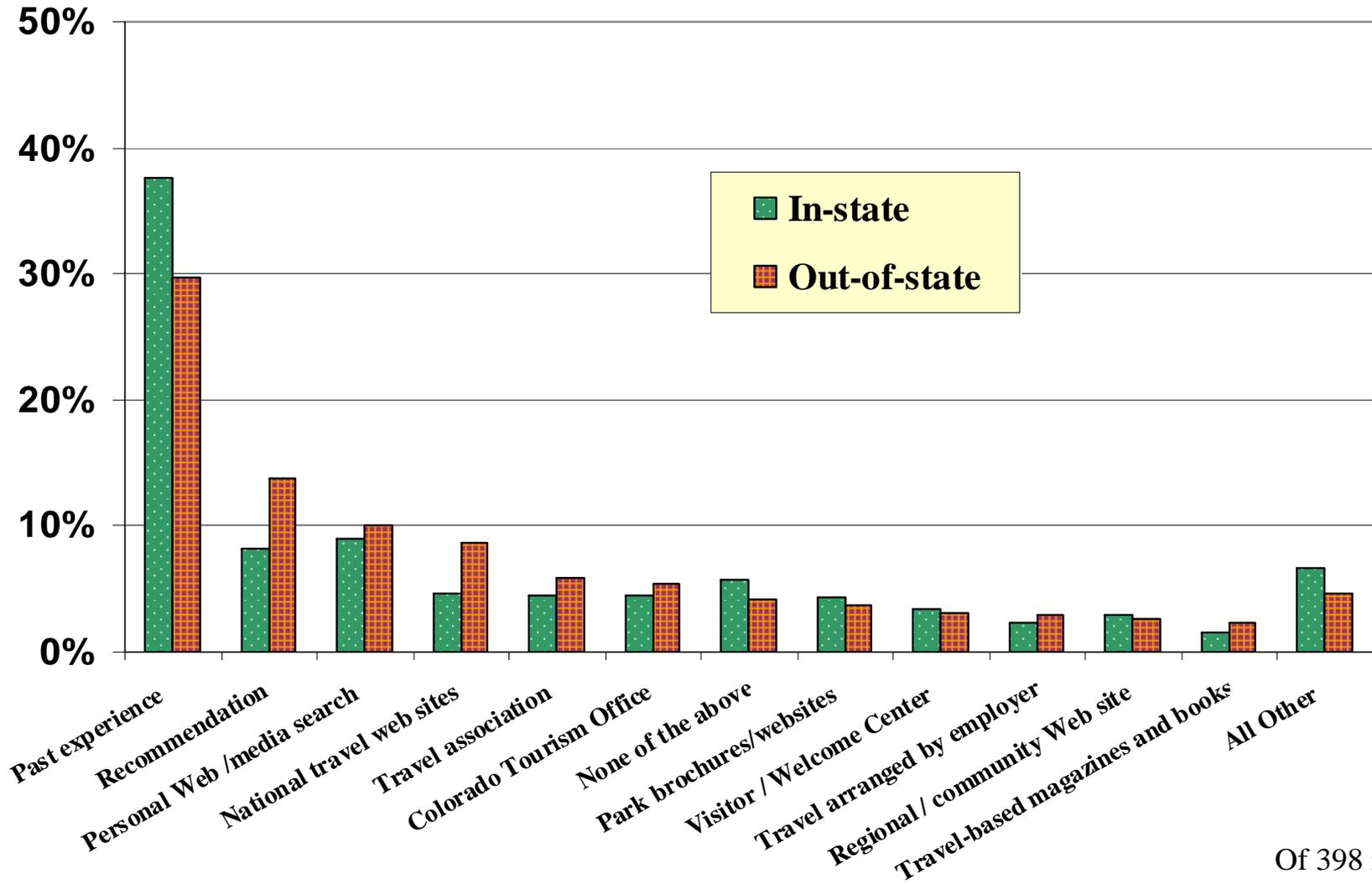
- Blackberries : \$4.50 for 12 ounces** Raspberries : \$4.50 for 12 ounces**
- **** (The Price Of Berries In The Stores In Colorado Springs are \$3.99 For 6 Ounces!)**

- Please Note: Prices are subject to change...
Except the Free ones!

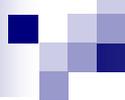
3. Place – Distribution Channel

- Strategic elements of location
- Where customers purchase product or service, how purchase is made
- Product must be at the right place, at the right time, in order to sell & provide profit to producer
- Channels include:
 - For food, direct sales, internet sales, broker or distributor are all important
 - Market Maker may be a new channel!!

Resources consulted prior to travel



Of 398 in-state;
500 out-of-state travelers.
54% used 1 information source; 18% used 2 sources; 11% used 3 different ones. Multiple responses given



Promotional Objectives

- Stimulate sales
- Differentiate product offerings in varying markets
- Share information
- Accentuate value of product
- Stabilize seasonal demand



RIMROCK DUDE RANCH

Member of The Dude Ranchers Association



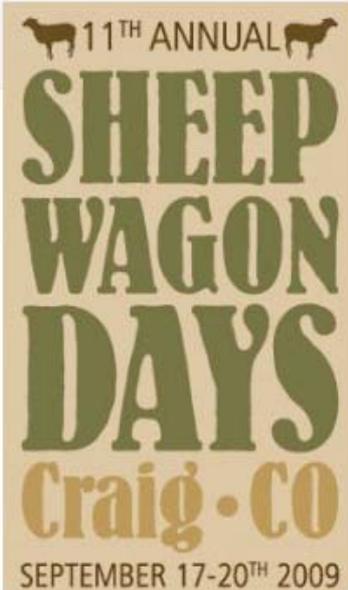
- Ranch Vacation
- Wilderness Pack Trips
- Snowmobile Trips
- Hunting
- Fishing
- Photo Albums
- Area Maps
- General Area Info
- Send Postcard



Tribal and Relationship Marketing

- Concern about authenticity and consumerism
 - The less you seem to be selling something... the more sales you will make!
- Selling a “Community”
 - Shared Values and Mission is Key to this Marketing Approach
- Word-of-Mouth Promotion, Viral Expansion Loops
 - Being seen in an exponentially expanding information space
- **Related Reading: Seth Godin's, "Tribes: We Need You To Lead Us."**

Social Networking: Facebook



11TH ANNUAL SHEEP WAGON DAYS
Craig • CO
SEPTEMBER 17-20TH 2009

- Edit Page
- Promote with an Ad
- Activate Mobile Status Updates
- Promote with a Fan Box
- Send an Update to Fans
- Add to My Page's Favorites
- Suggest to Friends
- Subscribe via SMS
- Remove from My Page's Favorites

Free Family Fun Festival with something for everyone.

Craig Sheep Wagon Days

Wall Info Photos Discussions Reviews +

What's on your mind?

Attach:  [Share](#)

 Options

 **Dan Bingham** You did a great job. Hope everyone appreciates all your hard work.
September 24 at 10:08am · Comment · Like · Report

 **Craig Sheep Wagon Days** Thanks! I'll be posting more photos soon! You took some really great shots throughout the weekend! I'll be updating the website with them as well. Thanks again!
September 24 at 10:10am · Delete

Write a comment...

 **Craig Sheep Wagon Days** Here are some of the great pics from the amazing helicopter rides available at SWD thanks to Donovan, Cinnamon & Kevin with Vertical Horizons.

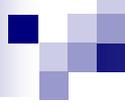


Vertical Horizons LLC
18 new photos
 September 24 at 10:01am · Comment · Like · Share



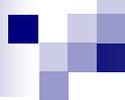
Survey Results

- 34% and 30% based their travel plans on previous experiences & recommendations
 - 4% used social networking sites, 4% conducted personal web searches
- 37% report previous experience with agritourism events
 - 100% checked at least one specific event
(top three, in order are: 1. Farmers' Market, 2. Rodeo/Fair
3. Brewery/Winery)
- 35% recognize the logo of their local business alliance
(12%, local agriculture alliance in NW Colorado)



When Promoting Your Product...

- Determine desired message you want your customers to have about your product
- Set goals promotion will accomplish - either public relations for your business, increasing product sales, or nurturing loyal customers
- Design a budget for promotional expenses; determine which promotional strategies will fit your budget and goals



Your Marketing Plan

- Double Check:
 - Possible with Current Resources?
 - Addresses a Market Opportunity
 - Balanced between Loose and Tight
 - Visionary, but Pragmatic
 - Clear Objectives and Vision Behind Each Market Strategy Choice
- Which P will guide your Initial Energy?

Innovative Marketing Ideas

- If you are looking to diversify your operation by including agritourism activities on your farm/ranch, or food based business
- **Colorado Department of Agriculture**
 - <http://www.coloradoagriculture.com/>
- **Agricultural Marketing Resource Center**
- **Agriculture Innovation Center**
- **Colorado State University-Extension**
 - **Marketing Fact Sheets at:**
 - <http://dare.colostate.edu/pubs/extension.aspx>