

Innovation and Collaboration in the Agritourism Supply Chain – Cluster Development and Implications for Marketing



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What is Agritourism and Farm-based Education

West Virginia agritourism/farm-based education refers to travel or visit by the general public to a working farm or other commercial agricultural, aquacultural, horticultural or forestry operation for the purpose of enjoyment, education and or participation in agritourism activity(ies). An activity is an agritourism activity whether or not the participant paid to participate in the activity.





Agritourism in West Virginia

Culinary tourism-local, Appalachian
Vineyards, wineries, breweries &
distilleries

Heritage/cultural crafts, foods &
activities-farm focused

Farm to School, table, plate, "X"

Farm B&B's/vacations

Wagon/sleigh/hayrides

Pick Your Own

Weddings

- 
- 
- 
- Picnics, parties & campfires
 - School field trips
 - Seasonal festivals
 - Farm based education (classes, workshops)
 - Field mazes
 - Roadside & farmers markets
 - Agriculture festivals & events
 - Trail rides
 - Local-focused restaurants

Destination Choice is an important travelling decision

The Times are Changing!

2014 Traveler Happiness Study -

The Thirst

One of the key ingredients for a memorable experience was making a connection between local cultures and histories all around us to increase our chances

*Tourism + Agriculture
+ Engagement +*



BUILDING A PATH TO RESILIENCY

Uniting Natural Resources & Community Development

Experiential Travel Checklist

73% of travelers surveyed would rather spend money on experiences than on things. *

Experiential travel is the new, hot trend. Luckily, most regions already have the raw materials necessary to create authentic experiences for groups.

storytellers and interpreters story into memorable As for culture, showcase your hidden gems as well as your

✓Tip: Combine multiple components to create a richer, themed experience.

ea boast natural wonders? Great! If not, don't are. Seek out local environmentalists, outdoor hunters and farmers and ask what is special region? You'll discover amazing nature right ose.

appreciate your area's foods and beverages ter they learn the stories behind the flavors. urn/production tours, comparative tastings, ooking classes all give insights and add value ary offerings.

ith local art galleries, craft studios, antique outiques to reinforce the idea that your area's ures cannot be found anywhere else. Just like groups will value your products more if they makers and see the workshops.

n passive. Today's groups want than to watch. Plus they love a takeaway to show off to family and friends back home.

✓Tip: Make the experience share-worthy. Social media buzz thrives on great photos.

✓Tip: Ready to embrace experiential travel? Chat with your regional Group Tour Media consultant today. Contact information is on page 7.



*JWT Intelligence Trends Survey, 2014

Studies Support the Need for a Defined Agritourism Product

2012 Economic Impact

Direct Spend
Employment
State/Local Tax

Activities of

Base: Overnight Person-Trips



Source: Longwoods International 2013 West Virginia Overnight Visitor Report

Percent
■ West Virginia ■ U.S. Norm

Hot Buttons for Staying Longer In West Virginia

Top 10 Hot Buttons

- Provides A Unique Vacation Experience
- A Fun Place For A Vacation
- A Place Everyone Should Visit At Least Once
- A Place I'd Really Enjoy Visiting On A Day Trip
- Good For An Adult Vacation
- Good Place To Relax
- Good Place For Families To Visit
- A Place I Would Feel Welcome
- An Exciting Place
- Children Would Especially Enjoy This Place

Good or
Excellent

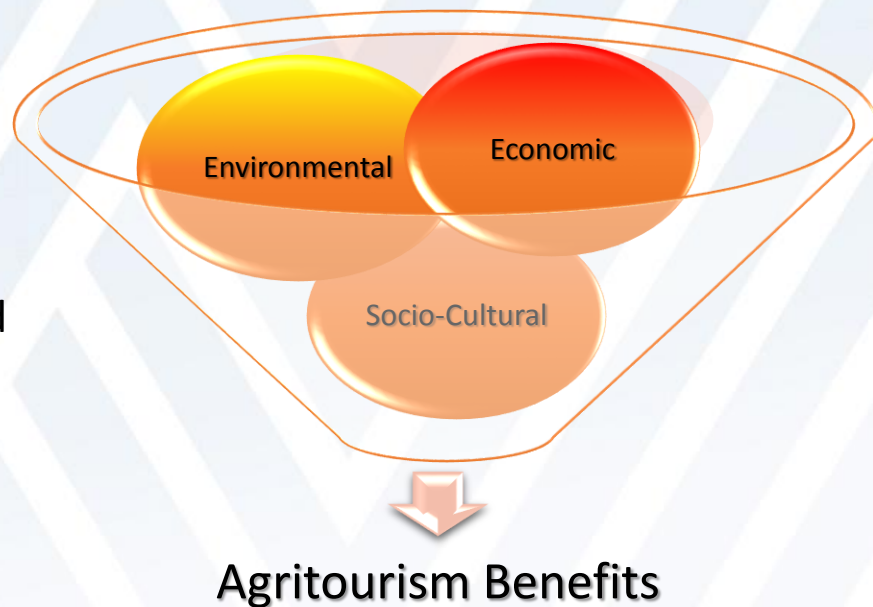
| | |
|------------|-----|
| ities | 96% |
| lliness of | 95% |
| ivities | 95% |
| tractions | 60% |
| tions | 43% |
| ities | 34% |

River Gorge, WV Competitiveness Study
/Virginia University

Why Visit an Agritourism/Farm-Based Education Operation?

(Demand Motivations – Visitors' Motivations)

- Multiple generations traveling as a family
- Multi-activity but shorter trips by car
- Activities combining educational, recreational and social experiences
- Growing interest in experiential travel – connecting to the culture, history, people and food of a place.
- Growing interest to support local farmers tied directly back to 'food system bond'
- Growing interest in rural life and environmental stewardship

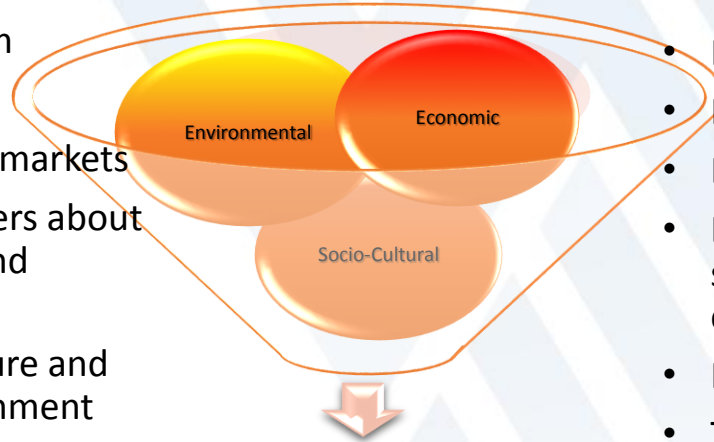


Why Have an Agritourism/Farm-Based Education Operation?

(Supply Motivations vs Supply Limitations)

Supply Motivations

- Diversify the income stream
- Improve cash flow
- Diversify product lines and markets
- Get feedback from customers about preferences for products and services
- Educating visitors- agriculture and local foods, and the environment
- Help community development
- Work at home
- Social rewards



Agritourism Benefits

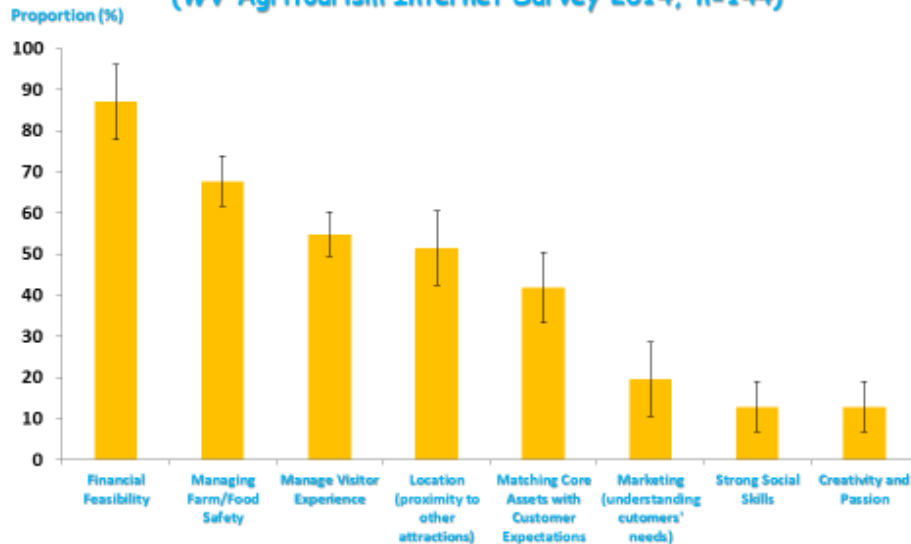
Supply Limitations

- Rural, remote, face depopulation
- Inadequate infrastructure
- Lack of access to resources
- Lack entrepreneurial skills and new skills set (e.g., hospitality, retail marketing, customer service)
- Increased liability exposure
- Tension with neighbors
- Tourism and agriculture are fragmented
- Lack of shared planning has led to weak competitive power of WV

Needs Assessment Response for Proposed Agritourism Course

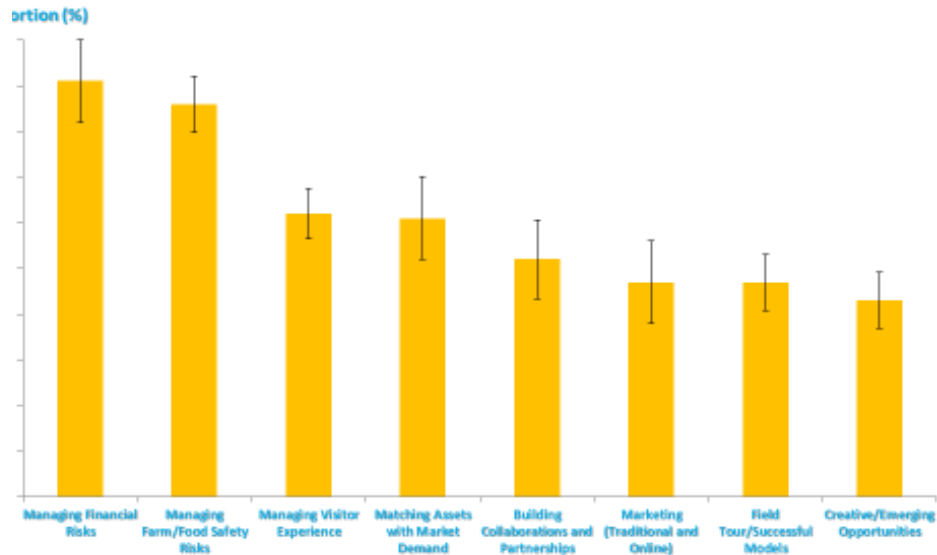
Rank of Critical Success Factors in Agritourism

(WV Agritourism Internet Survey 2014, n=144)



Rank of Priority Training Needs for Proposed Agritourism Course

(WV Agritourism Internet Survey 2014, n=144)





Visit anr.ext.wvu.edu/agritourism



West Virginia Agritourism Initiative

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The WV Agritourism Initiative

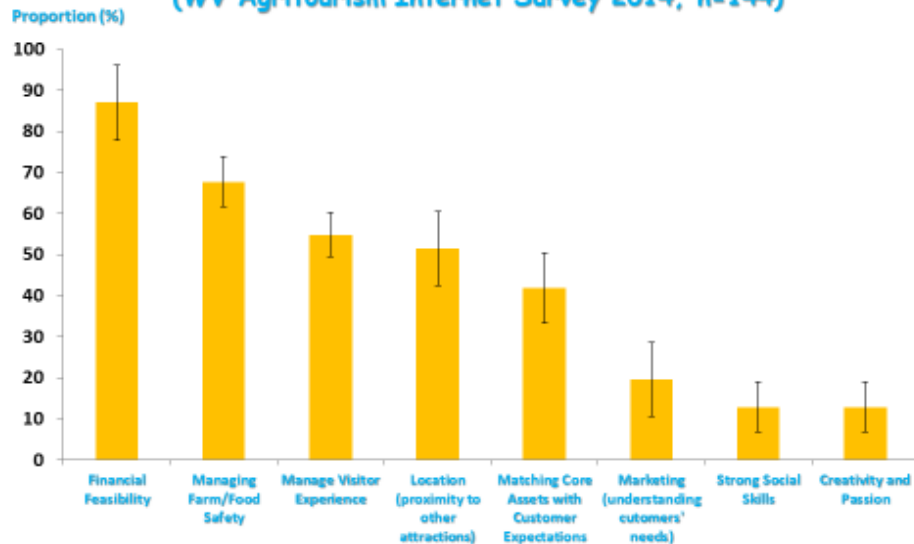
COURSE OVERVIEW: Growing Agritourism and Farm-Based Education in West Virginia - Managing Risks for Improved Income Diversification

| MODULE | TOPIC to Address Agritourism Entrepreneurship | Resource Developed |
|---------------------|---|---|
| 1 | Assessing Your Potential: Emerging Opportunities In Agritourism | <ul style="list-style-type: none"> • 'Assessing the Agritourism Potential of your Region and your Farm Enterprise' |
| 2 | Marketing and Financial Planning for Agritourism Enterprises | <ul style="list-style-type: none"> • 'Building a Viable Agritourism Enterprise – The 5 Page Business Plan' • 'Partial Budgeting – A Key Tool in Agribusiness Financial Management' |
| 3 | Managing Risk In Agritourism: Farm Safety, Food Safety and Emergency Planning Procedures | <ul style="list-style-type: none"> • 'Legal Guide to Managing Legal Risks Associated with Direct Markets for Local Foods in WV' (In Progress) |
| 4 | Tools and Resources for Integrated Agritourism Marketing Success | <ul style="list-style-type: none"> • 'Understanding the Big (Regional) Picture – Where Does my Agritourism Operation Fit in?' • 'Co-opetition' – The Art of Cooperative Competition in Agritourism' |
| Capstone Tour | Best Practices in Agritourism Operation and Management | <ul style="list-style-type: none"> • 'Collaboration and Innovation in the Agritourism Supply Chain – Keys to a Successful Agritourism Enterprise' |
| Cluster Development | Clusters of SMEs to provide model of cooperation and competitiveness (CO-OPETITION) to build regional viability | <ul style="list-style-type: none"> • WV Food Trail; WV Maple Days; other smaller 'clusters' |

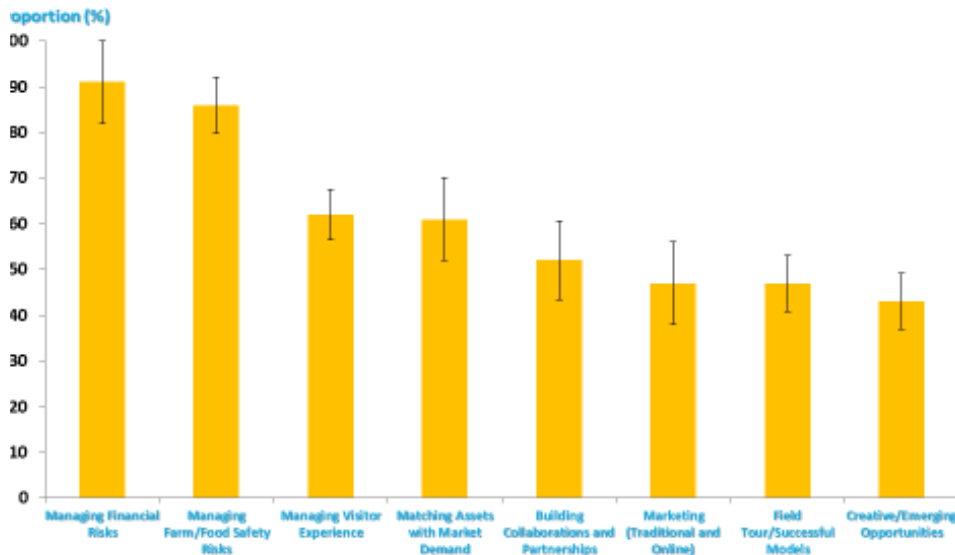
All materials and presentations archived on WVUES Community Online Learning System website - <http://extcommunity.wvu.edu/>

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Need for New Paradigm — SMEs Micro-Cluster Networks

Porter, 1990 - cluster is a “geographically close grouping of mutually interlinked firms and dependent institutions in a given discipline, which compete together, cooperate, have joint symbols and complement each other.”

Clusters of SMEs provide model of cooperation and competitiveness -

Co-opetition

Porter, 1998 - understands clusters as one of the main sources of microeconomic competitiveness (productivity and economies of scale).

Differentiated locality and image - empower their place-destination through "localness" and quality and become more visible

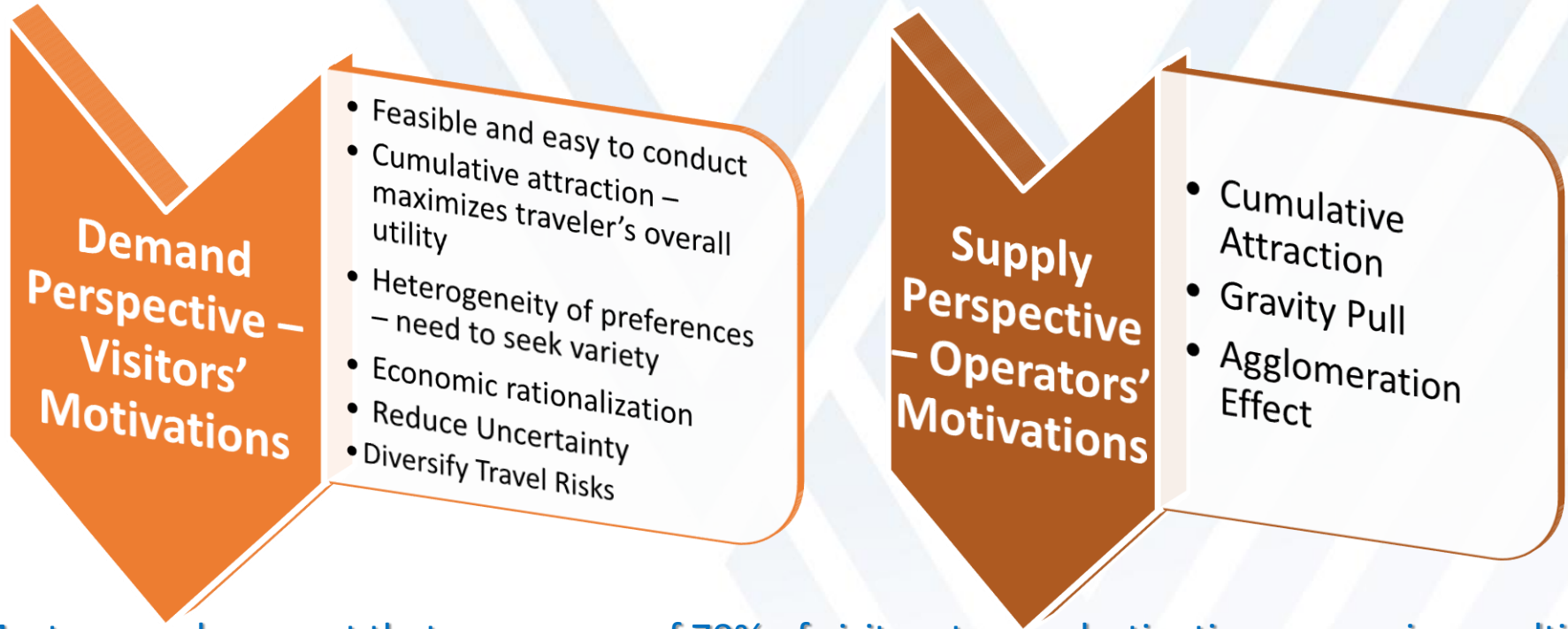
Facilitate relations with other entities, better meeting consumer needs

Stimulate local competitiveness - contribute positively to innovative processes and favorably affect productivity

Reap economies of accumulative and scale effects and diversify geographical risks - improve productivity/profitability of SMEs

Solidifies partnerships - culture/attitude of businesses serving the tourists, state, and community.

Why a Multi-Destination Visit – Visit to a Cluster of Activities?



Most research suggest that an average of 70% of visitors to any destination engage in a multi-destination pattern rather than a single-destination pattern

Overcoming the Generic Challenges of SMEs Micro-Cluster Networks

- Geographic limitations
- Flow of information
- Lack of innovation - homogeneity
- Lack of linkages/interconnectedness of cluster actors
- Success of the cluster initiative is conditional on:
 - Quality/success of the individual SMEs within cluster
 - the quality of the engaged internal/external stakeholders;
 - the appropriate choice of the strategic focus; and
 - collaborative activities that the cluster provides for its stakeholders

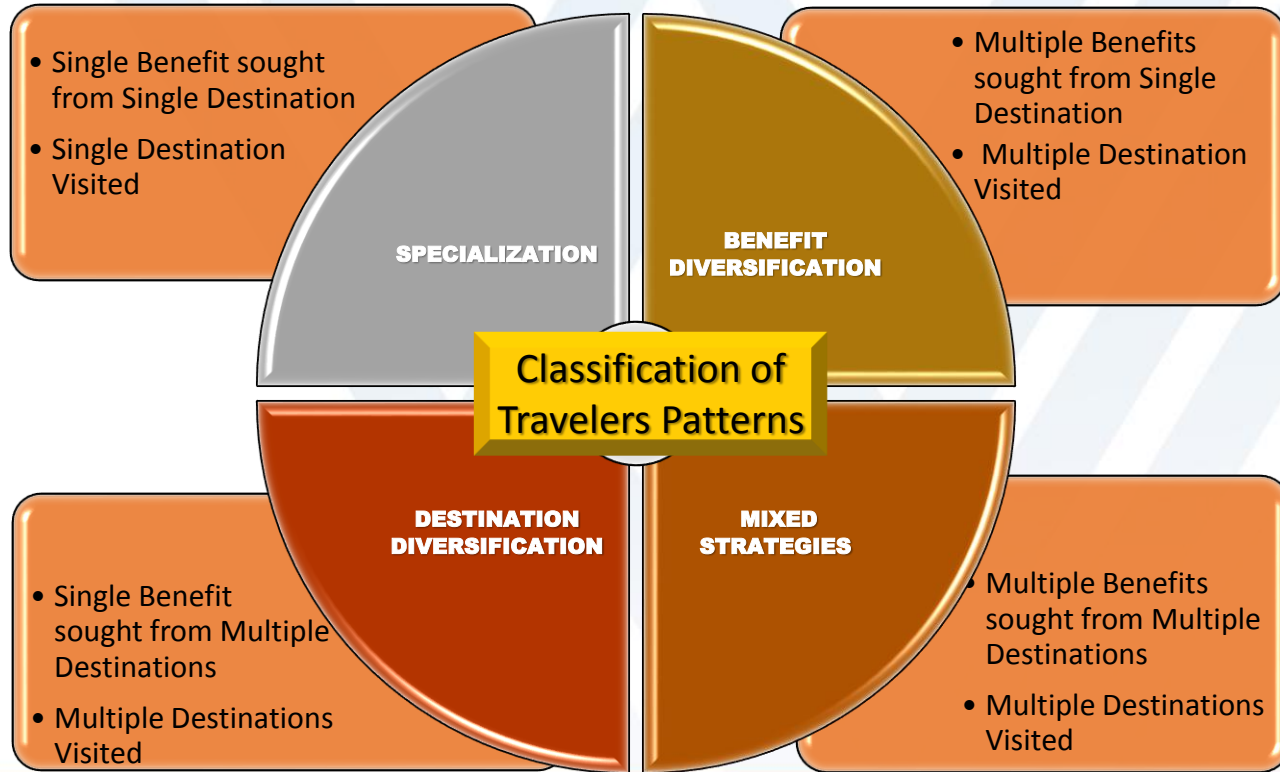




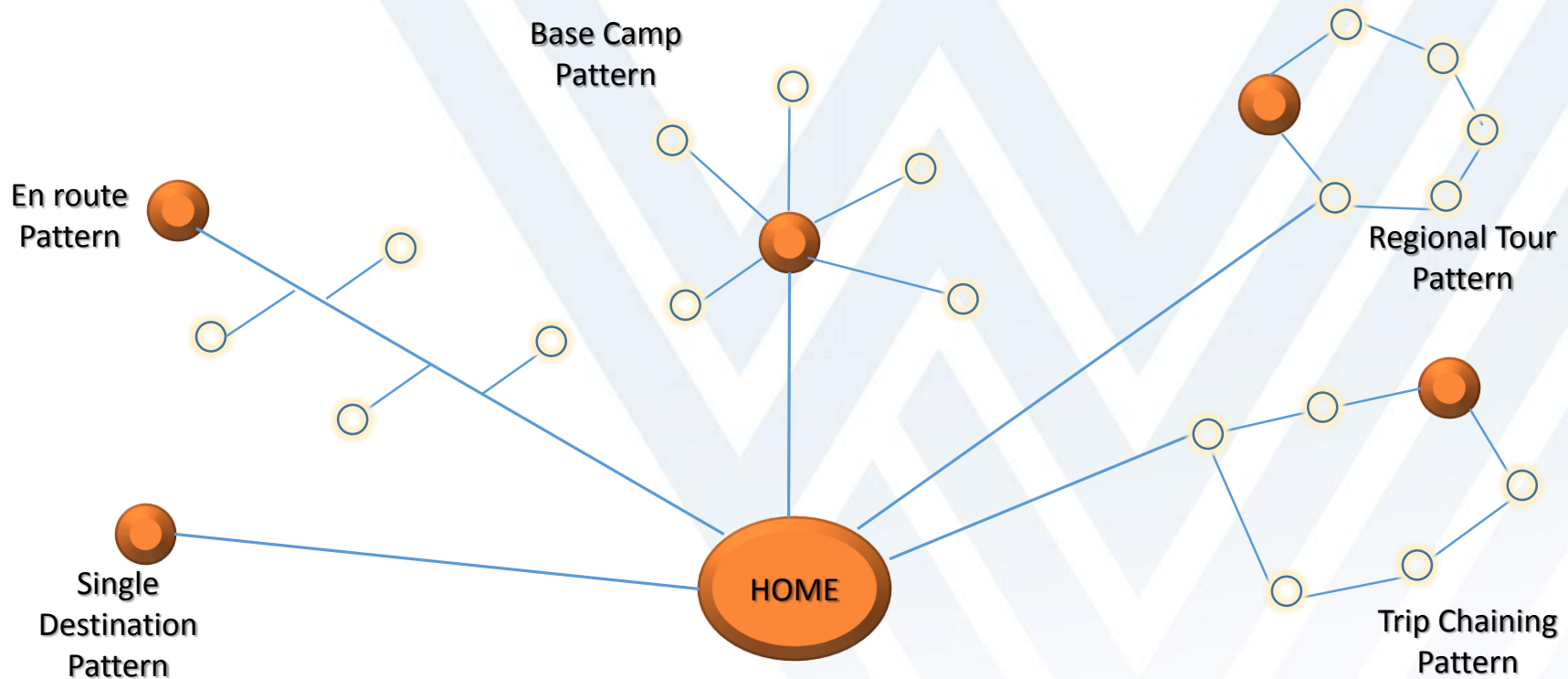
**Visitors Don't
Care About
County Lines!!**



Purpose or Benefit Sought



Number of
Destinations
Visited



The LCF Model of SMEs Micro-Cluster Networks

Model of SMEs Cluster – En Route Pattern



Spicy Gringo's



niversity

Model of SMEs Cluster – Base Camp Pattern



The Greenbrier Hotel, Greenbrier County



J.Q. Dickinson Salt Works,
Kanawha County



Autumn Breeze Farm,
Greenbrier County



Swift Level Farm Stay,
Monroe County



Ace Adventure Travel,
Fayette County



Farmers' Market, Nicholas County



New River Gorge Bridge, Fayette County



The French Goat, Greenbrier County

*Visitors Don't Care
About County Lines!!*

Cluster Development – Implication for the Agritourism Supply Chain

- ❖ **Cumulative Attraction, Gravity Pull and Agglomeration Effects** recognizes that much tourism business is shared = longer visits and greater expenditures
- ❖ The experience at your offering will likely affect the traveler's perception of the region, and their decision to revisit or even continue with their current trip = Agglomeration Effect
- ❖ Clusters offer a critical mass/competitive advantage not offered by individual entities
 - ❖ Travelers will do more business if attractions are located en route, in proximity, or in a logical sequence to each other, than if they are widely scattered
 - ❖ Small attractions - easier to attract visitors en route, than to pull them away from 'the beaten path'
 - ❖ Larger attraction - Smaller attractions en route or in proximity to major attractions are not merely parasitic; they add to the Agglomeration Effect of the central destination
 - ❖ without them, destinations may be at a competitive disadvantage against other major destinations that have such satellite attractions.

Cluster Development – Implication for the Agritourism Supply Chain

- ❖ Most research suggest that an average of 70% of visitors to any destination engage in a multi-destination pattern rather than a single-destination pattern
 - ❖ En route, Base camp and Regional Tour = greatest opportunity for regional competitiveness and viability
- ❖ Research show that on average, 84% of visitors ventured outside of the counties in which they were lodging; indicating that visitors travelled regionally once at the destination
 - ❖ Viewing a region the way tourists use the region = more accurate picture regarding intra-regional collaboration
- ❖ Unless you understand the ‘big picture’ of travel pattern you are operating within, individual or cooperative marketing efforts are unlikely to be effective

Cluster Development – Implication for the Agritourism Supply Chain

- ❖ Understanding the ‘big picture’ or structure of the travel pattern you are operating within, allows you to customize your collaborative efforts for maximum effectiveness
 - ❖ Length of stay, risk avoidance, willingness to engage the destination, first-time vs repeat visitors, travel party size, distance from home are all significant factors in determining travel patterns - different for each pattern
 - ❖ Investigating the nature of linkages between attractions may help establish:
 - ❖ Which types of activities or resources should be located close to each other in order to maximize financial return
 - ❖ What infrastructure, and product or market development options are necessary to strengthen/create linkages
 - ❖ The geographical boundaries to determine partners and collaboration opportunities within existing spatial configurations

Collaborative Marketing Recommendations to Build Destination and Enterprise Viability

Cooperate to create sufficient “pull” to attract visitors by:

- Based upon distance from home, promotional campaigns could be tailored per travel pattern, which might result in a higher return on investment.
 - Short getaway users travelled an average of 141 miles from home; key cities within this range could be targeted for promotional campaigns highlighting the importance of short getaways.
 - Specific attractions and lodging packages could be developed to entice a 2–3-day visit.
 - Marketing efforts oriented toward base campers should be directed at visitors interested in longer vacations and who lived further away as base campers averaged 375 miles from home.
 - Research show that international and domestic travelers, and in-state and out-of-state travelers exhibited different travel behavioral patterns – differentiated promotion strategies
 - International tourists covered a larger geographic area and visited larger, more well-known attractions,
 - Domestic (out-of-state/first-time) visitors spent more time in the area visiting well-know attractions,
 - In-state, repeat travelers visited smaller, niche attractions and destinations in the region.

Collaborative Marketing Recommendations to Build Destination and Enterprise Viability

- Studies show that spatial density and proximity between attractions are positively related to their collective compatibility at the regional scale, and compatibility between individual attractions at the local scale.
- Compatibility between individual attractions is positively related to *product dissimilarity* at the local scale. Furthermore, *thematic complementarity* between attractions is also positively related to compatibility at the local scale
 - Compatibility with previous destination – cannot have ‘perceived similarity’;
 - Use this to develop ‘market position’ for cluster, but have variety in each attraction - thematic complementarity not similarity
 - Use 1:4 Rule: 4 hours of experience for every hour of travel.
 - Fixing by Mixing – combining experiences to meet customers’ needs and exceed customers’ expectations (at each attraction and with the overall cluster)
 - All attractions must maintain the highest standard of operation
 - (product/service, safety and emergency planning, hospitality and customer service, aesthetics, branding)
 - Maps and Apps to provide infrastructure such as transportation routes, services offered, etc.

Collaborative Marketing Recommendations to Build Destination and Enterprise Viability

- ❖ Fostering a number of good quality themed events that are clustered in time and space
 - ❖ Use uniform 'BRANDING' to create/reinforce cluster identity
- ❖ Staggered scheduling –schedule with other attractions to facilitate efficient group visits
- ❖ Seasonality – changing offerings or partners depending on seasonal offerings
- ❖ Partner for multi-generational, diverse activities - recreational, educational, social, sight-seeing
- ❖ Partnering with others to acquire products or services
- ❖ Cross promotion – trail maps and apps (shared coupons for partners; passport program for chance at prize); joint promotional program to communicate the benefits and diverse possibilities that may accrue to visitors
- ❖ Cooperatively marketing retails products - Pairing lists (wine, other liquor, cheese, meats, salt, etc.)
- ❖ Differentiated Locality and Image through Regional Marketing - Share stories of region – Capitalize on 'flagship attractions' to help position the region
- ❖ Some destinations lack support facilities and depend on symbiotic relationships with others to provide needed services – supplementary entities

Collaborative Marketing Recommendations to Build Destination and Enterprise Viability

- Choosing cluster partners and designing the duration of stay at each destination based on offerings
- Packaging destinations would be accomplished most efficiently by combining several destinations that differ in characteristic (complementary and supplementary)
- This consideration is also important for agricultural service providers in helping to determine the development of new destinations.

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