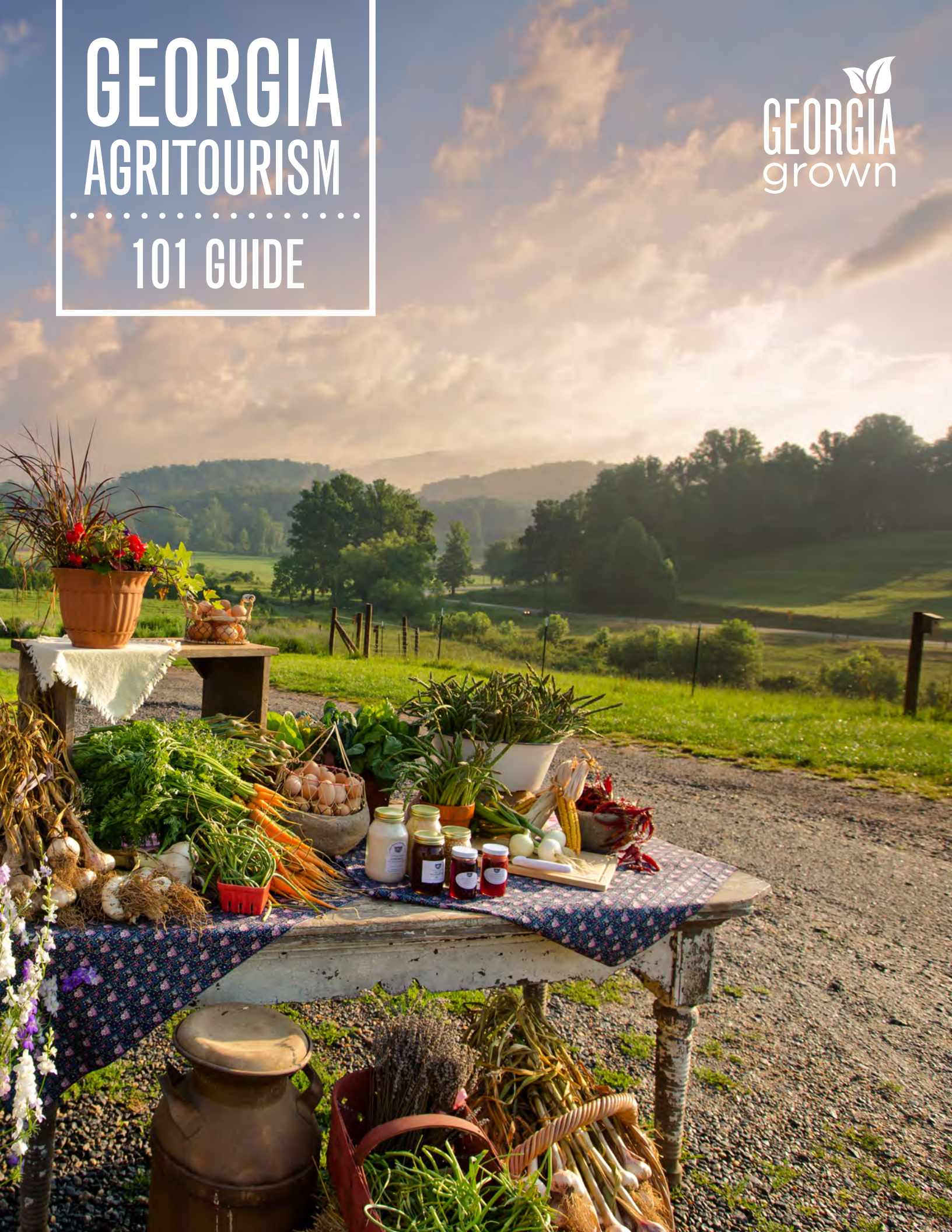


# GEORGIA AGRITOURISM

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## 101 GUIDE





## Georgia Grown

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The Georgia Grown program is a marketing and economic development program of the Georgia Department of Agriculture. Our No. 1 goal is to aid our agricultural economies by bringing together producers, processors, suppliers, distributors, resellers, agritourism and consumer in one powerful, statewide community. We're here to help new agribusinesses grow, and established agribusinesses thrive.

Georgia Grown is also a brand with deep roots in sustainability, quality and integrity. The Georgia Grown brand is desired by business and consumers who want to buy and promote Georgia's locally grown products.

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Section 1



# Introduction to Agritourism

## Historical Overview

Agritourism – also known as farm tourism, agri-tainment, or agricultural tourism – has a long history in America. In the late 19th century, city dwelling families visited farming relatives to escape the summer heat in crowded communities. “Country” visits became even more popular in the 1920s when the automobile made it easier to travel, and they were a welcome release from the stress of the Great Depression and World War II in the 1930s and 1940s. The 60s and 70s brought increased interest in riding horses, animal petting zoos, and general farm related nostalgia. This led to farm vacations, dude ranch stays, commercial farm tours, and farm bed and breakfast visits being popularized in the 1980s and 1990s. Because of the generation gap between farm and non-farm families, the demand for a slower paced farm experience has now become the catalyst for farm-based recreation to become an important business. Agritourism has become a tool that has a direct economic impact on farms and the surrounding communities.

## What is it?

Agritourism is a unique experience that combines traditional agriculture with tourism. Mention the phrase “agritourism” to the average person, and you’ll probably get a wide range of reactions. Some might imagine waking up before dawn to help the farmer, and others might picture themselves making cheese, picking fruit, or crushing grapes or olives. Others may imagine guided hunts or fishing. For our purposes, Agritourism is defined as “operators, managers, landowners, landlords, and tenants in shared tenancies who are producers of an agricultural commodity(s) and allow the public to visit the working agricultural operation for the purposes of experiencing, including but not limited to, education, entertainment, relaxation, hospitality, shopping, and dining.”

Although other definitions exist, the fact remains that tourism and entertainment-related farm activities offer a new diversification enterprise to active farm families. Agritourism offers seasonal employment opportunities within a community and new sources of income for farmers. It is a prime direct marketing venue to market a farm experience and to add value to those products sold on the farm. Operators of agritourism venues may need many more products, resulting in new markets and new income by supplying their new farm business with popular products that they don’t produce themselves. Agritourism represents a new opportunity for many farm families who seek to continue their farming traditions.

## Some examples of agritourism activities are:

- Agriculture related festivals and fairs
- Apple slingshot/ corn cannon/ dunking booth
- Animal experiences
- Barn dances
- Biking trails
- Bed & Breakfast
- Boating, canoeing etc.
- Bowling
- Camping
- Concerts/ music weekends
- Corn hole
- Corn pits
- Cow/ goat milking
- Crop mazes
- Disc golf courses
- Duck races
- Educational experiences
- Farm to table dinners
- Farm tours
- Farmers markets/ roadside markets
- Farm vacations
- Fee hunting and fishing
- Floral arranging
- Geocaching
- Hay bales jumping/ slides
- Hay/ wagon rides
- Haunted mazes
- Hiking trails
- Horseback riding
- Human foosball
- Jumping pillow/ inflatables
- Military reenactments
- Mud run/ 5ks
- Movie nights
- On-farm retail markets
- On-farm vacation
- On-farm bird watching
- On-farm picnic areas
- On-farm educational programs
- Paintball
- Painting/ face painting
- Petting zoos
- Pig race track
- Pottery making
- Pumpkin checkers

- Pumpkin patch
- Skeet shooting
- Summer camps
- Tire mountains/ tire obstacles
- Trail rides
- U-pick vegetables and fruit
- Weddings/ birthdays
- Wildlife watching
- Winery/ wine tastings

It is important to understand the elements of agritourism that make it more original than other types of tourism. Positive interaction between the agritourism venue operator and the customer is central to the success of the enterprise. An agritourism customer is more than just a number. In this form of tourism, the guest becomes a “member of the family”. Agritourism encompasses exposure to and contact with local residents, customs, culture, way of life, and activities in the surroundings. This enables an original experience and a complete adventure.

## Agritourism Today

Today, agritourism continues to be an opportunity to increase income for some farmers and agribusinesses around the nation. Some producer organizations, state and federal government agencies, university extension programs, state tourism offices, professional consultants and the media are recognizing agritourism as an industry and devoting resources to address it.

The United States Department of Agriculture (USDA) estimates that more than 62 million people over the age of 16 visited farms during a one-year period in 2000-01. This does not count the numerous children and youth under 16 years of age who visited farms during the same time period. One estimate suggests approximately 20 million children under the age of 16 visited farms during the year, bringing the total to 82 million visitors.

## Why Do People Travel?

Understanding why people travel can help assess the opportunities for various agricultural enterprises.

One of the major reasons people travel is to build or strengthen relationships. Families find they have little time to be alone together in their everyday lives, and they want to get away from the stress of home and work. They look forward to travel as an opportunity to rekindle relationships. Many also seek social interactions on trips, and view it as a time for making new friends.

Another reason people travel is to gain better health and well-being. The vast majority of adults say that a vacation is vital to their family's physical and mental well-being. Most travelers want to refresh and renew themselves by actively participating in outdoor activities, or they may simply need time to rest and relax. Getting away from work, worry, and effort enables vacationers to refresh and renew.

Travel is also spurred by an individual's desire for knowledge and adventure. Learning and discovery are strong motivators for today's better educated travelers. People travel to learn or practice a language, study a culture, explore gourmet foods or wine, investigate spirituality, discover something new about themselves, and numerous other learning pursuits.

Another reason people travel is to mark a special occasion or to reminisce. Some travelers take vacations to celebrate milestones in their lives, such as a new relationship, a marriage, a birthday or a professional achievement. People also travel to relive fond memories from another time in their lives.

## Why Choose Agritourism?

### For the farmer

- An opportunity to diversify income.
- Increase revenue without increasing acreage.
- Compared to traditional commodity markets, agritourism offers a new way of marketing products and services, allowing farmers to put a price on time and value.
- Build new business with existing resources.
- Provides a way to include future generations on the farm or ranch and keep the land in the family.
- A way to supplement retirement.
- Educate the public on how their food is grown.
- Demonstrate and showcase how producers protect and care for the land and natural resources.
- Educate people about both historic and modern methods of farming and the risks involved in everyday agriculture.

### For the traveler

- Unique and authentic experiences, such as picking fruit, hunting, fishing, or participating in farm activities.
- Get away from everyday stress.
- Participate and see how their food is grown.
- Experience the culture and heritage.
- Enjoy rural scenery.
- Most individuals are three to five generations removed from the family farm. They no longer have a parent, grandparent or relative to visit on the farm anymore.



## Is It Right for Me?

Agritourism activities are only limited by your imagination. If you are considering agritourism, you will need to look at your surroundings and resources in a more creative and different way than you might have in the past. Such activities offer additional income opportunities and may provide safe alternatives for family labor, as well as promote the critical yet diminishing industry of agriculture. However, these activities may also add extra responsibilities, require additional labor, and increase the farm's exposure to risk and liability.

Starting an agritourism operation requires consideration of a number of factors. Consider the following as you decide whether or not agritourism is a good venture for you:

- Involve the whole family. Agritourism takes additional energy and skills. When several family members are involved, each person can contribute his or her unique talents and specialize for efficiency.
- Get to know your customers, and provide the products they want. Keep adjusting your products according to their tastes and preferences.
- Create a high-quality product. Quality is the single most important element that will differentiate your product from mass-produced alternatives. Make your product or service unique. Remember people are looking for a connection with their rural roots. They want to experience the satisfaction of your farm life. Provide them with some fun, education, peace, and relaxation.
- Keep informed and educated about the industry. It is critical to know about your customers, your competition, the laws concerning your business and other producers. Attend conferences and meetings. Join organizations such as your local chamber of commerce and Rotary that serve local businesses as well as your new customers.
- Start small and grow naturally. Invest your ingenuity first, labor second, and money third. If you start small, the effort you invest and the income you generate are more likely to be matched. Let the market tell you when and how to grow.
- Form partnerships. Make plans to work with those in your neighborhood, community and region. Look for ways you can work with other businesses and local attractions to make all of you more successful.
- Provide more than just a product. Most successful value-added businesses provide more than just a product or service. They provide an experience that can be in the form of pleasant social interactions, a chance to experience the rural way of life, education, services, tours, etc.







Photo Credit:

Top-  
Pearson Farm,  
Fort Valley, Georgia

Right-  
The Rock Ranch,  
The Rock, Georgia



Section 2



# Evaluating Your Operation

## How Do I Do It?

This section is designed to help you answer the question of “How can I make agritourism work on my farm?” Since everyone may not be suited for agritourism activities on their farms, you first will need to determine whether agritourism is an appropriate option for you. Once you have decided that you are ready to try agritourism, you will need to set goals, assess your resources, and develop a business plan. This section walks you through the decision-making process, and highlights the following five steps of business planning:

1. Personal assessment
2. Business goals and objectives
3. External resources
4. Internal resource assessment
5. Business plan

## Personal Assessment

There are many reasons to consider adding tourism activities to your list of farm products and services. Prior to investing in agritourism, carefully analyze your potential as a host and your available resources. Proper planning and analysis will substantially increase your chances at success. If you have ever had an enjoyable experience on a vacation or while visiting someone else’s farm, you likely have an idea of what it takes to provide a good guest experience. It is essential to evaluate yourself and your family to ensure that you have the ability to be a gracious, thoughtful host to guests. To assist you in making this decision, you can ask yourself the following questions:

- Does my family like meeting all types of people?
- Do I like to entertain strangers?
- Do I mind giving up some of my privacy at home?
- Can I always be cheerful and helpful around my guests?
- Are my farm and guest facilities always neat and clean (or can I ensure that they will be)?
- Am I successful at managing and organizing my home and farm expenses?

If you answered “yes” to all of these questions, then you might have what it takes to operate a successful agritourism business. If you were not able to answer “yes” to all of the questions, you may not be a good candidate for an agritourism business.

Before embarking on an agritourism venture, weigh the costs and benefits of such an investment. Below is a list of potential advantages and disadvantages to hosting tourists on your farm.

### Possible advantages

- Diversify and bolster income sources.
- Share challenges and satisfactions of your lifestyle with others.
- Develop interpersonal and communication skills.
- Agritourism activities may take place on a small scale.
- Recreation guests represent a high-value, low-volume market.
- Relatively inexpensive.

### Possible disadvantages

- May require additional money and time.
- Planning can be tedious and frustrating.
- May impact some family members negatively.
- Additional risks involved in allowing visitors on your property.
- Additional guest facilities may require additional time and money.
- Adding products and services is a long-term process.

## Business Goals and Objectives

Identifying goals focuses your attention and provides a basis for making decisions. Setting and achieving goals keeps an agritourism operation going in the right direction. Without goals, an idea's ultimate feasibility cannot be evaluated. It is important to note, however, that goals can change over time. Business goals and objectives should be developed early in the life of a business, and then evaluated and adjusted as the business grows.

Your agritourism operation goals should meet the S.M.A.R.T. criteria. That is, each goal should be Specific, Measureable, Attainable, Rewarding, and Timed in order to be effective. Please find the Goal Identification Exercise on page 78 in the Appendix to assist in identifying and setting the goals for your operation.

## External Resources

As with all businesses and tourism activities, the natural environment and the experience or product are at the heart of success. Therefore, it is extremely important to analyze all property assets and characteristics to maximize the potential for success. What physical resources (woodland, meadows) exist? How is the climate? What else exists that might enhance your operation to a visitor? Is there fishing or wildlife present? Is there a suitable area for parking? Consider all aspects of your land and operations, including topography, wildlife, crops, and recreational activities. Also consider any potentially hazardous characteristics of your land and operation, as well as areas that you do not want publically accessible.

## Internal Resource Assessment – The People Factor

When people begin an agritourism operation, the single most important thing is the "people factor." In this type of business, everything you do is for people: working with people, working for people, serving people, and meeting people's needs. You want to be a people person because you will interact with different kinds of personalities daily and you want to be prepared. If you don't consider yourself a people person, an agritourism operation might be difficult for you. You may want to hire someone that likes to talk and interact with people so they can operate the people side of the operation. Here are 10 commandments of guest relations to keep in mind:

1. Guests are the most important people in any business.
2. Guests are not dependent on us, we are dependent on them.
3. Guests are not an interruption of work, they are the purpose of it.
4. Guests do us a favor when they call, we are not doing them a favor by serving them.
5. Guests are a part of our business, they are not outsiders.
6. Guests are not cold statistics; they are human beings with feelings and emotions.
7. Guests are not to be argued with.
8. Guests are those who bring us their wants, it's our job to fill those wants.
9. Guests are deserving of the most courteous and attentive treatment we can give them.
10. Guests are the lifeblood of the farm recreation business.

When considering a new agritourism venture, it is also important to evaluate the skills and strengths of your family members and potential staff. The People Resources exercise found on page 79 in the Appendix can help in this evaluation.

## Business Plan - Where Does Agritourism Fit?

Integrate agritourism into your farm in a way that works for you. Agritourism may fit as a supplementary, complementary, or primary enterprise to your farm.

### *Supplementary Enterprise*

As a supplementary enterprise, agritourism could be a minor activity that would support the other products on your farm. For instance, if your primary enterprise is livestock production, you may decide to invite school groups to your farm several days a month to learn about your animals and your occupation.

### *Complementary Enterprise*

As a complementary enterprise, agritourism activities would share equal footing with other enterprises in your farm product mix. For example, you may have an apple production enterprise on your farm. If you were to sell half of your apples to a wholesaler and the remainder to “pick-your-own” guests on your farm, then the two enterprises (the wholesale market and the direct market) would be complementary enterprises.

### *Primary Enterprise*

As the primary enterprise, agritourism would be the dominant activity on your farm. For instance, you may decide to open a winery on your farm and invite guests to spend the day or the weekend tasting wine. As part of the wine tasting package, you may include overnight lodging in a cottage on your property. You may produce grapes for the wine on your farm to supplement your wine tasting activities. However, because agritourism is the main part of your farm product mix, it becomes your primary enterprise.

It is important for you, as a farmer, to realize that agritourism has the potential to become whatever you want it to be on your farm. Whether you use agritourism as a supplementary, complementary, or primary enterprise, you must think creatively and plan effectively for your new enterprise to be successful.

## Farm Partnerships - Local Competition vs. Complementary Farms

You’ve given some thought about how you want to run your own agritourism business, but make sure to also look at other businesses around you. After identifying all of the agritourism sites around you, classify them according to these three types of business relationships:

### *Complementary Coexistence*

This relationship is most likely between farms that do not offer the same services or products. If you sell vegetables and are looking to do U-pick, the chicken house near you could be helpful for agritourism. If they allowed people to come look/ pet their chickens, your two businesses could coordinate to get more people for both of you. This type of relationship would lead to a good partnership between your farms.

### *Interlinked Coexistence*

This relationship exists between different operations within the same enterprise. An example is a family dividing up their farm with different people running each part. If the dad is responsible for the cotton fields, he still needs to know what is going on with the produce fields that the sons operate.

### *Competitive/Conflicting Coexistence*

This relationship occurs when your farm sells the same products and services as the farm down the road. For competitive coexistence, a sustainable competitive advantage is key. If farms in your area all sell vegetables and also do agritourism, you should think about doing something that the other farms do not. Check out the list of agritourism attractions in Section 1 to see some different ideas.

Having different types of relationships and partnerships around your business can help it grow and flourish. You may think you want only complementary and interlinked relationships, but competitive relationships are what drive businesses’ creativity and stop complacency.

Competition between agritourism operations is just as important as competition between other businesses.

## Agritourism Audience

Who is visiting your farm? Your target audience is important. When you define your target audience you are then able to get your information to them more easily and effectively. These are the people that you want to visit your farm as well as who visits your farm now. The key to getting your messages seen is to be as descriptive as possible. A possible target audience would be middle-aged moms who look for fun places their kids will enjoy in mommy blogs, newspapers, or community Facebook pages.

Ask yourself the following questions:

- What kinds of people do you want to visit?
- Who would want to come to your farm with what you have now?
- Who would want to come to your farm in the future?

**Section 4 Marketing explain more about identifying your target audience and how to reach them.**

## Financial Analysis

Evaluating an agritourism business opportunity can be an overwhelming task. There are many things to consider but the most important is to determine whether the business can generate a level of sales sufficient to generate a profit. If the business is not able to generate a sales revenue that is equal to or exceeds expenses, it is most likely not an economically viable business proposition.

### Estimating Start-up Costs

Estimating start-up costs is a critical part of evaluating an agritourism business. These costs include one-time costs like purchasing land or constructing a building while other expenses will be ongoing like payroll, insurance, facility lease, and utilities. Make a list of these start-up or onetime expenses and then assign a corresponding dollar figure to each. Startup costs should then be evaluated to determine if they are essential or optional. Only the essential costs should be included in the start-up budget.

The essential costs need to be classified as either fixed (overhead) costs or variable (related to business sales) costs. Fixed expenses will include figures like the monthly rent, utilities, and administrative and insurance costs. Variable expenses will include inventory, shipping and packaging costs, sales commissions, and other costs associated with the direct sale of a product or service.

***When starting a new business, it is important to estimate the costs of operating the business for the first several months it is in existence. The Start-Up Budget Sample on pages 83-84 in the Appendix can assist you in identifying these costs.***

### Preparing a Break-Even Analysis

A break-even analysis can be used to calculate the number of tours (or items) that need to be sold to break even, or the price per tour needed for the business to break even. A break-even analysis allows you to run "what if" scenarios. For example, if an additional wagon is added to the business, how many extra tours will have to sell to cover these costs?

Preparing a break-even analysis requires a basic understanding of simple financial analysis terms. To prepare a break-even analysis four variables are needed:

- Variable costs
- Fixed costs
- Estimated sales
- Price

### Variable costs

These are costs that change with a business's level of production and/or sales. An example of variable costs would be the fuel needed to run a tractor for a corn maze hay ride. As the number of visitors increase so does the number of hayrides and fuel needed to run the tractor. The purchase of additional fuel would be considered a variable cost.

Examples of potential variable costs include:

- Wages (how many and what are you paying employees)
- Raw material costs (inputs)
- Utilities (electricity, natural gas, water, sewage)
- Cost of maintaining inventory (giveaways, etc.)

### Fixed costs

These are costs that a business incurs regardless of its level of production or sales. Fixed costs do not fluctuate with sales volume and are sometimes referred to as overhead costs. An example of a fixed cost would be the monthly mortgage payment on farmland. Regardless if the business is providing tours, the business has to pay for the facility.

Examples of fixed costs include:

- Mortgage/Rent
- Interest on debt
- Insurance
- Plant and equipment expenses
- Business licenses
- Salary of administrative personnel
- Utilities
- Taxes
- Supplies
- Sales and Marketing

### Estimated Sales

This refers to estimated sales during a specific period of time. A company's estimated sales are derived from estimating market potential and anticipated market share. It is advisable to estimate sales using two or three different market share figures to provide an estimated sales range.

### Price

It is important to estimate how much a business will charge for each tour and/or services. One method of determining price is to research the competition and collect their products pricing information.



### Break-Even Unit Calculation

The formula for preparing a break-even analysis is as follows:

$$\text{Break-Even in Number of Tours} = \text{Fixed Cost} \times (\text{Price} - \text{Average Variable Cost})$$

$$\text{Break-Even Price} = (\text{Fixed Costs} / \text{Estimated Sales}) + \text{Average Variable Costs}$$

For the following examples, we will assume fixed costs of \$9157, a \$15 price per tour, estimated sales of 250 tours (units), and an average variable cost of \$13.66.

$$\text{Break-Even in Units} = \text{Fixed Cost} \times (\text{Price} - \text{Average Variable Cost})$$

$$\text{Break-Even in Units} = 9,157 \times (\$15.00 - \$13.66)$$

Break-Even in Units = 12,271 - number of tours to be sold to break-even.

The calculation reveals that 12,271 tours need to be sold at a selling price of \$15.00 per tour for the operation to break-even. Sales exceeding this level will allow the business to start generating a profit.

### Break-Even Price Calculation

The second calculation is focused on calculating the price per tour that needs to be achieved for the operation to break-even.

$$\text{Break-Even Price} = (\text{Fixed Costs} / \text{Estimated Sales in Units}) + \text{Average Variable Costs}$$

$$\text{Break-Even Price} = (\$9,157 / 250) + 13.66$$

Break-Even Price = \$50.29 per tour is the break-even price

The calculation reveals that each tour being sold needs to sell for \$50.29 per tour for the operation to break-even.

## Pricing

Do consumers not buy their preferred produce because it's too expensive or is it other reasons like insufficient quality? Studies show that price appears to be a main reason why mainstream consumers sometimes don't buy their preferred commodities. How should one price? Although there is no black and white answer, this section discusses issues related to pricing.

### Sizing up the Competition

Sizing up the competition starts at assessing the supply and demand for the specific products you are selling. If you had a bed and breakfast with a view of the Grand Canyon, your product would be unique from other bed and breakfasts near the rim. Just like beach front property is different from property a few blocks away from the beach. Product uniqueness allows you to be more of a price setter rather than a price taker.

How unique is your product compared to competing products? If you are selling seedless watermelons at the farmer's market next to four other vendors selling seedless watermelons, your price will need to be at the going rate. Even if you try to get a price that is just 1% to 2% more, virtually all consumers will opt for the cheaper melons. But if you are selling a melon that is more exotic and unique, many consumers will pay a 50% to 100% premium over what regular watermelons are selling for.

Freshness is a unique characteristic for products that are extremely perishable like sweet corn, blackberries, raspberries, and strawberries. But products like carrots, potatoes, and apples that store well, need to be priced competitively with supermarket prices. If you're selling storable products you might consider exotic varieties, distinguish your growing methods, or provide rural recreation opportunities for developing product uniqueness. Defining a unique market niche is critical for having any ability to set price rather than being a pure price taker.

### Pricing for Maximum Profit

Some consumers are willing to pay more than others so how does one differentiate between consumers? Retailers use various tools to maximize their profits by "price discriminating" among consumers. Coupons are a form of price discrimination. Consumers looking for the lowest possible price have a demand curve that is relatively elastic. This means that the consumers are price sensitive. Supermarkets offer coupons in order to maximize their profits, not because they like to save the consumer money. They recognize marginal pricing concepts.

Coupons are a vehicle for allowing them to price lower for the price sensitive shopper but maintain a higher price for consumers that are less price sensitive (i.e., more inelastic demand) and don't want to be bothered with coupons. Discount days are another vehicle for price discrimination. Seniors are generally price shoppers so businesses offer discounts to seniors as a form of price discrimination.

Volume discounts also reflect a form of price discrimination and/or a different per unit cost of making the sale. If you plan to purchase a large volume you will be a more price sensitive shopper. Again, these discounts are offered in order to maximize profits rather than "give a good deal to the consumer." Discounts are most appropriate for the direct marketer at the peak of harvest when ample produce is available.

### Pricing Strategies and Tips

Does \$9,999 differ from \$10,000? Even though the percentage price difference is essentially zero, retailers commonly price with 9's to convey a cheaper price image in the consumer's mind. If the regular price is \$15.00 a bag, offering a price of \$12.99 would be an appropriate use of 9's. A \$3 discount is flashed in consumers' minds before they think a \$2 discount. Multiple pricing is also a form of price discrimination, and pricing 3 for \$.99 or \$.40/each would be an appropriate use of 9's to attract the bargain hunter. Nine pricing doesn't generally fit if you are trying to promote a product image of high quality and solid value.

When dealing primarily with cash sales, prices that are in \$.25 increments have an obvious advantage of reducing time at the cash register. If tax must be added, price items so that they will come out to a \$.25 increment. Selling by weight for some items helps consumers compare with supermarket prices, but this also requires more time at the checkout line. Most direct marketers don't have computerized scales that provide calculations to the ounce in a fraction of a second. Scales also need to be monitored for accuracy and are subject to the scrutiny of inspectors. If your prices are obviously lower than supermarket prices, unit pricing may be to your advantage. When your prices are near supermarket prices and you're competing with the same supermarket varieties, sales by weight are generally most appropriate.



A "variety pack" of assorted fruits and vegetables could be more appropriate to offer as a special than a volume discount. Variety packs get consumers to try new items they might not otherwise try and reduce the risk of getting too much of one item. A meal with corn, sweet potatoes, and a salad with fresh lettuce, green pepper, celery, carrots and tomatoes is more appealing for most individuals than all corn. For example, a couple might not be able to consume two dozen ears of corn before their sweetness and freshness is lost.

Loss leader pricing refers to advertising one item at a price below cost, with the intent of getting customers "in-the-door." After customers have made the decision to stop and buy the loss leader item, the objective is to sell enough items at full-price to cover any losses occurred on the loss leader. Loss leaders are most effective for a common good that everyone is purchasing. Turkeys at Thanksgiving are a classic example of a loss leader.

### Method of Payment

Why are retailers all across the U.S. willing to give credit card companies up to 5% of the purchase price of an item to make a credit card sale? Why do retailers not just request cash? Retailers know that the average consumer will buy more if they take plastic rather than require cash or check. A consumer may plan to spend \$50 when they visit your outlet and take \$50 in cash. But upon arrival may realize that your produce is a better value than they anticipated, they are constrained to spending \$50 or less if you only accept cash. You are at risk for not receiving any payment if you accept checks. Credit card companies are a vehicle for ensuring payment to the retailer and getting consumers to buy more. Keeping cash out of the cash register also reduces the risk of theft.

If you are operating a delivery service, an account is generally set up for each client and you send them a bill on regular intervals, commonly every two weeks. Offer a slight discount for early payment from your "regular price" in order to encourage prompt payments. Some farmers' markets and roadside stands are set up to take food stamps as a form of payment to promote affordability.

Food stamps may be more challenging for isolated produce outlets. But if your outlet caters to low income consumers with a product image that includes low prices, food stamps may be worth pursuing.

Regardless of the method of payment you choose to adopt, keep records. Records that can track how much was received for fresh corn and day old corn on the same day are needed to make keen pricing and ultimately next year's planting decisions. Personal observations help, but it is definitely not enough for the bank. Enter the sale code and quantity purchased in user-friendly computer programs, and within seconds a detailed sales receipt is printed out for your customer. With computers becoming more affordable every year, computerized records and receipts are a wise business tool for even small produce outlets. Tracking individual consumer purchases from year to year can be the best key for discovering what items need to be discontinued or emphasized more.



## Financial Resources

### United States Department of Agriculture Rural Business Cooperative Service

The RBS program provides a loan guarantee to a bank, savings and loan, or other approved lender to finance private businesses located in rural areas population of 50,000 or less. Business loan guarantee purposes include, among others items, construction, acquisition, working capital, equipment purchase, start-up costs and expansion costs. Applicants for these loans may be any legal entity, including individuals, public and private organizations and federally recognized Indian tribal groups. For more information, visit [www.rd.usda.gov/programs-services/business-industry-loan-guarantees](http://www.rd.usda.gov/programs-services/business-industry-loan-guarantees).

### United States Department of Agriculture Rural Business Enterprise Grant

The USDA Rural Business-Cooperative Service (RBS) makes grants under the Rural Business Enterprise Grant (RBEG) Program to public bodies, private nonprofit corporations, and Federally recognized Indian Tribal groups to finance and facilitate development of small and emerging private business enterprises located in rural areas outside the boundary of a city or unincorporated areas of 50,000 persons or more and its immediately adjacent urbanized or urbanizing area. Public bodies include incorporated towns and villages, boroughs, townships, counties, states, authorities, districts, Indian Tribes on federal and state reservations, and other federally recognized Indian Tribal groups in rural areas. For more information, visit [www.rd.usda.gov/programs-services/rural-business-development-grants](http://www.rd.usda.gov/programs-services/rural-business-development-grants).

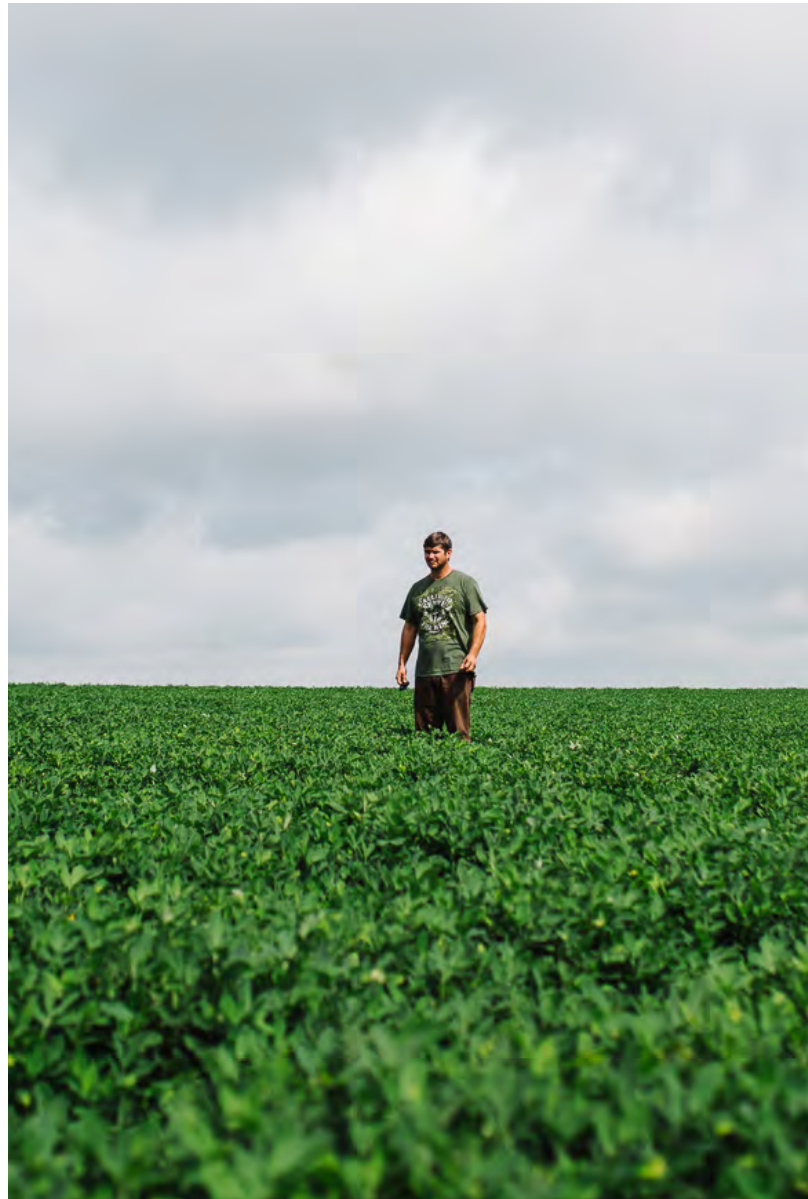




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Oliver Farms,  
Pitts, Georgia



Section 3



Only the finest honey in the world

**H.L. FRANKLIN'S**

HEALTHY HONEY

100% Pure, All Natural, Raw Honey

MADE IN USA

| Nutrition Facts    |      |
|--------------------|------|
| Per 1/2 Cup (120g) |      |
| Total Fat          | 0g   |
| Saturated Fat      | 0g   |
| Trans Fat          | 0g   |
| Cholesterol        | 0mg  |
| Sodium             | 0mg  |
| Total Carbohydrate | 120g |
| Sugars             | 120g |
| Protein            | 0g   |

Only the finest honey in the world

**H.L. FRANKLIN'S**

HEALTHY HONEY

Honey That Is Good For You

Pure honey never spoils but the highest quality honey may crystallize over time. This shows that your honey is pure and has retained all its natural mix of enzymes, pollens, antioxidants, and minerals that pasteurization can destroy. Upon crystallization, simply place the jar in hot water and let stand to melt. Do not bring to a boil.

Do not feed to infants under 1 year of age.

100% Pure, All Natural, Raw Honey

Distributed by Franklin Foods LLC  
P.O. Box 1064 • Statesboro, GA 30469  
www.FranklinFoodsLLC.com • 1.800.280.4995  
net wt 1lb (5kg)

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# Business Planning

## Developing a Business Plan

What is a business plan and why do I need one? Business plans essentially force business owners to spend some time thinking about the business, industry, and competition, and to determine the best direction for their business. A business plan helps assess and create a vision for what needs to be accomplished. It helps evaluate future needs and can be used as a tool for measuring and improving the operation. It is basically a roadmap to developing a successful agritourism business.

Developing a business plan does not happen overnight, but building a solid plan will save time and money in the long run. Business owners need to realize that the plan is a working document or a work in progress. The plan must be realistic and fit the needs and objectives of the agritourism business.

A business plan serves many purposes and is essential to starting or expanding a new business venture. A business plan should include the date that it was prepared, so that it can be compared to any subsequent versions.

### Executive Summary

The Executive Summary is the first page of the business plan, but it should be the last section you write. Summarize the key points that you have written in your business plan in the Executive Summary, including a brief description of your business. It should also include your mission statement, which is the purpose of your business. It should include your values, goals, credit request, and a description of the keys that will make your business successful. Briefly cover “Who, What, When, Why and How.” This is just a summary and should include no more than two pages.

The content of your summary depends on the purpose of your plan. If you are presenting your business plan to lenders or investors, then you should include highlights that will encourage them to consider financing your business. If your plan is primarily for internal purposes, family members and employees, then the Executive Summary should summarize the plan and communicate where the business is going. Match your plan to your purpose.

### Create a Mission Statement

Reflecting the core purpose of your business, stating the basic values and goals in a short, focused sentence of no more than 20 words. Ask yourself: What is the purpose of the proposed project? What benefit will it provide? Who are the customers?

### Create a Marketing Slogan

This should consist of a short, clever, even humorous translation of your mission statement that conveys a single, simple thought about your business to your customer.

### Set Measurable Goals and Objectives

Goals are three to five years out, while objectives are things you want to accomplish in the next year. They should be specific, measurable, attainable, and reasonable. Look at things such as sales volume, owner compensation, profits, customer satisfaction, employee development, etc. Look at the basic Who? What? Where? When? Why? How?

Goals should communicate to others what you expect your business to accomplish. Then set timetables to match goals and objectives. Who will be responsible for what activities? Who are the key employees and what are their titles? How long do you plan to operate this venture? How many hours are you willing to commit to this venture? Where do you see the business in five years? How are you going to promote customer satisfaction? You may want to include separate business and personal goals. You may also think about both short term and long-term goals.

### Gather Information

You'll want to know about potential visitor days and expenditures, preferences, and interests; competition and complementary services in your area; etc. These types of surveys are available from economic development organizations, tourism boards, and various associations.

### Describe the Agritourism Operation

When was it started, or projected to start? Why was it started? Who started it? How does the agritourism operation fit in with your overall farm operation? How are you set up as a business (sole proprietorship, general partnership, limited partnership, corporation, and chapter S corporation)?

### Describe Product or Service

Write down what you are selling to the public. Why should people buy your service? What does it do? What makes it unique? What will it cost to provide this service or product? How much will you charge? How does it compare to other similar recreation enterprises? Are there complementary services in the area?

### Define Customers

Who are you targeting for your recreational enterprise? Define gender, age, income, occupation, location, family status, children, education, and interests. For example, if you are developing a fee hunting enterprise, you'll probably target males ages 25-50.

### Develop a Marketing Strategy

Your marketing and advertising method may be as simple as word of mouth and repeat customers, or it may involve an ad campaign with printed materials, radio spots, newspaper or other media advertising, mass mailings, and the like. Marketing and advertising will be covered more fully in the next section, but you should include your marketing strategy in your business plan.

### Management

Include a resume of each owner and key employees. Identify outside consultants and advisors, including an accountant, lawyer, banker, insurance broker, etc.

### Employees

Written job descriptions that clearly define duties and a personnel manual may be helpful in managing your agritourism employees. Identify how many employees you need to run the operation, titles, job duties and skills. If you need additional employees, where and how will you attract them? What process will you use to screen and hire employees (job skill testing, job interviews, etc.)? What training needs will you face? Who will conduct employee training (in-house, paid consultant, community college, other recreational businesses)? What will be the cost of the training? How will you set salaries and wages? What benefits will you provide?

### Insurance

Identify the types of insurance you have for your business. See the section on Liability and Insurance for more information on this topic.

### Fixed Assets

You will need to identify your current fixed assets (those with a useful life or more than one year) and those you will need to purchase. These might include land, buildings and improvements, machinery, equipment, livestock, office furniture, computers, etc. Determine the cost and estimated acquisition date. Estimate the useful life of each fixed asset. Complete a monthly depreciation schedule.

### Start-up Expenses

Any new enterprise will have start-up costs. These costs are those associated with what it takes to open your door for business. Most of these costs will be one-time expenditures, while a few will occur every year. Examples include legal fees, accounting fees, licenses and permits, remodeling work, advertising, promotions, hiring costs, etc.

### Sales Forecast

Forecasting sales are critical to your enterprise from both a management and sales point of view. You can't plan financially if you don't have an estimate of sales. Review your data on products, customers, competitors, and budgets to develop the trends and projections. Be realistic in making these forecasts. Estimate the total market size in \$ sales per year based on your research, and create a market share analysis with worst case, mostly likely case, and best-case scenarios.

## Financial Strategy

The financial strategy identifies your sources of existing debt and your financing needs. It specifies your fixed assets, start-up costs and payments (if debt financing is required) as well as several basic forecasts for your business.

This component of your business plan is important for two major reasons. First, the financial strategy is fundamental to your primary evaluation of the business idea and in the management of the enterprise. Second, your financial strategy is fundamental to a lender's evaluation of your enterprise and key to obtaining financing.

To understand your financial situation, you need to know how your financial statements are developed and can read and analyze them. Make sure your numbers are verified, needs are justified, and sources of capital are accurately researched. Adopt systems for record keeping and bookkeeping that allow quick access to accurate data and create a system of management checks and balances.

The following financial statements should be included in the business plan. In each case, include assumptions made to create estimates and forecasts.

1. Enterprise budget - a projection of income and expenses
2. Cash-flow forecast - an estimate of how income and expenses will "flow" through the operation, usually over a period of one year
3. Profit and loss statement - a projection of revenues and expenses including adjustment categories such as capital gains or losses and depreciation
4. Balance sheet - an accounting of assets, liabilities and owner equity
5. Income statement - a projection of revenue and expenses for a specific period of time
6. Break-even analysis - an analysis describing how many visitors or what amount of sales would be needed to cover costs
7. Sources and uses of cash - a description of funding sources and uses of funds

A summary of your financial strategy should be included in your business plan. The summary describes your financial documents and explains how your new enterprise will fit into your current operation.

## Create an Exit Strategy

The exit strategy is the next-to-last component of the business plan. An exit strategy specifies situations in which you would exit the business or situations that might necessitate closing the business. The exit strategy also outlines the methods you would use in these situations.

Situations in which the business would be exited or closed will vary. Your personal goals may indicate that you plan to retire at a certain age, or your goals may include plans to grow the business to the highest value and sell it or pass it on to your children. In addition, it may become infeasible to continue to operate your enterprise due to changes in competition, market trends, regulations, personal goals or circumstances.

Methods for exiting a business vary. Some examples include selling the business to a competitor, selling the business to a family member or employee, selling your share of the business to a partner or other shareholders, passing the business on to a family member, or liquidating the business inventory and assets.

Each method will have implications for tax liability, retirement finances, and relationships with family members and other business interests. You may want to discuss your exit strategy with your management team to determine the best strategy for you and to make preparations to effectively implement the strategy in the future.

## Include an Appendix

The appendix is located at the end of your business plan. Include supporting documents such as:

- Tax returns
- Financial statements
- Resumes of owners and key employees
- Resumes of management team, including outside consultants and advisors such as accountants, lawyers, bankers and insurance agents
- Certificates of completion of all business planning, management and technical courses taken

### Where to get help?

The business plan should be tailored to fit the agritourism project. Write the plan yourself, even if you seek assistance from professionals and other community members. Professional assistance (attorneys, accountants, financial consultants, etc.) should be used as needed.

There are several resources available to assist in writing a business plan, such as:

- Small Business Administration: [www.sba.gov](http://www.sba.gov)
- Small Business Development Centers: [www.sba.gov/tools/local-assistance/sbdc](http://www.sba.gov/tools/local-assistance/sbdc)
- Chambers of Commerce: [www.acce.org](http://www.acce.org)
- Colleges and Universities
- State Economic Development Agencies
- Libraries
- National Sustainable Agriculture Education Service: [www.attra.ncat.org](http://www.attra.ncat.org)

A Business Planning Checklist is included on pages 80-82 of the Appendix to aid in preparing your business plan.

## External Resources

Once you have set goals and objectives for your new agritourism enterprise, you may want to discuss your plans with other people in the field who have experience in implementing agritourism projects. Here is a list of useful external resources and how each contact can help:

- Local Extension office has additional materials on subjects related to agritourism (marketing, value-added strategies, best management practices, alternative agriculture, etc.). Extension agents can set up panel discussions with other farmers who already have implemented agritourism projects on their farms. In addition, your agents may have special experience in guiding farmers through the agritourism development process.
- Local Convention and Visitors' Bureau (CVB) can help promote your agritourism business along with other local businesses in your destination area. In addition, the CVB may be able to provide you information about the tourists who visit your area (where they are from, what kinds of things they like to do, etc.).

## Threats to Success

Despite the optimism that surrounds a small business start-up, most small businesses fail. In fact, 80 percent of small businesses fold in their first five years according to the Small Business Administration. Unquestionably, all entrepreneurs make mistakes, but those who recognize and correct mistakes are more likely to succeed.

Why do small businesses fail? The answer varies with entrepreneurial skills and business conditions. It is important to have good managerial, analytical, communication and interpersonal skills, in addition to drive and vision. It is also important to understand common threats to business success.

- Failure to understand or predict the difficulty of owning your own business or adding an enterprise. Owning and running a business is hard and stressful work. As a service business operated from your home on family land, your agritourism enterprise can be particularly difficult, requiring tremendous commitment and effort. Learn how to cope with stress and try to find a balance with family, friends, and activities.
- Lack of strategic planning. Make mistakes on paper before you risk assets. Understand that planning is an on-going and cyclical process. In other words, plan strategically.
- Not knowing how to manage and operate an agritourism enterprise. Agritourism enterprises require a different set of skills from production agriculture. Take courses, read books, attend seminars, listen to tapes, get a mentor, or do whatever you can to gain the skills you need.
- Growing too fast. When a business grows too fast, entrepreneurs often lose control, quality of products and service deteriorate, and customers go elsewhere. Business growth should be done strategically and at a rate you can manage.





- Poor interpersonal skills. Relationships within a business are complex, important, and worthy of time, attention, and feedback. Developing relationships with members of your management team, employees and customers.
- Poor communication skills. Good communication skills consist of good listening skills as well as good verbal skills. Develop a system for reporting feedback and suggestions from employees and customers. Consider holding regular meetings for your management team.
- Failure to innovate. Markets are dynamic. It is important to monitor market conditions and make adjustments to meet the needs of consumers.
- Trying to go it alone. Businesses can sink when the operator wears too many hats. Having strong, well-rounded management and working teams is important. Pay for and use the services of professionals when needed. Hire employees that complement your weaknesses and delegate responsibility. Form networks with people involved in agritourism activities locally and regionally. The Georgia Agritourism Association provides excellent networking opportunities.
- Failure to recognize your own strengths and weakness. The better you know yourself, the better your chances of avoiding problems and achieving success. Ask for help when you need it.
- Failure to seek and respond to criticism. Many of the problems listed can be corrected or avoided with the help of candid feedback. Do not automatically blame external causes for failures, but take a look at internal causes. Have people you trust critique your management skills. Talk with management team members, friends, and peers. Use the information to learn how to improve your skills.

(Adapted from "Ten Key Threats to Success", Sharon Nelton, June 1992, Nation's Business)

Section 4



# Marketing

## Introduction

Marketing is often thought of as simply product advertising or sales pitches, but it includes much more. Marketing is "planning and executing a set of objectives to bring buyers and sellers together so that a sale can take place." It requires thorough planning and execution.

In the case of agritourism, marketing has four main goals:

- Identify a target audience and their needs.
- Attract the target audience to the enterprise.
- Meet the needs of the target audience and entice them to spend their money at the enterprise.
- Create a desire in the audience to return again and again to the operation.

Sometimes marketing is not as thoroughly planned as other business operations, and that can severely impact your success. This is where a marketing plan comes into play. Marketing can be as simple as word-of-mouth referral, or it can be done through a marketing agency. It depends on your business needs, and there are numerous avenues to help farmers market their products and services better. The marketing style and message should be directed to your audience. If you are a berry U-pick farm, elementary schools may be a good avenue to get families to come. Any printed material for your business must reflect your selling points in a neat, high quality, and tasteful presentation.

Marketing requires focusing on customer values to develop and market a product or service to meet unfulfilled needs of consumers. Thus, it is important to understand the concept of "consumer values." When making purchase decisions, consumers generally consider four factors, often referred to as the Customer's 4 C's:

- Customer Benefit - What benefit will customers receive from the product or service?
- Customer Cost - What cost will the customer incur to acquire the product or service?
- Convenience - How convenient is the process of acquiring the product or service?
- Communication - How do customers learn about products, services, and how to acquire them?

Agritourism entrepreneurs should keep these factors in mind when developing products and services, as well as when developing their marketing plan.

## Developing a Marketing Plan

A marketing plan is a comprehensive document that outlines a business' advertising and marketing efforts for the coming year. Developing a marketing plan takes time and commitment, but it is well worth the investment. There is no single formula for success or "silver bullet" strategy that will guarantee success. Instead, marketing is more like an art than a science, meaning it is a creative process rather than an exact formula that can be followed in all situations.

A marketing plan can be compared to a road map in that it allows you to look at where you currently are and provides direction on how to get to your destination. The marketing plan provides the same guidance as a road map, outlining your plan for bringing buyers and sellers together. Attracting and retaining customers is fundamental to the success of a business, as customers provide the money that is essential for a business' daily operation, payroll, debt servicing, and profits.

A marketing plan can be divided into seven components:

- Market Research and Analysis - Know what you are getting into by gathering information about your new market and customers.
- Setting Marketing Goals and Objectives - Guidelines to follow when executing your plan.
- Marketing Mix - The specific strategy to reach your target audience, convince them to spend money, and create a lasting impression.
- Marketing Budget - Planning for marketing expenditures is an important part of running a profitable business. Do not be afraid to create multiple budgets for different scenarios.
- Monitoring and Evaluating Market Response - Do not just run an advertisement without having a plan to see its impact. This component will help make your marketing strategies more effective.
- Contingency Plan - Adjustments may have to be made to your plan if your marketing tactics prove to be more or less effective. If handing out flyers to other businesses in your area drew more people to your farm than your newspaper ad, your marketing plan should be flexible enough to change.
- Marketing Plan Checklist - Summary of all the tasks needed to put your plan into action. Do not forget this step because you may not remember everything that needs to be done. There is often a period of time between the planning and execution stages.

## Market Research and Analysis

Market analysis is an essential component of the marketing plan. The market analysis contains information on consumers, competitors, and the overall industry. This information is critical to developing an effective marketing plan. In order to accurately complete the market analysis, an in-depth study of the industry and extensive research into consumer tastes and preferences are needed. These investigations will allow you to identify industry trends, changes in consumers' tastes, and how the competition is positioning its products. This type of strategic information is critical to effectively position and promote a product to a target market.

To effectively perform a marketing analysis the market area must be defined, the target market identified, and a competitor and situational analysis developed.



## Market Area

The market area can be thought of as the geographic area where the business intends to operate, such as a city block, between the rivers, or the globe. Defining the market area is important because it defines the geographic area where potential consumers live and/or work. The people in the market area are potential customers. If the population in the market area is not sufficient, it will have to be expanded. Food retailers, for example, typically rely on drawing customers from a five-mile radius around the store. If this population is too small, the retailer will build elsewhere or risk insufficient sales revenue. If your agritourism operation is going to host school tours, find out how far local school districts allow travel for field trips. If they allow travel up to 60 miles, draw a 60 mile radius around your farm and the schools within this radius become your target.

Total sales for specific products can be determined once a market area is defined. Therefore, defining a market area provides the means of determining the total market potential by multiplying the area's population by consumption figures. The result is the area's estimated total sales potential. However, this figure may be misleading and overstate the true market potential for a particular product as not all of the residents in the market area are potential consumers. For example, assume the population for a defined market area is 10,000 people. Some of the people in the area eat beef while others are vegetarians. Therefore, not all of the people in the market area are potential consumers for beef. As a result, it is important to determine what segment of the total population in the market area can realistically be considered potential customers.

## Target Audience or Customer Profile

Once you have made an initial description of your agritourism operation and studied the market situation, it is critical to identify your specific target market or audience. Identifying a target audience will allow you to design your marketing efforts effectively by focusing directly on customers you are seeking rather than mass marketing to the general public.

A target audience is defined as a specific portion of the population that has:

- A need the product or service can fulfill
- A willingness to purchase the product or service
- The financial ability to purchase the product or service

Describe the customers in your target audience by answering the following questions.

1. Where do your target customers live?
2. What age or in which age range are your target customers?
3. What is the marital status of your target customers?
4. Are your target customers families, individuals, or groups?
5. Do your target customers include or exclude children?
6. What is the income range of your target customers?
7. What sources or types of advertising or promotion influence the purchasing decisions of your target customers (newspaper, radio, TV, publicity, word-of-mouth referrals, Internet, brochures, or other types of advertising)?
8. Look at who your followers are on Facebook and other social media. This may help identify who is interested in your operation and help you to identify a target customer.
9. What are your target customers' hobbies and interests?
10. When are your target customers available for the services your operation plans to provide?
11. What are your target customers looking for in an agritourism enterprise (entertainment, relaxation, action/adventure/hands-on-experience, education, social interaction, genuine farm experience or other)?
12. How far are your target customers willing to travel to obtain such an experience? If you are unsure, you can conduct a survey.

Answer “Yes, No, or Do Not Know” for the following questions about your target audience to test for the three components of the target audience definition.

1. Do your target consumers have a need that your agritourism enterprise can fulfill that has not already been fulfilled by other businesses in the area?
2. What are the target customer needs that your enterprise can fulfill? How will customers benefit from your operation?
3. Does your target customer have adequate disposable income to spend at your enterprise?
4. Is your target customer willing to pay an acceptable price for the products or services you can offer at your enterprise?
5. Does your target customer have convenient access to your proposed operation? Consider distance to the operation, access from major roadways, quality of roadways and difficulty in finding the operation.
6. Will enough of your target customers be willing to travel the distance to visit your location?
7. Is your target audience stable and unlikely to vanish after a short period of time (i.e. fads/trendy products and activities)?

If you answered “Yes” to each of the questions above, it is likely that your identified target customer meets the three components of the definition of a target audience. If you answered “No” or “Do Not Know” to any of the questions above, your identified target customer is most likely not a suitable target audience for your operation. Consider whether other customer types will fit your personality, skills, and goals, and whether they meet the target audience criteria. Making this determination before you start marketing minimizes resource waste and reduces the time spent marketing to the wrong people.

### Competitor Analysis

A competitor analysis focuses on identifying competitors and collecting pertinent information related to their business. The analysis should investigate both direct and indirect competitors. For example, an upscale fruit preserve’s main competition is other upscale fruit preserve products and not the mass produced national brand jams and jellies. The analysis should contain a list of each competitor’s strengths and weaknesses, resources, and marketing channels, as well as their strategic plans (if available). It is important to know the competition. By identifying competitor’s strengths and weaknesses, it is easier to determine a product’s competitive advantage, which is useful in product positioning and promotion.

Identifying competitors provides basic information for estimating market share. Market share can be estimated using the total market potential figures and the number of competing outlets. Finding market share information is a difficult if not an impossible task. This information is valuable and acquiring it may be expensive. In some instances, there is no market share information. If market share information is not readily available, there is a way to derive a crude market share figure. This crude estimation is calculated by dividing the total market potential equally among the total number of competitors.

For example, if there are 15 competing products in a specific market, it is assumed that each of the 15 competing products capture approximately seven percent of the market ( $100 / 15 = 7$ ). Again, this is only a crude estimation which assumes that all outlets have an equal market share which is probably unrealistic. For instance, one national supermarket outlet may capture 50 percent of the grocery market and the remaining 50 percent may be divided among the remaining 14 competitors. Despite its shortcomings, this crude method of estimating market share information provides a means for a company to make an assumption of how much they might capture if they entered the market. The alternative is to make a guess based on the best available information.

## Situational Analysis

The situational analysis can be thought of as a comprehensive investigation into the business environment in which your company will be operating. The situational analysis can be separated into two different elements.

1. Industry Overview- Primarily focuses on industry trends and should provide a general review of the industry. For example, is demand for your product category increasing, decreasing, or stable? Is the product category moving toward fat-free products? What are the long-term trends in the market place? What are the demographic trends, and how might they impact the market? These are some of the questions to investigate. Traditionally, it is easier to enter and compete in a growing market than in a stagnant or declining market.
2. Regulatory and social implications - The situational analysis should focus on government regulations and social trends that would directly or indirectly impact consumer demand for or consumer perception of your product. There may be social trends that might have positive or negative product ramifications. For example, the new organic regulations stipulate that before a product can be labeled organic, it has to be certified organic. An example of social implications and their impact on product consumption could be the current public anti-tobacco sentiment.

## Setting Marketing Objectives and Goals

Detailed and specific marketing goals and objectives should be established. This is essential to the overall success of the marketing plan. Before developing marketing strategies and tactics, create a clear picture of expected accomplishments. Set specific goals, such as to accommodate 1,500 students and 200 families. You may also want to set specific sales goals by market.

Develop specific marketing strategies after the agritourism operation identifies its marketing objectives. Marketing strategies are concepts used to create a set of activities aimed at reaching specific marketing goals, and are "how" specific marketing objectives can be met. Depending on the operation's current status in the market, different marketing strategies are needed to achieve the specified marketing objectives. It is also important to consider how the competition will react when these strategies are implemented. Develop an outline of the anticipated competitors' reactions and consider strategies to counter their reactions.

The four general marketing strategies that can be used to market a product or services are:

- Market Penetration
- Market Development
- Product Development
- Diversification

**Market Penetration** is similar in meaning to market share and refers to the percentage of total product sales that is captured by a company. For an agritourism operation to increase its market penetration, it must attract competitors' customers, attract customers new to agritourism, or increase its existing customers' use of the facilities.



**Market Development** is a simple strategy. The business tries to identify new markets or new uses for its existing products, such as offering corporate outings using the facilities developed for school tours. If a business wants to expand and does not want to develop or produce a new product, it can use a market development strategy.

**Product Development** strategies occur when a business develops new products or services for existing customers in the business' current markets. Product development may be as simple as adding value to existing products or developing an entirely new product. A new eco-tour could be created at the "Farm Forest" enterprise, which would be an example of new product development.

**Diversification** is a strategy typically used as a business grows. Diversification attracts new groups of customers by producing new products and/or entering new markets. A producer who initially offers a fall you-pick pumpkin operation. As the operation grows, he or she decides that the business could attract even more customers by offering a cut-your-own Christmas tree enterprise. By venturing into the cut-your-own Christmas tree market, the producer diversified the product mix.

## The Marketing Mix

The marketing mix component of your marketing plan describes the specific methods you will use to attract customers to your operation. Strategies developed and used to gain market share should be tailored to the specific target audience and the values of those customers. Develop strategies to meet your goals for the operation. Marketing strategies include the 4 P's of marketing: product and/or service positioning, price, place, and promotions.

### Product

The product can be thought of as the summation of the individual product's physical and perceived attributes, including packaging. As an agritourism operator, you offer your guests more than a product. You add value to the products or services that guests might buy at your farm.

Customers will experience unique activities that will enrich their visit in your area. While you may not consider a farm experience as unique, many tourists will enjoy the opportunity to come closer to their agricultural heritage. For many people, a visit to your farm is a rare opportunity to touch Mother Nature and discover how agricultural products are raised, harvested, and distributed. As a host, you will provide for your guests a wonderful knowledge and insight into the life of a farmer.

Keep in mind that activities that may seem ordinary to you may be extraordinary for a guest. For example, petting your cow or horse, which may be a normal activity for you, may be the highlight of your guests' day. The "product" of an agritourism operation is the entire experience, not just a physical item and its packaging. It includes every aspect of a consumer's visit, including customer service.

Many farmers understand and practice effective product marketing principles. Marketing agritourism services is similar to marketing farm products. However, there are several characteristics of services that make them different from products. Before attempting to market new tourism services, understand how services differ from products.

- Unlike physical products, services cannot be seen, tasted, felt, heard, or smelled before or after they are purchased; they are intangible. It is easy for a you-pick customer to examine the quality of the pumpkins on your farm before he purchases any of them because he is able to see, touch, and smell the produce. However, it would be hard for him to describe the transaction that occurs between him and the service provider who sells the produce to him.
- Whereas most goods are produced first, then sold and consumed later, services are produced and consumed at the same time. A farm tour is "produced" by the tour guide while it is being "consumed" by the visitor.



- Because services are like performances, frequently accomplished by humans, no two services will be exactly alike. The quality of the service exchange depends not only on the service provider's abilities, but also on the customer's mood and situational factors (like other customers' behaviors). Since many variables affect the service transaction, dynamics may change from interaction to interaction.
- Services cannot be saved, stored, resold, or returned. A farm tour, for instance, cannot be produced ahead of time, boxed, and stored in a warehouse, and sold for consumption at a later date. If a bed and breakfast operator does not sell all rooms on a particular night, he or she cannot put the empty rooms in inventory and sell them the next night. The perishability of services makes the management of demand and supply necessary but difficult.

When deciding on additional activities to offer on your farm, do not forget the little details that people will associate with their visit. Customers may be looking for something beyond U-pick or a farm tour. Offering refreshments and samples is a great way to keep them happy, and they'll remember who had the cold drinks and who did not. Giving out pamphlets, pins, posters, stickers, and other goodies can also be a big hit. Buying such items does take a small investment, but getting a repeat customer would pay back that investment. Handing out promotional material (that does not feel like promotional material to your customers) also gets your business' name out there.

### Price

Determining the admission price and the price of the products and services available at the operation is a critical marketing tactic. The prices have to be high enough to cover the total cost of operating the enterprise, yet not so high to discourage potential customers from visiting. The most basic way to price your services is to use cost-based pricing. With this approach you determine your direct costs and your overhead costs of providing the service. Your price will be an amount that covers your costs and your desired profit margin.

The formula is:

$$\text{Price} = \text{Direct costs} + \text{Overhead costs} + \text{Profit margin}$$

You may also choose to research existing agritourism operations or competing forms of entertainment and use their prices as a starting point.

### Promotion

Promotion describes the advertising, promotion, publicity, and selling of a product or service. Promotion is the core of any marketing strategy. Through promotional efforts, you inform customers of your products and services and let them know how your products and services meet their needs. The goal of promotion and advertising is simple: to reach the largest number of people in your business's target market for your dollar. Promotion can be broken down into two distinct categories: (1) face to face selling; and (2) advertising, promotion, and publicity.

### Place

In the agritourism operation, place refers to the site where the activities take place. Your farm may be located near a major highway or at the end of a remote country road. Wherever it is situated, you can take advantage of the location. For instance, if your farm is positioned near a major highway, you can capitalize on the number of motorists traveling by your site. On the other hand, if your farm rests in a remote location, you may draw guests with the natural or serene qualities of your "getaway" destination. Brainstorm ways in which your agritourism farm can benefit from its location in relation to roads, natural resources, and community resources, then work those benefits into your overall marketing plan.

Keep in mind that the ultimate function of a marketing mix is to sell more product. Developing an effective and successful marketing mix takes experimentation and follow-up evaluation to determine the most effective method(s) of marketing a product to consumers.

## Marketing Budget

A marketing budget is a necessity. After developing a creative marketing plan, money is required to effectively implement the marketing plan. Money must be allocated from the operating budget to cover marketing expenses (e.g., advertising and promotional material, market research, marketing consultants, market development and marketing personnel). The marketing budget should include the cost for all of the advertising and promotional media that will be used, travel and expenses, the cost of collecting additional research data, monitoring trends and shifts in the marketplace, developing collateral marketing material, and all other marketing related expenses.

Develop the marketing budget at the beginning of the year. For existing businesses, start with the past year's expenses. Include additional marketing costs can then be included based on any new marketing or promotional strategies for the upcoming year. However, for a new business, estimate marketing costs based on the upcoming year's marketing plan.

The marketing budget should not be carved in stone, but should be used as a guide and modified according to the operation's marketing needs and projected income during the year. A rule of thumb would be 5-10 percent of expected annual sales or a specified set minimum. Remember that the marketing budget is a tool to help you plan and finance marketing activities. It may be important to increase or decrease your marketing budget as your marketing needs change. For example, next year you may plan to advertise on two radio stations instead of one, thus increasing your marketing expenses by 10%.

## Advertising, Promotion and Publicity

Advertising, promotion and publicity are three distinctly different communication strategies that are frequently used together to increase customer traffic and sales. The goal of each of the three strategies is to influence the purchasing decisions of consumers. It is important to remember that advertising, promotion, and publicity alone cannot generate significant demand for a product if consumers do not like the product or it does not meet a specific need.

**Advertising** relies on both printed and electronic communication to deliver information about a product or business to potential and existing customers. It is important that your advertising campaign is directed at your target market, in terms of content and where the message is aired or printed. Advertising a business whose target market is school groups and adults with children has a number of functions:

- inform teachers and parents of your agritourism operation's existence
- inform teachers and parents why they should visit your farm (ex. to learn about agriculture)
- remind teachers, students and parents of a specific reason why they might want to visit your farm (ex. need a pumpkin for Halloween)
- associate specific qualities with your enterprise (ex. good, clean, family fun)
- differentiate your operation from the competition (ex. hayride and pumpkin included in the admission price)

**Sales promotion** involves customer response and involvement as opposed to advertising which involves delivering information about a product or business to potential and existing customers. However, product advertising and promotion are frequently used together.

For example, a car dealer may advertise his dealership while running a free hotdog and soft drink promotion for individuals who visit his business. Promotions are a way to entice the customer to purchase a product through a special activity. Everybody is familiar with promotional strategies like clearance sales, in-store sampling, and product giveaways.

**Mass media advertising** should be directed at the local market. At least two months before the agritourism operation opens, advertising costs and scheduling information should be obtained from local newspapers, radio stations, and television stations. In addition, you should also begin preparing your advertisements. Newspaper, television, and radio advertising are particularly useful when starting a new agritourism business. By advertising, you can reach a large number of potential consumers. The advertisement can be used to get potential consumers' attention and alert them to your opening and any special events that may be taking place. It is also a good idea to periodically advertise and remind existing and potential visitors that you exist.

Just like selling your business or products to consumers, you will have to sell your business or product to the media to be considered for a feature story. Before contacting television stations, radio stations or newspapers in your area there are some simple questions you should answer to help you effectively and efficiently pitch your story.

The following outlines questions that you should be able to easily and readily answer and even have in front of you when talking to individuals in the mass media:

- What is the story? (two sentence maximum)
- When is the best time to air your story? (Think about the goal you want to achieve getting your story on the air. If you are trying to build participation, the story should be aired prior to your event.)
- Who is in the story? (list the people that can be interviewed, and the area of expertise)
- Where will the story take place? (What are the visuals? Will it look good on TV?)
- Why is this a good story? (How will the story affect the viewers or listeners)

Caution: Before you decide to advertise or promote or seek publicity for your business via print or electronic media, make sure that the viewer or listener demographics of the media are similar to the demographics of your target audience.

## Internet

As more and more people use the Internet as a daily communication tool, a website is one of the most important advertising resources in which you could invest. With the click of a mouse, any Internet user can access information about your agritourism business instantly. A website provides a colorful, interactive way to get your business, product, and service descriptions to potential consumers 24 hours a day, seven days a week. It takes a detailed plan to successfully launch and support a retail website, but given its sales potential, it is a must. Research has shown that over two-thirds of online users use the internet to purchase products,

as well as collect information and compare products before making a purchase. This provides a great marketing opportunity and a venue to inform potential customers about a product's benefits. However, getting them to the website can be difficult. It is important to continually update your site and create a reason for people to return. Add new recipes, an editorial column, run specials, anything to make them want to return. It can be easy to create a website through places like Google Sites or [www.Wix.com](http://www.Wix.com). With website templates, you can just fill in the template with your information.

### What to Have on the Website

The major components of a website are:

- **Domain Name** - The name of your website, [www.mybusiness.com](http://www.mybusiness.com). Try to make this simple and as close to your business name as possible. This makes it easy for people to find your business.
- **Site Map** - A "road map" of how your site is set up. It shows the navigation of the site and where different elements are located on the website.
- **Look and Feel** - The design aspect of your website, and reflecting the theme of your business. A consistent look on your website and other advertisements gives a better overall impression to your customers.
- **Content** - The actual pages that are shown on the site map. Common pages are About Us/ Home, Contact Us/ Find Us, Products and Services, Photos, and Special Events. Only use relevant content.

Other components include a logo (if your business already has one), links to social media or other helpful resources, "In the News" page (if you want to link articles written about you), FAQ (Frequently Asked Questions) section, and a feedback page.

All of these components are just suggestions. Check out similar websites for ideas. Remember to keep your website simple and easy to use.

## Other Advertising Methods

### Customer Database (Mailing lists and Email lists) -

A customer database is an important part of direct marketing. Collecting email addresses can be as simple as asking visitors to provide you that information. A website may have a sign-up form that allows customers to enter their email address and receive an email notice when an event happens. For example, a roadside stand may send emails to customers alerting them that strawberries are in season. Start an online registration book to collect basic information (customer's name, email address, address, city, state, ZIP code and telephone number).

As you fill orders to ship to consumers, it is necessary to have contact information in order to ship the product. By collecting and saving this customer information you can gradually compile an extensive email and mailing list (data base) of consumers. This customer data base can then be used to generate future sales by periodically reminding consumers about existing products or introducing them to new products via emails, advertising flyers, brochures, and price lists. Do not abuse email as customers can become fatigued and irritated if they feel they are receiving too many emails and might consider it spam.

See Planning a Successful Direct Mail Campaign on page 88 and Coloring Your Marketing Message on page 89 of the Appendix for more information on this topic.

**Word-of-Mouth Advertising** is the least expensive and, perhaps, the most effective form of promotion. Estimates suggest that a satisfied customer will "advertise" your services by telling nine to twelve other people about his or her experience. This is a wonderful reward for providing quality service. On the other hand, word-of-mouth communication can work against your business if you are not providing quality service. In order to foster positive word-of-mouth advertising, you should strive to provide good service all of the time.

**Road Sign Advertising** can provide potential customers with a variety of information about the agritourism operation. However, it is a good idea to investigate local and state regulations concerning road signage. Your sign should include:

- Location
- Business hours
- Special promotions
- Other attractions

In addition to containing information, your sign should "catch" the attention of motorists. The sign should be designed to attract the attention of passing motorists by using high contrast and large letters in combination with bright, easy-to-read colors (e.g., yellow writing on a navy-blue background). However, the sign needs to be easy to read, as motorists will typically passing the sign at speeds of 30 mph or more.

A number of signs should be placed on busy roadways to ensure customer exposure, as well as to provide directions to the agritourism operation. However, the final sign needs to be spaced at a reasonable distance from the operation to allow motorists time to slow down safely to make the turn.

The following outlines the distance needed to slow down safely at different speeds:

- at 30 mph a car needs 2/10 of a mile to slow down safely
- at 40 mph a car needs 1/4 of a mile to slow down safely
- at 50 mph a car needs 3/10 of a mile to slow down safely

According to the results of a University of Georgia direct marketing study, there is a significant correlation between the number of roadside signs and revenue. The study concluded that roadside stands with more road signs had higher weekly sales than roadside stands with fewer road signs. Although the study focused on roadside stand operations, the finding may be applicable to many other types of retail operations.

**Printed materials** provide tangible evidence of the products and services your agritourism business provides. Since these printed materials are important to your business image, invest some time and money in the quality of the materials. Develop a logo or trademark and register it with the state to protect it from being used by other businesses. The logo should be on everything associated with the business such as brochures, invoices, signs, stationery, business cards, displays, etc. This results in a professional and consistent image to consumers. It is important that you convey your product's desired image and its attractions in the brochure or flier as this may be your business' only exposure to potential customers. Potential customers may take the material with them and refer to it later.

Consider incorporating a general price list into the brochure or flier. If you develop a brochure, the price list can be a separate insert. A price list insert is suggested if you are ordering a large number of brochures or you expect to have a price change before you deplete your supply of brochures. This will allow you to change prices without having to print new brochures. The brochure or flier should include a list of activities, products, prices, hours of operation, directions or any other pertinent business information.

It is possible for you to work with local schools and other community groups to promote your agritourism programs and distribute your pamphlets. These groups also can provide you with information about other organizations in Georgia that might be interested in your activities and services. Such as senior centers, scout groups, and 4-H clubs.

For example, if you are operating a pumpkin patch, you might try and display or distribute brochures or fliers in:

- Super market bulletin boards
- Convenience store and gas station bulletin boards or doors
- Area schools (faculty congregation area)
- Area preschools (front desk for parents to see and pick up)
- Post and distribute brochures/fliers at little league sporting events
- Identify other activities focused on children and children's activities and post and distribute brochures/fliers. For example, a gymnastic complex, a Karate school, or Sunday school.

Again, think of your target market and try to distribute these materials in locations where potential customers frequent. The Brochure Development sheet on page 87 in the Appendix offers many helpful tips.

## Components of Advertising

After you make the marketing plan, you can start planning the advertisements. The three basics of advertising are: (1) the message - two or three strong selling points and additional information about your service; (2) the medium - place where the advertisement is shown (print, radio, TV); and (3) the target audience - every advertisement should be directed to the people you want to reach.

### The Message

From your marketing mix, determine the marketing position, or the message you want people to identify with your business. The message is the first thing that consumers will know about your service, so be clear and creative! You want your audience to understand what you are showing them, but you want them to remember your advertisement. The message should include the type of activities you offer, additional goods and services, directions to your location, cost of activities, and how to make reservations.

Always confirm that dates, fees, addresses, and phone numbers are accurate. The message needs to represent the services and products you provide, so do not promise more than you can deliver. Create simple and original advertisements! Contact an experienced designer to with advertisements if you do not have experience.

### The Medium

There are so many channels to showcase your business, and your chosen method should reflect your audience. For example, marketing at a trade show may not be the best method to reach families with children to come to your U-pick. Carefully consider all mediums available to you and within your budget.

Mediums may include:

- Articles
- Banners
- Billboards
- Brochures
- Business cards
- Catalogs
- Charity events
- Coupons or discount cards
- Classified ads
- Door
- Email marketing
- Facebook and other social media ads
- Flyer
- FM radio ads
- Gift certificates
- Google and other AdWords bid
- Infommercial
- Magazine ads
- Media releases
- Newsletter
- Newspaper ads
- Postcards
- Posters
- Public speaking
- Search engine paid inclusion
- Sign picketing
- Special events
- Sweepstakes
- Telemarketing
- Television Advertisement
- Trade shows
- Website
- Window display
- Yellow pages

Please refer to the chart Advantages and Disadvantages Associated with Specific Advertising Media located on page 85 in the Appendix. The Developing Paid Advertisements section on page 86 offers additional helpful information.

## Marketing to Your Target Audience

The foundation of your agritourism marketing plan should include a description of the people that you wish to attract to your farm. If your agritourism enterprise is extremely small, you may want to treat your customers as individuals and develop individual marketing plans for each customer. At the other extreme, if your agritourism business is substantial, you may want to focus on group needs or general preferences with a touch of personality. Chances are your agritourism enterprise falls somewhere between the two extremes; in this case, you will choose a marketing strategy that allows you to offer different services to different groups of customers. To do this, target the appropriate market segments. You can segment your market in various ways. Segmentation considerations include:

- Geographic considerations: Where are the customers from?
- Age, gender, and other considerations (demographics): Who are they?
- Social considerations: What are they like?
- Behavioral considerations: What do they want?
- Customization: How can I treat each person as an individual?



## Geographic Considerations

Geographic considerations involve dividing the market into different geographic units. This organization scheme may occur at any level, from nations to states to counties. The following describes four different geographic units and highlights sources of tourists at each level.

**1. Local** - Local tourists generally live within a short car trip away from the tourism destination. The county where the farm is located might be the primary level of tourism attraction, including all the adjacent counties in the target market area. This is an easy market to reach through local media and public services such as Convention and Visitor Bureaus and Tourist Information Centers.

Sources of clientele at the local level might include:

- Elementary schools
- Middle and high schools
- Associations of retired persons
- Veterans associations
- Church groups
- Civic or ethnic organizations

**2. Regional** - The counties and states surrounding your operation represent the regional tourism market. Visitors from these areas are likely to travel by car, but may also use bus or train travel to get to their destinations. At this level, the primary targets should be areas with high concentrations of people in cities.

Sources of clientele at the regional level might include:

- Senior citizens (AARP) or other large organizations
- Travel agencies and tour operators that specialize in packaged group tours
- Bus & tour companies

**3. National** - National tourism markets include all of the United States (and perhaps Canada and Mexico, due to their easy access). Similar to regional markets, the primary targets should be metropolitan areas. Because travelers from afar might want to experience activities in addition to the farm stay, to develop packages that include visits to the beach or mountains, museum tours, festivals, or other local or regional attractions. An efficient way for a farm to attract tourists at this level is to work with bus tour operators and other large associations like AAA or AARP. Most of the time local chapters can get you in touch with the national organizations.

A source for generating clientele at the national level might include:

- Local Convention and Visitor Bureau (CVB). This organization can help market your farm as an attraction within your regional destination area.

**4. International** - Because international tourists may have vacation periods that do not coincide with traditional American vacation periods, the international market segment may provide a source of tourism revenue during traditionally low seasons. In addition to sharing your web site to attract international visitors, connect to the CVB or other major tourism websites in your area.

The best way to target visitors at the international level is to be part of a package tour and work with:

- CVBs and other government agencies able to identify major players in the international market, where packaging is very important
- Tour operators

## Age, Gender, and Other Considerations (Demographics)

These considerations entail dividing the market based on characteristics such as age, gender, family size, income, occupation, education, or religion.

**1. Baby Boomers and Echo Boomers** - Acknowledged as a driver in many segments of the national economy, the move of the “baby boomer” population into middle age is expected to influence the face of the tourism industry. Folks in this generation tend to lead healthy, active lives, and as retirees will demand access to activities, facilities, and events that today’s retirement community can barely imagine. In addition, they will require quality recreation experiences and opportunities to spend time with their families.

Their children, known as “echo boomers,” also will have an impact on the way people do business. As consumers, echo boomers are more sophisticated than their parents were when they were young. Since they are learning to invest their money early in life, they are wealthier than their parents were. Today’s younger generations are extremely knowledgeable about technology. They use the Internet on a daily basis. In order to capture this generation of tourists, anyone involved in agritourism activities must advertise on the Internet.

2. Senior citizens - Like the Baby Boom generation, senior groups are growing larger. Their demand for recreational activities is increasing as well. Many senior organizations look for recreational activities that provide educational and social opportunities.

3. Families - Many parents seek recreational and educational opportunities to maximize quality time with their children.

4. School groups - Farms provide excellent opportunities for preschools, elementary schools, 4-H Clubs, Boy Scouts, Girl Scouts, and other groups to learn about nature and agricultural processes.

For more information about the people who visit your area, you may want to contact your local Chamber of Commerce, Convention and Visitors Bureau, or Cooperative Extension Office.

### Social Considerations

Social considerations involve dividing the market into consumer groups that share social class, lifestyle, or personality characteristics. For instance, consider targeting middle class families with busy lifestyles who enjoy adventurous outdoor experiences, or upper class retirees who like tasting wine and prefer relaxing vacations.

It is important to describe your product and service in terms of the benefits it offers your guests. For example, promote your petting zoo by highlighting the fact that close encounters with farm animals provide a unique, beneficial learning experience for children. Similarly, you may promote your bed and breakfast for the relaxing, indulgent benefits it offers to busy, working couples.

### Behavioral Considerations

Behavioral considerations involve dividing tourists into groups based on knowledge, attitude, uses, or responses to your agritourism services. For example, for your overnight farm experiences, you may target inner-city school groups who know very little about nature and agriculture. This group's limited knowledge of farm practices would influence you to consider them for a learning experience. Similarly for a fee-based hunting club, you may target a small group of experienced, local hunters whose recreation demands complement your wildlife management needs.

### Customization

Today's marketers realize the importance of customizing services to fit individual's needs. Because service transactions vary widely, it is easy for service providers to customize each service interaction and each marketing message. For customized marketing to be successful, service providers must be adaptable, flexible, and responsive. Imagine you operate a bed and breakfast and one of your guests mentions that he is on a low-cholesterol diet. In order to customize his breakfast experience, you prepare oatmeal and orange juice for him instead of serving bacon and whole milk. To really customize his experience, keep a record of his dietary needs and offer a menu of his favorite low-cholesterol breakfast foods his next visit.

### Marketing Cost

The cost of marketing for your business will largely depend on the size and type of your operation, the medium chosen, and the number of times the advertisement is repeated. For example, if you only have a Facebook page that you regularly update, that may keep the costs low, but the advertisement probably will not be seen by many new people. New operations typically spend 10-25% of total operational costs on marketing for the first few years. Ask your visitors how they found your business, what they liked, if they found anything confusing, and any other comments. Recording feedback will make you more effective with your marketing efforts in the future. Costs should go down as time goes on and the business' reputation grows.

### Public Relations

Public relations is the creation and maintenance of a favorable image. Concern yourself with your business image because that is the first thing a customer thinks about your business. Public relations goals can range from client satisfaction to acceptance of your operation by neighbors, other businesses, local community leaders, and the general public. It is worth the effort to create strong ties with the aforementioned groups, especially if your marketing strategy uses word-of-mouth advertising.

State and federal agencies (like GDA), citizen groups, local law enforcement, and local Chamber of Commerce and Visitor Bureaus are good places to get support for your business and create a favorable image.



Drafting a plan to build community involvement is a great way to create and maintain a favorable image. Some tips include:

1. Talk to neighbors, family, service clubs, churches, and local businesses and agencies about your project, the earlier the better. Listen to their concerns and feedback, and that will help address any potential problems before they actually happen. Preventative measures are most likely cheaper than corrective measures.
2. Be able to clearly and concisely inform people about your ideas. Clearly focus your mission and expected outcomes. Develop strong presentation skills to gain support.
3. List your community members that could help you reach your business goals.
4. Determine who shares potential customers with you. If their business complements your business, align yourself with them and openly discuss potential customers. Talk to your local competition and discuss impacts of having both businesses in the area and address any concerns.
5. Be innovative! People remember new ideas.
6. Use the town's businesses, attractions, and resources to your advantage. Creating a sense of unity among businesses in the community can help the whole town.
7. Allow sampling of your product. Although it can be an expensive upfront cost, if customers try your product with no financial risk to them, it might inspire them to visit your farm.
8. Proactively reach out to media. Newspaper and magazines are on the lookout for new stories. If you write an article, you have control over what is said about your farm and gain publicity. Offer interviews to local TV and radio stations about unique or special farm events.
9. Sponsor a community project or support a nonprofit organization or charity. Work with other business to encourage small town character and support of locally owned businesses.
10. Manage physical growth of your operation to ensure quality of life for all citizens affected.

## Georgia Department of Agriculture Sign Program

The Georgia Department of Agriculture initiated an agritourism program in 2008 that issues road signs to qualified agritourism operations throughout the state. These sites are designated by green directional signs along state highways in an effort to promote Georgia's agriculture and tourism industries. These signs provide visitors the opportunity to identify and enjoy Georgia's thriving agritourism operations. If you have any questions concerning Georgia Agritourism sites, please contact Cheryl Smith at 678-640-4355.

## Other Places to Market

Welcome Centers across the state have areas to display local attraction brochures and flyers. Contact your nearest Welcome Center to find out information.

Schools are a great avenue to promote your farm, especially since families are most likely your target audience. Ideas to involve your business in your school system include:

- Lessons where you go to the classroom
- PowerPoints for teachers to renew in their classroom
- Brochures/Flyers to hand out to students
- Brochures/Flyers for a bulletin board
- Brochures/Flyers to hand out at Parent/Teacher nights or other school functions

Farmers' Markets offer a direct marketing option that helps improve farmers' income and connects local businesses and customers with fresh produce. Here are tips involving Farmers' Markets:

- Farmers' markets attract a notable number of tourists that are potential new visitors to your farm. The value of farmers markets, for both new and established operators of on-farm and roadside stands goes beyond the ability to attract tourists. The markets are another way to market your products and services.
- Network with other producers, farmers, and business owners.
- Talk to other farmers that do agritourism to help decide which market to attend. Each market has a different feel, size, and demographic to it.

## Physical Evidence: What are the Tangible Components of Service?

The area in which you interact with the customer and any tangible items that facilitate the service interaction are the physical evidence of your agritourism services. For instance, you may interact with your customers in a field, in a store, at the farmers' market, in a parking area, or in your home. The condition of these physical facilities will cause your guests to form an impression of your agritourism business. For instance, if a guest at your petting zoo notices that the barns are rickety and in need of repair, he or she may conclude that your zoo is unsafe. However, if you keep your fences neat, your animals groomed and clean, and your buildings in good repair, he or she may assume that you are operating a high-quality petting zoo.

Physical evidence extends beyond your facilities to the clothes you wear and the brochures you distribute. Physical evidence is anything the customer can see or touch. So, even if your buildings are in good condition, your business may still make a bad impression on your customer if your employees' clothes are dirty and their hair is unkempt. Be aware of your appearance and your employees' appearance. Similarly, pay attention to detail when providing any sort of printed materials for your guests to read. While a typographical error on a promotional brochure may not seem like a big deal, the customer who notices the error may wrongly conclude that you are unintelligent or sloppy. Providing attractive brochures that employ correct spelling and grammar, can go a long way toward producing a positive image of your business.

Some other things to remember when thinking about physical evidence are:

- When a tourist travels, one of the first things he or she notices is the cleanliness of the facilities. Guests expect the grounds to be free of litter and the kitchen sink to be spotless. When planning your agritourism activities, pay close attention to the support processes you use to keep the facilities clean and attractive. This may require removing litter regularly, hiring housekeepers to clean guest buildings, or rearranging garbage disposal areas. In considering the cleanliness of your facilities, you also will need to develop a regular maintenance schedule to ensure that the facilities remain in good working condition.
- Provide restrooms for guests that remain clean as well as pass stringent health code standards.
- Most of your guests will want easy access to your farm's facilities. Locate a parking lot conveniently near your main guest area. In addition, you will want to consider accessibility for people with disabilities. The Americans with Disabilities Act establishes clear standards by which public spaces should be designed and maintained.
- Consider the safety and security of your guests when designing your guest facilities. A guest who feels safe at your farm will feel more comfortable and have a more enjoyable time than a guest who does not feel safe. For more comments on safety and security, please refer to the Risk Management section of this handbook.

## Market Positioning

Position your agritourism enterprise in relation to other agritourism businesses. Positioning helps potential customers know the real differences among competing destinations, so that they can match themselves to the destinations that fit their needs best. You may position your services based on price (high price versus low price), location (easily accessible versus remote), number of visitors (many versus few), and other factors. When considering your market position, you should do a "SWOT" analysis to determine the strengths, weaknesses, opportunities, and threats of your agritourism business.

After determining the characteristics of the components in your marketing mix (The Seven Ps: Place, Product, Price, Promotion, People, Physical evidence, and Process) and deciding your market position, align your marketing strategy. In other words, select the best way (promotion strategy) to reach your target customers (people strategy) in order to maximize your economic returns. Apply your time, effort, and money into the marketing strategy that you believe is the best strategy.

## Direct Marketing

The most valuable relationships that you will create are the relationships between you and your customers, particularly in a small agritourism enterprise. Many of the farmer-customer relationships in agritourism rely on personal contact; the direct marketing relationship nurtures that necessary personal touch. Direct marketing is a way for you to reach your target customers personally, without using a “middleman.” By reaching your customer directly, you do not have to pay a commission to an intermediary: you are doing the job yourself. With simple, inexpensive tools like flyers, brochures, and website, you can meet and greet potential customers with your own personal touch.

Many other agricultural practices use direct marketing. Some examples include:

- Pick Your Own Produce - Consumers come directly to the farm and harvest the produce themselves instead of buying the produce at a supermarket.
- Rent-a-Tree - A family or an individual may rent a tree, a row of strawberries, a row of tomatoes, or any other kind of produce that grows on the farm. They come directly to the farm to tend the plants.
- Roadside stands - From seasonal wooden stalls to year-round rural attractions, roadside stands offer products that go straight from the farm to the customer.
- Farmers’ markets - Produce and agritourism services can be displayed at the farmers’ market. Many farmers already know how to display their products at a farmers’ market. Why not advertise or offer something new, like agritourism services, and attract new customers?

## Familiarization Tour

The familiarization tour (also known as “fam” tour in tourism industry lingo) is a tool you can use to market your agritourism enterprise directly to consumers. As its name suggests, the familiarization tour familiarizes potential customers to your services. In a fam tour you invite potential customers to your farm to view your facilities and learn about what you have to offer. If, for example, you wanted to organize a school group fam tour, you would consider the following steps:

1. Identify schools in your area that you would like to invite to your farm.
2. Contact the local school board and inform them of your services.
3. Invite teachers and administrators to your farm and show them how your services can benefit them and their students.
4. On the day of the fam tour (as on any day), prepare your facilities as if these guests were the most important people in the world. Treat them as you would any VIP: “Very Important Person.”



## Overall Agritourism Marketing Tips

1. Make customer satisfaction a top priority. People are coming to experience and relax at your farm. Agritourism is a hospitality business, so making your customers happy is the key to run a successful business. Learn their names and always ask what the customers liked and what could be improved. Keeping a database of customers can raise your customer service level. That is how you get repeat customers.
2. Develop a mailing list. Get names and addresses (emails lists are easier than mailing addresses) from outdoor magazines, associations, GDA, and any other groups in your target audience. Have a signup sheet at the entrance of your farm. Sending out an email regularly keeps people informed about your events, lets people know that you are still operational, and hopefully attracts new visitors!
3. Take care of the details. Professionally answering your phone, making sure employees greet all visitors, having clear directions and signs, cleaning a restroom, and answering emails/ phone calls promptly are examples of details that can make you stand out.
4. Do not be afraid to charge for your services. You want the customer to think that they are getting a quality experience if they're being charged.
5. Let your community know you're there! Hand out your brochure to restaurants, gas stations, shooting clubs, hotels, and other farms. It is much less expensive to attract clients in your area. At the same time, still advertise in magazines and newspapers that reach a broader base. Send news releases and article ideas, and invite them out for a free stay. Making a personal connection will make the magazines and newspapers more likely to feature you.
6. Look at similar businesses to see how they advertise, operate, and price. See what you like and what you want to improve. Don't be shy about talking to other farmers.
7. Put signs on your property that are visible from the road. Make sure that people can find you and contact you!
8. With many options, it may be hard to decide on what you want to offer and how to tell people about it. Most successful agritourism ventures started with one idea, perfected it and then expanded their operation for the next idea. Take time to listen to what the customers want and make your business fit their needs with your resources.

**Refer to pages 90-92 in the Appendix for a Simple Marketing Checklist for your agritourism operation.**





Photo Credit:

Pearson Farms in  
Fort Valley, Georgia

(On page 43)  
Al Pearson  
Owner, Pearson Farms

Section 5



# Legal Rules, Regulations, and Liability

Agritourism operations may be impacted by a wide variety of regulations depending upon the type of attractions offered, location of the enterprise, whether employees are hired, and a number of other factors specific to each enterprise. These regulations may be imposed at the federal, state, and local levels of government. It is important to investigate all regulations applicable to your agritourism operation to avoid penalties, fines, or interruptions to your business. This section provides an introduction to a number of regulations that may impact agritourism operations.

## General Regulations

Nearly all agritourism entrepreneurs must comply with several general regulations, which include, but are not limited to, zoning ordinances, business licenses, sales tax collection and remittance, and the Americans with Disabilities Act.

Because each direct marketing enterprise is different, and because regulations vary from location to location, it is impossible to provide a complete list of regulations that will apply everywhere all the time. However, it is possible to provide a generalized list of common laws and regulations to consider for most situations:

1. Always check with local, state, and federal authorities before trying to market any product, especially food items. Food items are almost always carefully regulated.
2. Check with officials before you start so that there are no unpleasant surprises down the road. Make yourself knowledgeable about rules and regulations far enough in advance to allow adequate time to comply with them.
3. Rules and regulations constantly change, so communicate regularly with local and state officers. Be aware of changes.
4. Make government inspectors your allies rather than your adversaries. They will often give you valuable free advice on many aspects of your operation. If you are constructing a building, for example, your consultations with inspectors will ensure that what you are building is something they will approve.
5. Nearly all regulations add time, effort, and cost to your marketing operations. These can have an undesirable effect on your ability to do business. If you feel that certain legal requirements are extraneous or detrimental, bring this to the attention of the proper authorities and work with them to resolve the situation. You may be able to obtain a waiver in certain situations.
6. Remember that safety is paramount. Improve the opportunity for success by (1) making your enterprise as safe as possible for clientele; and (2) carrying adequate insurance for the size and type of your operation.

**If you are inspected:**

1. Accompany the inspector while he/ she is walking around your property.
2. Ask questions and seek advice and assistance in meeting any regulations that apply to your business.
3. Ask for a business card. It is important to know how to contact the inspector for follow-up purposes. You may need to obtain copies of regulations, clarify a specific situation with an inspector, or speak with someone else in the agency.
4. In case of violations or citations, find out completely as to why you are cited. Read the regulation so that you understand it thoroughly and how it applies to your situation. If the warning is obviously justified, communicate to the officer that you understand and will comply. If you feel you were wrongly cited, talk to the enforcement officer.
5. If there is still disagreement, follow up with the appropriate agency and ask for help from their representatives. The next step is to go to your board of supervisors and try to work the problem out. As a last resort, call or write your elected state senator or representative. He or she may be looking for a case, and all of them are sensitive to public opinion, especially when a bill is coming up for a vote.
6. In all cases, be polite but persistent. Agency representatives have regulations they have to abide by. If we get angry or overbearing with them, our attempts at working through difficulties can have an adverse outcome.

## Zoning and Health Considerations in Agritourism

Agritourism businesses are subject to zoning and other regulations related to individual and environmental health. Such regulations are determined and enforced by federal, state, county, and/or municipal governments. Regulations can vary greatly by region, and it's important to be aware of and comply with regulations related to operating an agritourism business.

**Zoning Considerations**

Zoning ordinances can often be seen as a hurdle for beginning agritourism businesses. Zoning is "the division of a city or county by legislative regulations into areas

(zones), specifying the uses allowable for the property in these areas" ([www.entrepreneur.com](http://www.entrepreneur.com)). Ordinances may prohibit particular commercial activities or require that specific facilities and/or structures be present. In some regions, ordinances have been altered to be more accommodating for farms involved in agritourism. The nature of zoning ordinances and the ability to obtain zoning variances will vary greatly with each locality.

**Zoning ordinances may dictate:**

- The location, height and size of buildings and other structures
- The percentage of a lot which may be occupied
- The size of yards, courts, and other open spaces
- The density and distribution of population
- The uses of buildings and structures for trade, industry, residence, recreation or other purposes
- Use of land for trade, industry, residence, recreation, agriculture, forestry, soil conservation, water supply conservation or other purposes
- Regulations for signage and parking

A 2003 survey of agritourism entrepreneurs found that 12.8 percent of operators had at least "some difficulty" with zoning for their enterprises. The addition of structures, increased traffic, type of activities offered, length of season, operating hours, and feelings of neighbors may all be impacted by zoning regulations.

Consult the appropriate zoning authority for your location before investing in an agritourism operation or adding additional activities to an existing one. If your plans are not consistent with current rules, you may need to seek a change in zoning status for your land or a portion of your land.



## Health Considerations

Health regulations vary from place to place, but generally your county/local health department will handle these. Food preparation and safety, and waste disposal regulations, are often especially important considerations. Licenses and permits are generally required. Your County/Local Extension Agent should be able to provide the necessary information.

### Examples of Health Regulations:

- Limiting the number of visitors allowed on a "home stay" farm or ranch
- Requiring one or more persons involved with food preparation or handling to obtain food handlers' permits or certificates
- Requiring certain types of equipment needed for food storage
- Requiring a certain amount of drinking water be available for visitors and placing requirements on water quality
- Enforcing specific requirements for septic systems and sewage disposal

## The Bottom Line

Due to the variability of zoning and health regulations, it is important to check with local, county, state, and federal governments, and other organizations to identify which regulations may apply to your agritourism business.

Useful agencies to contact include:

- Chambers of Commerce
- Secretary of State's Office
- County/Municipal Health Departments
- Tax Commission or Department
- County/University Extension Offices
- U.S. Department of Agriculture Zoning or Planning Boards
- Agritourism Organizations and Cooperatives
- Economic Development Offices
- Tourism or Visitors Bureaus
- State Farm Bureau Federations
- State Agencies or Departments of Health/Agriculture

### References and Sources for Further Information:

- The Food Safety and Inspection Service (FSIS) Factsheets. [www.fsis.usda.gov/Fact\\_Sheets/index.asp](http://www.fsis.usda.gov/Fact_Sheets/index.asp)

- Food Safety State and Federal Standards and Regulations - National Association of State Departments of Agriculture  
[www.nasda.org/policy/issues/food-safety/food-safety](http://www.nasda.org/policy/issues/food-safety/food-safety)
- Association of Food and Drug Officials (AFDO) -guidance on regulatory topics from a variety of federal, state, and local sources.  
[www.afdo.org/index/](http://www.afdo.org/index/)

## Sales and Use Taxes

Sales and use taxes are imposed by state government and often by county and city governments. Sales and use taxes are imposed on the retail sale, lease, or rental of tangible personal property, the gross charge for specified taxable services, and the gross sales for amusements. Although the tax is imposed on the purchaser, the seller is liable for collecting and remitting the taxes.

Your agritourism operation may be responsible for sales and use taxes depending upon the types of activities and services sold. Farm products that are meant for off-premise human consumption and are not classified as prepared food are the only types of items exempt from the state sales tax, but subject to all local sales taxes. Prepared food is defined as any food product that has two or more ingredients mixed at the seller's location, is heated or has been heated at one time by the seller at the seller's location, or is sold with a utensil. Juice, jams, jellies, pies, single serving cups of juice, etc. are considered prepared food, and are subject to state sales tax. Alcoholic beverages (farm wine, hard ciders, spirits) are also subject to taxes, because the definition of food excludes alcoholic beverages.

Sales tax must also be collected on admission charges, unless it is for a tax exempt school trip where the primary purpose is educational.

For more information and examples, contact Cheryl Smith, Agritourism Manager at 678-640-4355 or at [cheryl.smith@agr.georgia.gov](mailto:cheryl.smith@agr.georgia.gov) for a copy of the *Resource Guide for Direct-to-Consumer Sales and Agritourism Operators*.

## GATE Program

The Georgia Agricultural Tax Exemption (GATE) Program allows sales tax exemptions on qualified agricultural inputs such as machinery, equipment, energy, fertilizer, seed, chemicals, etc. for qualified agricultural producers. The program is administered by the Georgia Department of Agriculture.

To qualify for the GATE Program, a farmer must fill out an application from the Georgia Department of Agriculture and meet one of these criteria:

- The applicant is the owner or lessee of agricultural land or other real property from which \$2,500 or more of agricultural products were produced and sold during the year, including payments from government sources;
- The applicant is in the business of performing agricultural operations and has provided \$2,500 or more of such services during the year (i.e., custom harvesting);
- The applicant producing long-term agricultural products for which there might not be annual income, including but not limited to timber, pulpwood, orchard crops, pecans and horticultural or other multiyear agricultural or farm products that has the capacity for generating at least \$2,500 in sales annually in the future .

The applicant must also file an IRS form 4797, 4835, 1065, 1120, 1040 Schedule F or IRS schedule E. Also note that the \$2,500 in sales does not mean \$2,500 of total sales from the land or farm, but rather \$2,500 for each of the eligible agricultural activities.

Agritourism is not specifically listed as an allowable use for the GATE card, but many operations can qualify in some way. If you are a strawberry producer, for example, you are qualified under NAICS code 111333 (a subsection of Fruit and Tree Nut Farming). Any inputs relating to this operation is considered an allowable use. However, the containers customers use for “U-pick” are not a qualified input. Even though these are considered harvesting containers, they are used by the consumer and not used by the producer. So while agritourism is not specifically listed, many facets of an agritourism operation are allowed.

<https://forms.agr.georgia.gov/GATE/>

## CUVA

A special assessment program known as Conservation Use Value Assessment (CUVA) was implemented in 1992 as a way to offer property tax relief for land owners, while also providing green space for the rest of the community. CUVA is a ten year covenant (or agreement) where a landowner pledges to maintain covenanted land in a qualifying use in exchange for property values based on the land’s use and productivity, not the Fair Market Value. A parcel of land enrolled in CUVA still has to pay property taxes, just at a reduced value-in-use as a farm.

To qualify for CUVA, land must be owned by a U.S. citizen or qualifying entity and must be devoted to farming, commercial production of agricultural products, and/or timber.

### **If qualified, the property shall be used for, but not limited to:**

- Raising, harvesting or storing crops;
- Feeding, breeding, or managing livestock or poultry;
- Producing plants, trees, fowl or animals; or
- Production of aquaculture, horticulture, floriculture, forestry, dairy, livestock, poultry or apiarian products.

### **Allowable uses of CUVA land (but non-qualifying use):**

- Leasing of hunting rights, corn mazes, cell phone towers, fee fishing facilities
- Agritourism; allows admission charges
- Mineral exploration, allows for land to lie fallow

A qualifying owner may enroll up to 2,000 acres of qualifying property in CUVA. For any tract of land that is less than ten acres, the landowner must show proof of a qualifying use. Applications to enroll land in CUVA must be filed with the landowners’ local tax office between January 1 and April 1 or in conjunction with or in lieu of an appeal of assessment.

## Americans with Disabilities Act

All businesses are required to comply with the Americans with Disabilities Act (ADA). The ADA ensures equal opportunity in employment as well as accommodation in public places, commercial facilities and transportation for persons with disabilities.

Title I of the ADA prohibits discrimination against persons with disabilities in employment by businesses having 15 or more employees or by state and local governments. Title I, with respect to private employers, is enforced by the Equal Employment Opportunity Commission (EEOC). For employment issues related to the ADA, contact the Equal Employment Opportunity Commission at (800) 669-4000 or [www.eeoc.gov](http://www.eeoc.gov). Title III of the ADA prohibits discrimination against persons with disabilities in commercial facilities and places of public accommodation. Commercial facilities include office buildings, factories, and warehouses.

A place of public accommodation is a facility whose operations affect commerce and fall within at least one of the following categories:

- Place of lodging
- Establishment serving food or drink
- Place of exhibition or entertainment
- Place of public gathering
- Sales or rental establishment
- Service establishment
- Public transportation terminal, depot, or station
- Place of public display or collection
- Place of recreation
- Place of education
- Social service center establishment
- Place of exercise or recreation

### Public accommodations and commercial facilities must:

- Provide goods and services in an integrated setting, unless separate or different measures are necessary to ensure equal opportunity.
- Eliminate unnecessary rules that deny individuals with disabilities an equal opportunity to enjoy the goods and services of a place of public accommodation.
- Make reasonable modifications in policies, practices, and procedures that deny equal access to individuals with disabilities, unless a fundamental alteration would result in a change to the nature of the goods and services provided.
- Ensure effective communication through the use of auxiliary aids and services when necessary, unless an undue burden or fundamental alteration would result.
- Remove architectural and structural communication barriers in existing facilities where readily achievable.
- Provide goods and services through alternative measures when removal of barriers is not readily achievable.

When private owners of places of public accommodations or commercial facilities design and construct new facilities or alter existing facilities, they must comply with the ADA Standards for Accessible Design, a handbook available online at [www.ada.gov/2010ADASTandards\\_index.htm](http://www.ada.gov/2010ADASTandards_index.htm).

Title III is enforced by the U.S. Department of Justice. More information may be obtained from the ADA web site at [www.ada.gov/ada\\_title\\_III.htm](http://www.ada.gov/ada_title_III.htm) or by calling the Department of Justice ADA Information Line toll free at (800) 514-0301, voice; and (800) 514-0383, TTY.

## Employment Regulations

If you employ personnel for your agritourism enterprise, you will be affected by several employment regulations. These employment regulations vary according to the type and size of your enterprise, the nature of an employee's job and the number of employees you employ.

### The Fair Labor Standards Act

The Fair Labor Standards Act (FLSA) of 1938, as amended, establishes standards for minimum wage, overtime compensation, equal pay, child labor, and certain mandatory record keeping affecting your full and part-time workers. Minimum wage rates are set by the U.S. Congress and are periodically adjusted by statute. As of September 2017, the minimum wage rate is \$7.25 per hour. Overtime pay is set at a rate of not less than one and one-half times the regular rate of pay. Overtime pay is required after an employee works 40 hours during a calendar workweek.

Specific provisions apply to agricultural operations. Employees who are employed in "agriculture" are exempt from overtime pay provisions. The FLSA17 defines "agriculture" as farming in all of its branches including:

- Cultivation and tillage of the soil
- Dairying
- Production, cultivation, growing, and harvesting of any agricultural or horticultural commodities
- Raising of livestock, bees, furbearing animals, or poultry
- Any practices (including any forestry or lumbering operations) performed by a farmer or on a farm as an incident to or in conjunction with such farming operations including preparation for market, delivery to storage or to market or to carriers for transportation to market

"Agriculture" does not include work performed on a farm that is not incidental to or in conjunction with the farmer's agricultural operation. "Agriculture" also does not include operations performed off a farm if performed by employees who are employed by someone other than the farmer whose agricultural products are the basis of the work. Any employee who falls under these two sets of circumstances must be paid overtime when the proper conditions are met. Equal pay requirements prohibit differences in wages based on gender.

Men and women employed in the same establishment, doing jobs that require equal skill, effort, and responsibility, and performed under similar working conditions must be paid similar wages.

Records should be kept on employees' wages, hours worked, and other information (such as age, gender, entrance pay, and job duties) as specified by the Department of Labor record keeping regulations available at [www.dol.gov/general/topic/wages/wagesrecordkeeping](http://www.dol.gov/general/topic/wages/wagesrecordkeeping).

**Note the FLSA does not regulate the following areas (i.e. as the employer, you determine):**

- Vacation, holiday, severance or sick pay
- Premium pay for weekend or holiday work
- Pay raises or fringe benefits

### Child Labor Act

The Child Labor Act prohibits the employment of minors in certain occupations and in particular working conditions that may be hazardous. Child labor regulations differ depending on a youth's work activities and the type of agritourism enterprise providing employment.

- A minor must have a 30 minute unpaid break or meal period if scheduled to work six consecutive hours.
- Breaks cannot be scheduled during or before the first hour of scheduled work activity.
- Minors 16 and 17 years of age may not be employed: (1) during the hours the minor is required to attend classes; or (2) between the hours of 10:00 p.m. and 6:00 a.m. on Sunday through Thursday evenings preceding a school day, except with parental or guardian consent. Even with consent, the minor may work until midnight no more than three nights Sunday through Thursday.
- Minors 14 and 15 years of age may not be employed: (1) during school hours; (2) between 7:00 p.m. and 7:00 a.m. if the next day is a school day; (3) between 9:00 p.m. and 6:00 a.m.; (4) more than 3 hours a day on school days; (5) more than 18 hours a week during a school week; (6) more than 8 hours a day on non-school days; or (7) more than 40 hours a week during non-school weeks.

**Note: The U.S. Department of Labor does not allow 14- and 15-year-old minors to work past 7:00 p.m. from Labor Day to June 1.**

### In farm work, permissible jobs and hours of work, by age, are as follows:

- Youths 16 years and older may perform any job, whether hazardous or not, for unlimited hours.
- Youths 14 and 15 years old may perform any non-hazardous farm job outside of school hours.
- Youths 12 and 13 years old may work outside of school hours in non-hazardous jobs, either with a parent's written consent or on the same farm as the parent(s).
- Youths under 12 years old may perform jobs on farms owned or operated by parent(s). With a parent's written consent, they may work outside of school hours in non-hazardous jobs on farms not covered by minimum wage requirements.

Minors of any age may be employed by their parents at any time in any occupation on a farm owned or operated by the parents.

### Occupational Safety and Health

The Occupational Safety and Health Administration (OSHA) works to ensure a safe and healthy workplace for all citizens, regardless of age. All employers are covered by the provisions of federal and state OSHA regulations. If you employ eleven or more employees, you must maintain records in accordance with OSHA rules.

#### OSHA requires the employer to:

- Provide a safe working environment
- Inform employees of safety regulations
- Warn employees of existing hazards
- Supervise employee activities
- Supply and maintain necessary equipment inherent in the workplace.

Records should be kept on any hazardous materials that may be encountered or used by employees. In addition, records should be maintained on any injuries or illnesses that may have occurred during employment or on the job.

### Workers Compensation

If you have five or more full or part-time employees, you are required to obtain workers' compensation insurance for your employees. This insurance protects a business from lawsuits filed by an injured employee and provides insurance benefits to employees injured while on the job. Family members who work for your agritourism

enterprise are considered employees. Businesses are responsible for obtaining coverage from a licensed insurance carrier.

### Unemployment Insurance Taxes

Unemployment insurance taxes provide benefits to unemployed workers who have lost their jobs through no fault of their own. As an employer, you are not liable for unemployment insurance premiums if you are: (1) self-employed and also the sole employee; (2) a sole proprietorship without employees; (3) general partners without employees; or (4) general partners in a limited liability company without employees. Wages paid to workers under the H2A Temporary Agricultural Worker Program are not subject to unemployment insurance since these workers are not eligible for unemployment benefits.

Employers must pay federal unemployment taxes if they pay cash wages totaling \$20,000 or more in any calendar quarter to an employee or employees or if, in each of 20 different calendar weeks in the current or preceding calendar year, there was at least one day in which they had ten or more employees performing service in agricultural labor. The 20 weeks do not have to be consecutive weeks, nor must they be the same ten employees, nor must all employees be working at the same time of the day.

### Income Tax Withholding

All employers are required by the Federal Internal Revenue Code to deduct and withhold taxes on wages paid to their employees. You may need to use either the tax guide for agricultural employers or the tax guide for small business entrepreneurs depending upon whether your employees are involved with the agricultural activities or other activities of your operation. It may be important to contact your personal accountant for more information on these taxes. The IRS provides the Farmer's Tax Guide (Publication 225) for agricultural employers. It includes the necessary information and forms to withhold federal income taxes. The Farmer's Tax Guide can be found online at [www.irs.gov/publications/p225/index.html](http://www.irs.gov/publications/p225/index.html) or by contacting your local IRS office.

**The IRS also provides a similar tax guide for small business entrepreneurs (Publication 334) found online at [www.irs.gov/publications/p334/index.html](http://www.irs.gov/publications/p334/index.html) or by contacting your local IRS office.**

## Permits and Licenses for Specific Attractions

You may be required to obtain a special permit or license for your agritourism operation depending on the type of activities conducted on your enterprise. There are several permits and licenses required for specific types of attractions.

## Food & Drug Administration Good Manufacturing Practices Highlights

The following abbreviated list should not be used as the only reference when building, planning, or considering a commercial food operation. It should be used merely as a resource to gain a better understanding of the types of practices that the act specifies. Study the entire act itself. It is also a good idea to use the good manufacturing practices as a guideline to "draft" a sketch, diagram, or blueprint of your planned facility. The sketch can then be submitted to the GDA inspector in your area for review and comment.

- All persons working in direct contact with food, food-contact surfaces, and food packaging materials shall conform to hygienic practices while on duty to the extent necessary to protect against contamination of food.
- Workers should wear garments suitable to the operation, maintain personal cleanliness, wash hands, remove all unsecured jewelry, and wear gloves.
- Workers should wear hairnets, headbands, caps, and beard covers where appropriate and should take precautions to protect against contamination of food.
- The grounds shall be kept in a condition that will protect against the contamination of food.
- Roads, yards, and parking lots should be maintained so that they do not constitute a source of contamination.
- Areas that may contribute to contamination should be adequately drained.
- Operating systems for waste treatment and disposal should function in a manner so that they do not constitute a source of contamination.
- Sufficient space should be provided for placement of equipment and storage of materials for maintenance.
- Operations in which contamination is likely to occur should be separated.
- Floors, walls, and ceilings should be built as to be adequately cleaned and kept clean and in good repair.
- Aisles or working spaces should be provided between equipment and walls, adequately unobstructed, and of adequate width to permit employees to perform their duties and to protect against contaminating food.
- Adequate lighting in hand-washing areas and in all areas where food is examined, processed, or stored and where equipment or utensils are cleaned should be provided.
- Safety-type light bulbs should be used.
- Adequate ventilation should be provided to minimize odors and vapors.
- Adequate screening or other protection against pests should be provided.
- Buildings, fixtures, and facilities shall be maintained in a sanitary condition and kept in repair.
- Toxic cleaning compounds and pesticide chemicals shall be identified and stored in a manner that protects against contamination of food.
- No pests shall be allowed in any area of a food plant.
- Effective measures shall be taken to exclude pests from the processing areas and to protect against food contamination.
- Food-contact surfaces, including utensils, shall be cleaned as frequently as necessary to protect against contamination of food.
- Cleaned and sanitized portable equipment with food-contact surfaces should be stored to protect food-contact surfaces from contamination.
- Each plant shall be equipped with adequate sanitary facilities and accommodations including a water supply sufficient for the operations intended.
- Plumbing and sewage system should be of adequate size and design.

- Each plant shall provide its employees with adequate, readily accessible toilet facilities, and hand-washing facilities shall be adequate and convenient.
  - All plant equipment and utensils shall be so designed and of such material and workmanship as to be adequately cleanable, and shall be properly maintained.
  - All equipment should be so installed and maintained as to facilitate the cleaning of the equipment and of all adjacent spaces. Food contact surfaces shall be corrosion resistant when in contact with food.
  - Equipment that is in the manufacturing or food handling area and does not come into contact with food shall be so constructed that it can be kept in a clean condition.
  - Raw materials and other ingredients susceptible to contamination with aflatoxin or other natural toxins shall comply with current Food and Drug Administration regulations, guidelines, and action levels for poisonous or deleterious substances before these materials or ingredients are incorporated into finished food. Compliance with these requirements may be accomplished by purchasing raw materials and other ingredients under a supplier's guarantee or certification, or may be verified by analyzing these materials and ingredients for aflatoxin and other natural toxins.
2. Because a child of tender years may be unable to appreciate a danger and, therefore, to have knowledge of the hazard equal to that of the owner/occupier, an owner/occupier may be held to a higher standard of care toward a child than toward an adult.
  3. As a general rule, a person who undertakes the control and supervision of a child, even without compensation, has the duty to use reasonable care to protect the child from injury. The measure of duty of a person undertaking control and supervision of a child to exercise reasonable care for the safety of the child is to be gauged by the standard of the average responsible parent.

### Pick Your Own Statute (2001)

The owner or operator of any farm specializing in pick-your-own agricultural products shall not be liable for an injury to or the death of a participant resulting from the inherent risks of harvesting agricultural products.

- "Agricultural products" means Christmas trees, fruits, vegetables, pecans, nuts, horticultural products, and other such fresh farm products that are made available to the general public through pick-your-own farm operations.
- "Participant" means any person who enters the farm location, alone or with a group, for the purpose of harvesting fresh farm products from pick-your-own farm operations.
- Exceptions: (1) Owns, leases, rents, or otherwise is in lawful possession and control of the land upon which the participant sustained injuries because of a dangerous latent condition, which was known or should have been known to the owner or operator; (2) Commits an act or omission that constitutes willful or wanton disregard for the safety of the participant, and that act or omission caused the injury; or (3) Intentionally injures the participant.

## Liability Law

Under Georgia premise liability law, all property owners must exercise ordinary care to keep the premises and approaches safe for invitees and guests. O.C.G.A. 51-3-1 states that "where an owner or occupier of land, by express or implied invitation, induces or leads others to come upon his premises for any lawful purpose, he is liable in damages to such persons for injuries caused by his failure to exercise ordinary care in keeping the premises and approaches safe."

Some general points about liability:

1. An owner has a duty of care to provide a reasonably safe environment, and is responsible for having regular inspections of the premises to discover any possibly dangerous conditions and to protect invitees from foreseeable dangers.

Every owner and operator of a pick-your-own farm operation shall post and maintain white signs which contain the warning notice in black letters, with each letter to be a minimum of one inch in height. Signs shall be placed in a clearly visible location near the entrance of the farm. Every written contract entered into by an owner or operator shall contain in clearly readable print the warning notice.

The signs and contracts shall contain the following warning notice: "Under Georgia law, an owner or operator of a pick-your-own farm location is not liable for an injury to or the death of a participant from the inherent risks of harvesting agricultural products, pursuant to Article 7 of Chapter 14 of Title 2 of the Official Code of Georgia Annotated."

### Georgia's Agritourism Immunity Statute

A landowner who charges admission for a person who is 18 years of age or older to hunt or fish on the owner's property or to enter the owner's property for the purposes of agritourism shall be immune from civil liability for any injuries caused by the inherent risk associated with agritourism, hunting, or fishing activity. (Exception: The landowner's conduct does not constitute gross negligence or willful and wanton misconduct. Willful conduct is based on an actual intention to do harm or inflict injury. Wanton conduct is that which is so reckless or charged with indifference to the consequences as to be the equivalent in spirit to actual intent.)

The term "agritourism" means charging admission for persons to visit, view, or participate in the operation of a farm or dairy or production of farm or dairy products for entertainment or educational purposes or selling farm or dairy products to persons who visit such farm or dairy (excludes farm weddings and rodeos).

#### Two Important Conditions of Agritourism Statute:

- The landowner has posted at the main point of entry, if present, to the property a sign with a warning notice on the sign in black letters, with each letter to be a minimum of one inch in height.
- The person who has paid admission to the landowner to enter such landowner's property to hunt, fish, or for the purposes of agritourism has signed a waiver of liability form stating that the person entering the landowner's property has waived all civil liability against the landowner for any injuries caused by the inherent risk associated with agritourism, hunting, or fishing activity.

### Agritourism Warning

"Warning: Under Georgia law, there is no liability for an injury or death of a participant at least 18 years of age in a registered agritourism activity conducted at this registered agritourism location if such injury or death results from the inherent risks of such agritourism activity. Inherent risks of agritourism activities include, but shall not be limited to, the potential of you to act in a negligent manner that may contribute to your injury or death and the potential of another participant to act in a negligent manner that may contribute to your injury or death. You are assuming the risk of participating in this registered agritourism activity."

### Waivers

Georgia Code O.C.G.A. 1-3-7 states that a contracting party "may waive or renounce that which the law has established in his or her favor." If you do not already have a liability waiver form created for your operation, see the following checklist of items that should be included to assist you in making one:

#### 1. What type of property use and/or activities will the waiver cover?

- Define all activities in detail.
- State specifically the use permitted under the waiver.
- Consider what would be property uses outside the waiver.

#### 2. Under what terms may the person or group enter your property?

- Do they require a scheduled appointment? Can they show up unannounced?
- Do they need a guide/you with them at all times?

#### 3. What are the names/groups of people participating in the activity?

#### 4. Include a description of the land the liability waiver covers.

- Describe the boundaries and the size of the land.
- Describe the areas of the land that are off limits to visitors and safety zones around buildings, barns, pastures, and houses.
- Choose a specified location of entry/exit and require that visitors check in and out at this certain location. State the location of entry and exit on the waiver.
- Describe any specifics that may be particularly harmful about your property (ex: wild animals, sharp edges, poison ivy).



5. Include language that means guests will not sue or attempt to make a claim against the owner regarding their land use and activities. A statement such as, "The user agrees to indemnify and hold harmless the landowner..." is a good example.

6. If the person/group is under 18 years of age, make sure to include a guardian signature line. Consider noting that anyone under 18 years of age must be accompanied by an adult and that the adult "agrees to indemnify and hold harmless the landowner for injuries to the child."

7. If your venture deals with hunting on your property, it is wise to incorporate firearm guidelines and require that all hunters have completed a hunter safety course.

8. It is always wise to prohibit alcohol consumption on your land during any of your activities.

9. Include in the waiver that the form will be construed under the State of Georgia laws.

**10. Update your risk management plan:**

- Talk with your insurance agent to make sure your insurance coverage covers activities that will take place on the farm.
- Determine if you need to incorporate a business structure into the farm, such as an LLC or a Corporation to help protect your operation.

This checklist is not a complete list of all concerns that may be unique to your operation, but serves as a general checklist covering the major parts of creating a liability waiver. All details must come from your own personal operation. Requiring visitors to complete a liability waiver will help ease your mind when allowing tourists to visit your farm and create an effective learning environment for all. A *Sample Waiver* can be found on page 93 in the Appendix.

## Insurance

The following information and questions are designed to provide basic guidance for meeting with your insurance agent. These items can be used to start the discussion, but there may be more items to discuss that are specific to your operation.

### Choosing an Insurance Company

- Choose a company whose representatives understand your operation and the risk associated with it. This includes agents, claim adjusters, underwriters, auditors, and loss control staff.
- Find out what kind of financial strength the insurance company has. This is an indication of their ability to pay claims. Ask what their AM Best Rating is: "A++" is the best.
- Find out what kind of experience they have with operations like yours. How many others do they insure?

Ask leading questions about your operation and hypothetical (or real) examples of loss. Ensure that they can answer your questions. This will help determine if they can provide the coverage you need.

### Meet with Your Insurance Agent Regularly to Discuss Your Operation

- At a minimum, you should do this prior to opening for the season.
- If you are open year-round, meet at least annually.
- Meet whenever you make a change to your operation and consider consulting your agent before implementing changes.

### Questions for your Insurance Agent

- Are there any property or liability exclusions or limitations that will affect my coverage?
- Will I be able to replace my damaged property with the coverage I have purchased?
- Is there any additional coverage I have not purchased that may help protect my assets if an accident were to occur?
- When will you have someone such as an Underwriter or a Loss Control Inspector come and review my operation? Is there anything I should do to prepare?
- Do I need current certificates of insurances from my vendors? Do they need to list us as additional insureds on their policy? Do the vendors need to have limits equal to or higher than my limits?
- Is there anything specific I will be asked to report to the insurance company, such as gross receipts, payroll, or number of visitors?
- Do I need to review workers compensation insurance with you?

### Questions about Documentation for Your Insurance Agent

- Do I need to provide proof that my fire extinguishers have been serviced, or can I just keep records on file at the farm?
- Do you need a copy of my emergency plan and/or documentation that my employees and family have been trained on the plan?
- Do I need to document that the local emergency responders such as the fire department and police visited my farm? Do you need a copy for your files?
- Do you need copies of all the local permits (like a health department permit), or do I just need to keep them on file?
- Do you need copies of completed checklists, photographs, and other documentation that demonstrates that safety practices are in place and have been regularly reviewed for the following items:
  - Hand washing stations and restrooms
  - Signs (appropriate signs posted, legible, in good condition, etc.)
  - Inspections performed (e.g. for slip, trip, and fall hazards, equipment in good condition, buildings maintained, etc.)
  - Log sheets for cleaning, disinfections, refrigerator temperatures, etc.
  - Animals: regular wellness checks from a veterinarian and vaccination records
  - Designated parking and walking areas to control the flow of traffic
  - Emergency contact numbers posted in a visible place

Is there any other documentation that you need copies of or that we need to keep on file?

### Keep in Mind

- Keeping documentation of all safety strategies, including policies and inspections, demonstrates that you have these elements in place. This is important in the event of an injury on your operation. Sharing this documentation with your insurance company may help them understand your operation better.
- Don't be afraid to ask questions, ask for clarification, or even challenge your agent when something doesn't seem right. It is important that you and your insurance agent work together to ensure you have the coverage you need. You want to have all of this in place before a claim occurs. Trying to get everything together after an event could cause many potential issues for you!





Section 6



# Insurance and Risk Management

Farmers understand the purpose of insurance for their farms and in order to protect their assets, a comprehensive insurance policy is required. Coverage for farm liability, property, livestock, farm automobile, and workers' compensation are all coverages that are typically required with ongoing farming operations. While these coverages are necessary for a farming operation, the risks associated with the farm change drastically when the paying public comes onto the farm in any capacity. The farm changes from just a working farm to an agricultural destination, or educational facility. Since this handbook is targeted to agritourism operators, this section focuses on insurance for operators specifically.

## General Liability

Within the last 10-15 years, as development of rural land has exploded into subdivisions and expanded municipalities, farm families have filled a niche. By transitioning working family farms into a unique experience for the public, these family farms have found another way to generate profits from their land and create an experience. The typical everyday risks of the family farm evolved requiring new policies.

General Liability coverage on a farm is a necessity. It becomes more vital when agritourism is added to the mix. A farmer may become liable for personal injury or property damage to a third party when a simple, "failure to be cautious" is the cause of an injury or accident. While there is no sure way to prevent a lawsuit from being filed, it is important for operators to make sure that their operation is as safe as possible. Having a good relationship with a knowledgeable insurance agent, obtaining the proper coverage, and using safe, proactive practices should be a high priority.

Because of the added farm activities, insurance companies had to create a way to insure the farms becoming tourist destinations. Some carriers added class codes to policies currently in force to cover the additional risks. Some carriers used a Commercial General Liability policy to cover the risks. Many carriers decided the potential liability of having that many people on a farm was not a risk they desired and withdrew from that market segment all together. The risks associated with having the paying public on your farm increase exponentially with increased activities and increased participation of the public.

The only way to write agritourism risks correctly is on the Commercial General Liability (CGL) policy. The CGL policy is such a versatile policy that it can be written for almost any risk(s) imaginable. It is extremely important to identify all of the activities you offer, or plan to offer, and discuss them with your insurance agent so the correct class descriptions can be entered on the "Description of Hazards" section of the policy. Some carriers developed an "Agritourism" class specifically designed for these operations and charge a flat rate per head, per year. Some itemize the activities on your farm and charge a rate for estimated or actual gross receipts for each activity. These rates and how they are calculated on your policy will ultimately determine your annual policy premium for the liability.

## Workers' Compensation and Employer's Liability

Workers' Compensation and General Liability are the top two coverages for any farm owner or agritourism operator. Both carry significant consequences if coverage is not written correctly or items are omitted when discussing them with your insurance agent. The reason that both of these are so important is because of the significant financial risk to the employer should a claim situation arise. When a farm operation has employees of any kind, W-2 or 1099 subcontract employees, a workers' compensation policy is a necessity.

Agritourism risks, for purposes of this section of the handbook, are not immune to workers' compensation claims. Employees can suffer the same trips and falls the paying public could suffer on a farm. Add those accidents to back injuries, sprains, falls, cuts, and others that can be more severe. A general liability policy will not cover your employees in the event of one of these claims. So it is important to provide a workers' compensation policy for your own protection in the event an employee is injured.

In the state of Georgia, workers' compensation is mandatory if the business employs three (3) or more employees, including the owner(s). This requirement only applies to the owner(s) and direct employee(s). A direct employee is an employee who only works for the business, and is paid, and given a W-2 tax form at the end of the year.

Many operators ask...

- What about 1099 subcontractors?
- Although, they are not technically considered an "employee", they still work on your farm. Would they be covered in the event of a claim?

Normally, when you hire a subcontractor, you hire someone to do a job for you as if they own their own business. You expect them to provide you a certificate of insurance showing that they have their own general liability and workers' compensation insurance. When they have their own coverage, they basically waive their right to sue you for injuries sustained while they work for you and therefore, coverage would not be afforded those subcontractors on your workers' compensation policy.

Many times with farming or agritourism operations, the work is seasonal and some employees are never hired on a full-time basis. In this case, many of the "subcontractors" do not have coverage of any kind as they are just there for a season. Should an incident occur where one of these subcontractors sustain an injury, your workers' compensation coverage would afford the injured party coverage. If you calculated for these 1099 employees at the time your policy began, you would have been paying premiums for these employees since the inception of the policy.

You would be audited at your normal schedule and you would receive a bill for any payroll overage and would receive a credit for any payroll less than estimated. If you do not calculate and pay premium for a subcontract employee at policy inception, and there was an injury, your policy will provide coverage. At the end of the policy year, your policy will be audited and you will pay premium based on the payroll for that subcontract employee for the past year's payroll. This could be a very large sum depending on the amount of payroll you turn in for that/those subcontractor(s).

One last note regarding workers' compensation, anyone you pay will fall into one of the two categories listed above; direct employee or subcontract employee. Carriers will not distinguish between family members, college kids, or perfect strangers looking for seasonal work. All will be considered subcontractors in the event of audit or injury, and you will be charged for them. The only excluded parties in a workers' compensation policy are owners and officers of the business who choose at policy inception to be excluded from coverage and sign a coverage exclusion form.

## Property Coverage

Outside of General Liability and Worker's Compensation, the next greatest potential for loss is property coverage. This includes homes, buildings, contents, equipment, and inventory. There are many different potential perils for each of these items. Wind, hail, fire, theft, and ice and snow are just to name a few. It is important to make sure you have all of your property properly valued on your policy so that in the event of a loss, you have enough value to make sure you are made whole.

There are two types of valuations on an insurance policy for property; replacement cost or actual cash value. A replacement cost basis will provide that your property is insured to value so that in the event of a total loss, your home or building will be reconstructed to put the owner back where they were before the loss, minus the property deductible. Replacement Cost value is determined by the agent and carrier using a Replacement Cost Estimator (RCE).

This value is the value that the carrier will require to be listed on the policy as the value of the structure at the time the policy is written. Actual Cash Value is a value that is predetermined and agreed upon by the insured and the carrier as an adequate value for the remaining useful life on a building or structure. This amount may be significantly less than a replacement cost value, with a lower premium. Actual Cash Value will take into account depreciation on a dwelling or building that could affect the final payment in the event of a total loss. Replacement Cost does not take into account depreciation.

As for equipment and inventory, these values are based on an Actual Cash Value basis. The valuation is not on a replacement cost basis. Usually, this is an agreed value based on the current value of a piece of equipment or total cost of inventory. Equipment will either be scheduled on a policy depending on the value of each piece of equipment or it may fit on an unscheduled blanket where there is a total value of equipment included on the policy. In a loss situation, you may have one deductible for all property damaged or lost or you may have a per item deductible depending on how your policy is written. Any payout for a loss will be minus your deductible.

In any case, it is important to have your dwellings, buildings, equipment, and inventory properly valued.

Each year, you should review your coverages with your agent to make sure you have your property properly covered and valued.

## Risk Management

Managing your farm risk is very important to the bottom line of operators. Not properly managing the risks associated with your agritourism activities, could negatively impact your family farm. That is why it is very important to read this section of the handbook very carefully when taking out coverage for the first time, renewing your policy, or adding a new activity. If you fail to notify your agent of a new activity, you very well could end up with no coverage for that activity because it is an excluded operation on your policy. Failing to purchase the correct policy for all of your farming and agritourism activities would also fall into that category as well. If you don't have a policy that covers agritourism specifically, it is too late to find that out when you are in a loss situation and "I didn't know" isn't an excuse when a loss happens and isn't covered.

The first thing you need to do to manage your risks is to perform a risk assessment. Take the following steps to perform a thorough risk assessment:

### 1. Itemize your activities

- Make a list of the activities you are currently offering
- Identify places of concern in those activities
- Make a list of the activities you would like to offer with your assessment of each activity and the risks associated with each.
- Ask employees working at each activity to offer their suggestions to make each activity safer.

### 2. Take a walk around your farm from the viewpoint of a visitor and not a farm owner/agritourism operator.

- Identify areas of concern and make a list of things that concern you.
- Make sure off limit areas are well marked.
- Make sure all safety signage is in place and well-marked.
- Ask employees to identify things they see that could be potential safety concerns.

**3. Consult with your agent about your activities and all the risks you identified.**

**4. Ask the agent to visit the farm and identify risks he/she finds on their visit.**

**5. Develop a plan to manage all of the risks identified.**

Once you perform a risk assessment, anticipate areas where risks could occur and take steps to mitigate those risks. Below are some ideas to help mitigate the risks on your farm.

#### **1. Avoid, Reduce, Transfer, or Accept**

- Avoid - Identify potential risks in your activities and either eliminate the risk or eliminate the activity in order to avoid those risks.
- Reduce - Through careful inspection of potential risks, create “safety nets” to help reduce those risks.
- Transfer - Transferring a risk means that someone else will reimburse you in the event of a loss. A comprehensive insurance plan is one way to transfer the risk. It is important to consult with your agent in order to create a plan that will help transfer any loss.
- Accept - You may not be able to avoid, reduce, or transfer a risk. If you have an activity on your farm that is vital to your operation, you need to make sure that you have an insurance plan in place to provide as much coverage as possible. You should consult with your insurance agent to make sure your policies have you covered as thoroughly as possible. An emergency fund to cover unknowns is also a good back-up plan.

#### **2. Safety Coordinators**

- It is always advisable to designate Safety Coordinators at your farm as a go to contact for evaluating safety concerns and emergency procedures.

#### **3. Documentation**

- Hold harmless agreements, participant waivers, warning signage, and any other types of documentation to keep on file for your activities.
- Always document safety meetings and team discussions.

#### **4. Emergency Procedures**

- This should fall under your safety coordinator job descriptions. The safety coordinator(s) should develop a plan for emergency procedures. One contact during business hours will help simplify the situation in an emergency situation.

#### **5. Always ask “What If”**

- Prior to setting up any activity, ask yourself, “What if this happens?” Create scenarios and discuss with your team. This will help be prepared in the event a situation occurs.

## **Additional Information and Risks to Think About**

This last section outlines a few items that are areas all operators should take into account for their farms and agritourism activities. These are in no way any less important than anything mentioned previously but because of the different topics here, this is the best place to draw attention to them.

- Certificates of Liability - Anytime you have an independent contractor on your property to do any kind of repair work, make sure you ask for a Certificate of Liability before they begin work. This is extremely important so that you know that in the event of faulty work, the contractor has liability you can fall back on to file a claim. Make sure their limits are greater than or equal to your limits of liability.
- Vendors - If you have vendors on your property, make sure they carry limits of liability greater than or equal to your limit of liability.
- Product Liability - If you sell the goods of others in your store or if you have different company process goods in with your label, make sure they carry limits of liability greater than or equal to your limit of liability. In the event of a loss, the customer only sees your name and they are coming for you first. This could be a situation where the loss is transferred to a vendor but your policy will provide defense costs.

It is important to discuss with your agent all of the above items that apply to your operation. Invite your agent to the farm to review these activities. Some carriers may or may not offer coverage for these activities. Some may offer coverage in a limited capacity. It is important for you to understand what is covered and how it is covered.



## Farm Underwriting

When your account is submitted to underwriting, a whole team of underwriters will examine everything they can find on the web and through social media. Below are a few tips that will help your agent place coverage with a competitive carrier.

1. On your website, make sure you don't advertise any activity that you do not do. The underwriting departments will scour your web pages to see what you are saying that you offer. Many carriers do not like sling shots (pumpkins, tomatoes). If you offered them last year, but aren't sure you want to offer them this year, take it off your website. If you want to offer an activity that you currently don't offer, it bears repeating, consult with your agent first.
2. All photos on your website will be reviewed. The underwriting departments will scour your photos looking for safety hazards. Remove any photos that are questionable. Review your photos with your agent to see if the photos will cause any underwriting issues.
3. Underwriting departments will Google your venue to see if there is any negative news out there. They will Google your venue looking for old articles, negative reviews, and reported safety issues. Make sure you get ahead of this and Google your venue for bad press. Draft a statement for each and every one and save it on your computer in the event an underwriter asks a question about it.
4. Social media offers a window into your business. We all like to post pictures on social media. We like for our followers to see people having fun so they will come to our businesses. The same rules apply for social media as they do for your website. Remove any pictures that show any aspects of your business as being unsafe. Review these with your agent so that any suspect pictures are removed. The underwriters will review your photos on social media as well.
5. Create a formal safety program, document it, and keep it handy. Formal safety programs may or may not help with the rating of your business. Insurance carriers like to see proactive businesses and safety is the best place for them to see that your business is proactive. Give a copy of your safety program to your agent so that when he or she submits your account, they can submit the safety program too.
6. Enroll in the Drug Free Workplace program. If you have farm employees, this is a premium saver on workers' compensation policies.

These are just a few tips to help you move through underwriting smoothly. Anything the underwriter(s) find, expect questions about it. Failure to prepare for this will prolong the underwriting process and possibly get your account declined. This is an important part of placing coverage for an agritourism venue.

**This is a lot of information to digest but it is all very important. Please read this over carefully and make sure to ask lots of questions. An experienced farm and agriculture agent will not have any problem answering your questions.**



Section 7



# Customer Service

Customer service includes giving customers what they want and fulfilling their multitude of less obvious needs. Before you begin to learn about customer service, however, it is important for you to remember that you will not be able to deliver perfect customer service all of the time. You will make some mistakes along the way. That is okay. If you put forth your best effort and learn from your mistakes, you will be on your way to providing excellent guest services. This chapter provides an overview of Customer Service for your organization. For more detailed information, please see the Georgia Agritourism Association Customer Service Manual.

## Customer-Friendly Attitude

Good customer service begins with a customer-friendly attitude. A customer-friendly attitude begins with the view that the customer is your job, not an interruption of your job. As a manager, you will need to reflect a customer-friendly attitude in your words and in your actions. You can begin by displaying a sincere smile and offering a kind greeting to all guests and co-workers. This will set a good example for your employees.

## Service Quality

Customer service experts suggest that there are five main dimensions that influence customers' perceptions of service quality. Those five dimensions are reliability, responsiveness, assurance, empathy, and tangibles. A brief description of each dimension follows:

**Reliability** is your ability to perform the promised service, dependably and accurately. For instance, if you operate a bed and breakfast on your farm, you may promise guests that breakfast will be served at 8:00 a.m. each morning. You are providing reliable service if, in fact, you do serve breakfast every morning before or by 8:00 a.m. If you serve breakfast at 8:30 a.m. one morning and at 9:00 a.m. another morning, your service is unreliable.

**Responsiveness** is your willingness to help customers and provide prompt service. For example, if your agritourism business relies on email to interact with customers, then you would be providing responsive service if you return email requests promptly. If you respond to email requests once a month, then you are not responsive to your customers.

**Assurance** refers to your employees' courtesy, knowledge of the business, and ability to inspire trust and confidence in customers. For example, if you host school group tours on your farm, you probably receive a lot of questions from the children. If you answered, "I don't know," to every question, you would not inspire trust in your knowledge from the children or teachers. However, if you respond to each question with an appropriate answer, you assure the children and the teachers that you are knowledgeable about your farm.

**Empathy** refers to the caring, individualized attention that you give to each customer. In a service business, each customer wants to feel like you genuinely care about his or her needs. For instance, if a customer at your pick-your-own pumpkin business is thirsty, you would be showing more empathy if you escorted the customer to the facility personally than if you simply grunted out directions. In addition, you might want to show empathy by providing water bottles near the picking site.

**Tangibles** is what customers see. It is important that all tangible items appear neat, clean, and professional. For example, if you develop a brochure for your agritourism enterprise, you want to make sure that everything on the flyer is spelled correctly and that the images and words reflect the true nature of your business. In addition, you want all your customer service employees to wear clean, neat clothes and maintain a groomed appearance.

As you become more conscious of the customer service that you and your employees provide, you begin to pay more and more attention to feedback from your customers. It is important that you use all comments (both positive and negative) to improve the quality of your service delivery.

## Components of a Customer Service Plan

The importance of customer service to your agritourism operation dictates the need for a comprehensive customer service plan. A customer service plan has five major elements:

1. Customer Needs, Wants, and Expectations - Find out what services your customers need, want, and expect to receive from your enterprise.
2. Customer Service Goals and Objectives - Establish goals and objectives for your enterprise based on these needs, wants, and expectations.
3. Customer Service Policies - Develop customer service policies for your enterprise.
4. Employee Training Policies - Train employees to implement your customer service policies.
5. Customer Service Evaluation - Evaluate the effectiveness of your customer service plan and make changes where needed.

Your customer service planning should begin with a review of the needs, wants, and expectations of your target audience. Does your target audience expect full-service and luxury amenities, self-service with only very basic amenities, or something in between? Will your customers require individual attention from your employees to assist them with choosing products, an

employee to serve as a guide, or just someone to point them in the direction of activities? Do your customers expect access to restroom facilities with running water or are port-a-johns acceptable? Do customers expect an employee to answer the business phone during business hours or is a recorded message acceptable?

### You may learn more about your customers' needs, wants, and expectations by:

- Surveying, interviewing, or holding focus groups to ask target consumers questions about their needs and expectations.
- Reviewing customer comments and complaints.
- Asking employees for observations and suggestions.
- Evaluating sales and inventory data for returns and special orders.
- Evaluating wait times for activities, check-out at registers, and phone calls.
- Considering the service provided by competitors.

Developing a written customer service plan for your agritourism enterprise may take some time and effort. The effort, however, is well spent as you strive to retain customers and build positive word-of-mouth referrals.



## Hospitality and Image

Hospitality can make or break you. Customer service, attitude, and reliability to perform the promised service cannot be stressed enough. Hospitality can keep your customers coming back for more and making recommendations to friends and neighbors. In the end, the customer's PERCEIVED value is all that matters. Think about the best trip you ever took, what made it special? Keep the following tips in mind:

- Hospitality starts when you answer your telephone. Answer the phone in a professional manner with the name of your business. State your name and use a friendly tone. Do you offer a 1-800 number for inquiries and reservations?
- Return calls quickly.
- Think about how you will greet your customers. You may want to develop a script for both yourself and employees. Know the history of your area.
- Consider how you can make your visitors more comfortable.
- Provide your visitors with a suggested list of what they should wear and what they should bring with them. For example: sunscreen, a hat, comfortable shoes -no flip flops, etc.
- Have umbrellas on hand for unexpected showers.
- Detail what you have done to make their visit safe and enjoyable. Let them know the rules and regulations you have for the activities they have chosen.
- If needed, provide alternative modes of transportation around the farm such as golf carts.
- Don't make promises you can't keep. Your goal should be to give your customers more than they expect; you never want a guest to feel short-changed when they leave.
- Remember to smile, smile, smile!
- Every action makes an impression. To promote the image you want to present to your customers, consider:
  - o Does your logo represent the image you want to present?
  - o How are you and your employees dressed?
  - o What does your business card say about you? What image does it present?
  - o If you use stationery, does it consistently promote your desired image?
  - o When you drive into the entrance of your location, does your signage and landscape look inviting?
  - o Are your physical facilities neat and clean and promote a quality destination?
- Neither you nor your employees can ever take a bad day out on the guest.
- In the end, ask yourself:
  - o How did you make the guest feel special and welcome?
  - o Have you done everything necessary to make them want to recommend your location to others?
  - o How will visitors remember their experience on your farm?
- You may want to provide something for your guests to take home with them to remember their visit such as:
  - o Pictures you took and developed while they were there
  - o A small gift with your business logo on it
- If you provide lodging, what services will you offer?
  - o Maid service? Laundry service? etc.
  - o In-room television and telephones?
- Keep a list of activities, services, and phone numbers guests may need such as:
  - o Other local attractions. Are there restaurants, hotels/motels, art galleries, museums, fairs, community events, sporting events, rodeos, craft shops, parks, etc. that your guests might be interested in visiting?
  - o Local hospital/doctors
  - o Auto repair shop
  - o Banks
  - o Post office
  - o Churches

## Community Relations

Good owners and managers of businesses are involved with their communities, and look for the needs within the community and ways in which they can assist. They volunteer to help rather than waiting to be asked. They look for good community causes and then work to develop good relationships with others who support those causes. Through your community involvement, you can also maximize your business' exposure.

Listed below are a few ideas about ways you can become involved.

1. Farmer's Market - Meet with your county extension agent to discuss showcasing at your county farmer's market. Farmer's markets provide fresh, local products to the consumer. However, their primary purpose is to help local farmers and agritourism operations succeed and survive.
2. If your business is food related, offer samples. Explain how your product is made and why it is better than your competitors'. If your business is activity related, your farmer's market can serve as an effective outlet to distribute brochures or coupons, or set up displays.
3. Civic Organizations - Speak at local civic organizations such as Kiwanis, Rotary, and Lion's Club. These organizations are always looking for good speakers who are not only interesting, but who also represent new businesses and commerce. They especially like to host speakers who are local and community oriented. Consider becoming a member. Invite members to hold a company picnic or event at your operation. Consider showcasing your food product in novel ways such as gift baskets, and seek corporate business and contracts. Because these are service organizations, you will combine the efforts of your community involvement with a host of other businesses.
4. Churches, Schools, Community Organizations - Work with local churches, charity causes, community programs, and schools. Offer educational outings to groups. Sponsor a youth sports team. These organizations continually search for ways to make money. Offer your product or services at a wholesale price so that they can be sold at retail cost for fundraisers.
5. Chamber of Commerce - Join the Chamber of Commerce and sponsor a "Business after Hours". People love to network. Other businesspeople might be interested in your new venture. Business breeds business, so they will also profit if you are successful. They were once where you are now and know the problems you may be dealing with. They can give you advice that may help you to avoid mistakes. They can also give you pointers about what helped them succeed.





Photo Credit:

(Top)  
Purple Hayes by Delores  
Juliette, Georgia

(Bottom Right)  
White Hills Lavender & Herb  
Farm in Dearing, Georgia

(Bottom Left)  
The Rock Ranch,  
The Rock, Georgia





# Education and School Groups

This guide serves as a tool for those who wish to start a field trip program for the first time or those that wish to improve upon their program already in place. Farm field trips are a great way to increase traffic to your operation and to educate the public about agriculture. These suggestions were put together from a variety of farms that currently host school field trips on their farm. Remember that each farm is unique and what works for one farm may not work for another, but there is no need to reinvent the wheel. Members of the GAA are all encouraged to reach out to other members and share best practices. The GAA members' only Facebook page is a great place to network and get answers and suggestions from other agritourism operators.

## Planning

Before you host a field trip, ask yourself a few key questions.

1. Who do I want to come to my farm?
2. What do I want them to learn or do while they are here?
3. How much do I need to charge?
4. How are they going to find out about my field trip program?

Once you answer these questions, you are ready to create the field trip program along with any marketing and informational material for potential guests. These materials may include a brochure or webpage.

## Audience

When developing your field trip program and marketing it, keep your target audience in mind. There are many farms that offer tours for ages ranging from preschool to adult ages. A farm may choose to focus on one age group, such as elementary grades, or provide experiences for all ages. Educational field trips to a farm operation can also target a variety of groups outside of schools, such as those listed below.

- Public Schools
- Private Schools
- Preschools/Day Cares
- MOPs Groups
- Church Groups
- Scout Troops

- Learning In Retirement
- Adult Education
- Adult Special Needs
- Summer Camps (YMCA, etc.)

## Develop Your Program

What is unique and educational about your farm? What are some things that you can add to make your farm more educational? See the list of helpful resources below to get some ideas of lessons and activities to do on your farm.

GDOE.ORG - look up enrollment by school/grade  
 PLT.ORG - Natural Resource Educational Resources  
 CHOOSEMYPLATE.GOV - USDA Resources about 5 food groups / Healthy Eating



### Pricing

The price that you decide to charge for admission depends heavily on your anticipated overhead cost. Don't forget to factor in insurance, labor, fuel, animal feed, maintenance, etc. When planning your price, make sure you have realistic expectations about how many students your farm can accommodate each day and the length of your season. Dream big, but be realistic. Don't plan your numbers around 500 students coming per day when you can only accommodate 100. A poll of GAA operations showed that most farms charge between \$5 - \$10 for their field trip admission. Some farms allow certain guests in for free, such as teachers, bus drivers, or children 3 and under. If you offer complimentary admission, be specific when saying whose admission is free. For example, two free teachers per 20 students, or ages 3 & under free with a paid adult.

### Sales Tax

Sales tax been heavily debated in the agritourism world. Who should be taxed and who is tax exempt? Below is a general rule of thumb that many farms use:

- Instances where sales tax is not charged: Schools paying with a school check, cash, or card are tax exempt with a sales tax exemption certificate.
- Instances where sales tax is charged: Schools (such as a preschool, home schools, etc.) that do not have tax exempt status  
Parents, siblings, chaperones  
General Public

\*ALWAYS obtain a copy of the school's sales tax exemption certificate if they wish to be considered tax exempt for payment purposes. This needs to be kept on file in the event of an audit.

\*\*The sales tax issue is one that is brought up each year, with changes being made annually. Make sure that you stay up to date on the latest regulations. The GAA can help.

### Marketing Field Trips

Once you have a field trip program planned, it is time to connect with groups and get people onto your farm. During a recent poll among GAA members that currently host field trips, the most commonly used promotional material for field trips include the following:

- Trifold
- Brochure
- One page flyer
- Email
- Facebook post
- Video
- Website

### Information Packet

Below are items you might wish to include in your information packet for potential field trip groups.

- Overview of your farm, educational and/or field trip opportunities, fun activities
- Dates of your field trip program
- How to schedule a field trip
- Contact information
- Schedule of activities with a start time and end time
- Admission cost, forms of payment, tax exempt information
- Minimum or maximum number for groups (If you decide to establish)
- Lunch options, picnic area
- Allergy information (nuts, hay, bees, etc.)
- Attire
- Directions to your farm

### Booking

Once your field trip program is planned, and marketing material distributed, start booking your tours. Decide what method works best for you and your visitors. Some common communication methods include: telephone, email, or website. Regardless what method you use to schedule your tours, always do your best to stay organized. There are several tools that can be used to organize your field trips and dates such as: an electronic calendar, excel spreadsheet, hard copy planner/calendar, or dry erase board or apps.

Remember to send a reminder or confirmation to the scheduled group a week or two prior to the scheduled date. Include key details that they need to remember for their trip. Many times, tours are booked a month or more in advance and it is helpful to remind the groups of their date and to refresh any important details. The more information and frequency in your communication, the better prepared visiting groups will be. This will result in a smoother experience for everyone.

## On the Farm/ Field Trip Day

If you spend the time and effort to plan, market, and schedule your field trip, the rest will come easy. The following tips may be helpful.

### Arrival

Get in your vehicle and enter your farm the way that a bus would.

- Is there an area where buses and guests should park that is clearly marked?
- Where do you want teachers and other guests to check in and pay? If you charge admission, then it is important to have a controlled front access point. This area should be clearly marked and have staff to ensure that all guests have paid upon entering the site.
- Are you going to provide stickers, stamps, or wristbands to guests to indicate that they have paid? Where should the groups wait when they are unloaded from their buses? A survey of GAA farms found that most farms use wristbands, stickers, or hand stamps to signify a guest has paid. Once they have paid, you will need an area that students can unload and split into groups.

### Group Size

Knowing how many students and classes will come for each farm field trip will help you in determining the size and number of tour groups. Most schools average about 20 students per class. Most buses fit two to three classes per bus. Younger elementary groups will typically bring more parents than older grades. Keep that in mind if you have stations that may have a limited space, such as a wagon ride. Most GAA members who host field trips choose to divide groups by classroom, usually one to two classrooms per tour group.

### Welcome/Introduction

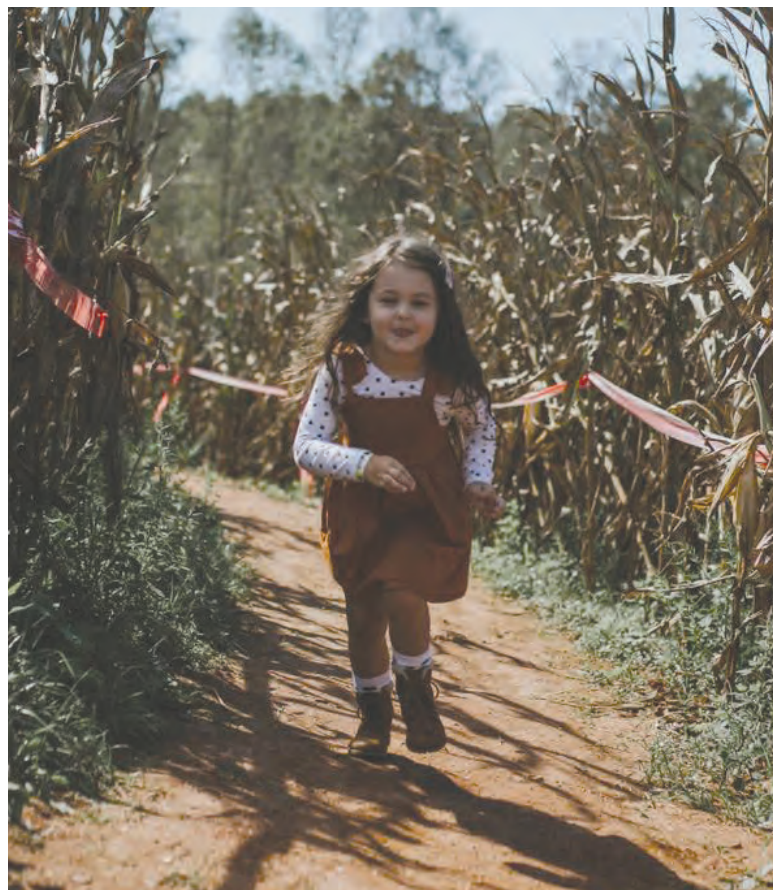
You may want to provide a quick welcome when your tour groups are unloaded and ready to start. Some farms welcome the entire school in an assembly type presentation, while others choose to do a welcome once the group is broken into smaller groups at their first station. Some topics you may want to include in your welcome are: brief overview of the day's activities, rules, restroom and water locations, etc.

Common farm tour rules include:

- Stay with your group
- Do not climb on fences or farm equipment
- Do not touch or feed animals unless instructed to do so by farm staff.
- Watch your step, the ground may be uneven
- No smoking

### Logistics

By this point, you may have already created some activities or stations that groups will participate in when they visit your farm. You must now decide how visitors are going to tour your operation. There are two common methods: 1) stations and activities are set up and groups move about the farm at their own pace with chaperones; or 2) stations are set up and groups are on a timed rotation. For example, you could have five stations that are 20-30 minutes long and everyone changes stations at the same time. Whatever approach you decide, learn to be flexible. Some groups are just going to move slow, just like some groups are going to move fast. Consider solutions for these varied paces.



## Follow Up

As soon as a group leaves your farm, the process of advertising to get them back on the farm begins again. A follow up can be as simple an email thanking the group for coming, a mailed thank you card, or more complex such as a survey or contest. One of the best ways to improve your field trip program is to listen to your guests.

### Evaluations

At the end of each group's field trip, solicit feedback on how the group's experience on the farm was. You can do this through a brief conversation with the teachers/chaperones, or provide a brief survey. Evaluating participant's experiences on your farm allows you to understand what you are doing well, as well as areas you can improve on for future visits.

Questions on an evaluation survey might include the following:

1. Would you recommend other groups visit "Farm Name" for a field trip?
2. Overall, how would you rate the quality of your customer service experience?
3. Was the length of the program or stations appropriate for the content?
4. Did the field trip meet expectations based on your understanding of the program?
5. What did you (or your students) like most about the field trip?
6. What did you (or your students) like least about the field trip?

Each year you will learn something new and find a better way to do things. GAA is a great tool for networking and gaining ideas from others around the state that have similar objectives. It is becoming increasingly important to get visitors, young and old, to actual working farming operations and for them to understand the importance of agriculture in their community and the world. A farming operation that is involved in agritourism has a unique opportunity to educate and inform in a real world setting. Consider each interaction with a guest as an opportunity to advocate for agriculture.





Photo Credit:

(Top)  
Mercier Orchards  
Blue Ridge, Georgia

(Bottom Left)  
Statesboro Main Street  
Farmers Market  
Statesboro, Georgia

(Bottom Right)  
Lane Southern Orchards  
Fort Valley, Georgia











*BUSINESS PLANNING CHECKLIST - IS YOUR PLAN COMPLETE?**Description of Business*

\_\_\_1. Business form: proprietorship, partnership, corporation or cooperative?

\_\_\_2. Type of business: retail, wholesale, manufacturing, service or consulting?

\_\_\_3. What is the product and/or service? What makes it unique?

\_\_\_4. Is it a new business? A takeover? An expansion? A franchise?

\_\_\_5. When is your business open?

\_\_\_6. Is it a seasonal business?

\_\_\_7. How long have you been in business?

\_\_\_8. What have you learned about your business from past operations or (if you're a start-up) from outside sources?

\_\_\_9. Why will your business be profitable?

\_\_\_10. What are your personal and business goals?

*Product/Service*

\_\_\_1. What are you selling?

\_\_\_2. What benefits are you selling?

\_\_\_3. What is unique about your goods or services?

\_\_\_4. If you are a consultant, what process will you use?

*Market*

\_\_\_1. Who buys from you?

\_\_\_2. Are your markets growing, steady or declining?

\_\_\_3. Is your market share growing, steady or declining?

\_\_\_4. Have you segmented your markets? How?

\_\_\_5. Are your markets large enough for expansion?

\_\_\_6. What social, political, regulatory, economic and technological changes are taking place that could impact your industry, your market or your market's perception of and desire for your products/services?

*Competition*

\_\_\_1. Who are your-nearest direct competitors?

\_\_\_2. Who are your indirect competitors?

\_\_\_3. How are the businesses similar to and different from yours?

\_\_\_4. What have you learned from their operations? From their advertisements?

*Product Development Plan*

\_\_\_1. What other products/services (if any) are you currently considering?

\_\_\_2. What is your time frame for developing and introducing them?

### Marketing Plan

- \_\_\_1. Who will actually buy from you (e.g., do you sell to distributors, wholesalers, retailers, businesses, consumers?) And how does this impact your marketing plan?
- \_\_\_2. How will you attract and hold your target market and increase your market share?
- \_\_\_3. Are you planning to enter or leave any markets?
- \_\_\_4. How do you price your products?
- \_\_\_5. Where are you (will you be) located?
- \_\_\_6. Why is this a desirable area? A desirable building?
- \_\_\_7. What kind of space do you need?
- \_\_\_8. Are there any demographic or other market shifts going on in your area that could impact your marketing plan?

### Sales Plan

- \_\_\_1. Who will do the selling in your business? (You? Company salespeople? Independent sales representatives?)
- \_\_\_2. What are your weekly, monthly and quarterly sales goals?
- \_\_\_3. What other checkpoints have you established for reaching those goals?
- \_\_\_4. What sales approach will you use?

### Operations Plan

- \_\_\_1. How will you organize the flow of work through your business? (This is especially important if you have several people doing different parts of the overall tasks, such as in a factory or a farming operation.)
- \_\_\_2. How will you assure that all tasks are performed? Performed on time?
- \_\_\_3. How will you monitor quality?
- \_\_\_4. How will you keep costs under control?

### Personnel Plan

- \_\_\_1. What are your current personnel needs?
- \_\_\_2. What skills will your employees need in the near future? In three years?
- \_\_\_3. What are your plans for hiring and training personnel?

Management Plan

- \_\_\_1. How does your background/business experience help you in this business? For your own use: What weaknesses do you have and how will you compensate for them? What related work experience do you have?
- \_\_\_2. Who is on the management team?
- \_\_\_3. What are their strengths and weaknesses?
- \_\_\_4. What are their duties?
- \_\_\_5. Are these duties clearly defined? How?
- \_\_\_6. What additional resources are available to your business?

## Application and Expected Effect of Loan (Investment)

- \_\_\_1. How will the loan (investment) make your business more profitable?
- \_\_\_2. Will you buy or lease your equipment, location or vehicles?
- \_\_\_3. Do you really need this money? Or can you make do without?

Financial

- \_\_\_1. Have you completed your financial projections? (As a minimum you should have profit and loss statements, cash flow and income projections for three years and a current balance sheet.)
- \_\_\_2. Will you need additional cash? If so, how will you get it?
- \_\_\_3. Have you shown that your business will be profitable?

*Start-up Budget Sample* (Source: SCORE, Fort Worth, TX, 4/97)

|   | Dollar Cost |
|---|-------------|
| 1. Real Estate, furniture, fixtures, machinery, equipment:<br>(Record either purchase price if paid in full with cash or cash<br>down payment if purchased on contract) |             |
| a) Equipment  | \$ _____    |
| b) Fixtures and fittings  | \$ _____    |
| c) Transportation & installation costs  | \$ _____    |
| d) Specialized computer software  | \$ _____    |
| e) Security system  | \$ _____    |
| 2. Starting Inventory (1 to 3 months)   | \$ _____    |
| 3. Decorating, refurbishing, & remodeling costs   | \$ _____    |
| 4. Deposits Required:   |             |
| a) Utilities  | \$ _____    |
| b) Rent   | \$ _____    |
| c) Insurance  | \$ _____    |
| d) Other (identify)   | \$ _____    |
| 5. Fees Required:   |             |
| a) Legal, accounting, others  | \$ _____    |
| b) Licenses, permits, etc.  | \$ _____    |
| c) Bank/checking account  | \$ _____    |
| d) Other (identify)   | \$ _____    |
| 6. Initial Advertising & Marketing Costs<br>(ie., flyers, sales letters and calls, signs, brochures, etc.)  | \$ _____    |
| 7. Accounts Receivable (____ days of sales)   | \$ _____    |
| 8. Salaries for employees and owner until business opens or positive<br>cash flow is positive   | \$ _____    |
| 9. Other miscellaneous expenses:  |             |
| a) Trade shows  | \$ _____    |
| b) Office supplies  | \$ _____    |
| c) Travel expenses  | \$ _____    |
| d) Signs  | \$ _____    |
| e) Cleaning service   | \$ _____    |
| f) Profession Association fees  | \$ _____    |
| g) Other supplies, etc.   | \$ _____    |

*Total Start-Up Costs*

\$ \_\_\_\_\_

### Start-up Cost Budget Example

The following are examples of start-up costs associated with an agritourism operation.

| <i>Expense</i>                    |    | <i>Cost</i>   |
|-----------------------------------|----|---------------|
| Barn, fence, farm renovations     | \$ | 4,000         |
| Parking                           | \$ | 2,000         |
| Long term signage 10 @ \$150 each | \$ | 1,500         |
| Wagon Adjustments \$200*2 wagons  | \$ | 400           |
| Playground development            | \$ | 1,200         |
| Picnic tables \$80*7 tables       | \$ | 560           |
| Develop walking trails            | \$ | 600           |
| Labor                             | \$ | 2,000         |
| <i>Total Start-up Costs</i>       | \$ | <i>12,260</i> |

These start-up costs will be used later in developing the break-even analysis.

| Advantages and Disadvantages Associated with Specific Advertising Media <sup>6</sup> |  |   |
|--|--|---|
| Media  | Advantages   | Disadvantages   |
| <b>Newspaper</b>   | <ul style="list-style-type: none"> <li>Potentially large coverage area</li> <li>Low cost relative to other media</li> <li>Immediate/timely (daily or weekly)</li> <li>Access to many socioeconomic groups</li> <li>Ability to target specific audience via specialty section</li> <li>Can use color</li> <li>Flexibility in ad size and cost</li> <li>Visibility of the product (i.e., picture)</li> <li>Use of coupons to measure effectiveness</li> <li>Short lead time</li> </ul> | <ul style="list-style-type: none"> <li>Inconsistent reproduction</li> <li>Typically one-day exposure</li> <li>Clutter (can be lost among other ads)</li> <li>May be limited to text or black-and-white</li> <li>Lack of movement and sound</li> </ul>   |
| <b>Radio</b>   | <ul style="list-style-type: none"> <li>Specific audience (demographics)</li> <li>Immediate/timely/multiple exposures</li> <li>Possible high entertainment value of ad</li> <li>Celebrity endorsement or pitch</li> <li>Time and content flexibility</li> <li>Use of a human voice (celebrity)</li> <li>Sound reinforcement</li> </ul>  | <ul style="list-style-type: none"> <li>Time limitations restrict message</li> <li>Need for repetition</li> <li>Clutter (can be lost among others)</li> <li>Ad recall is low</li> <li>"Station surfing" during commercial breaks</li> <li>Short ad exposure</li> </ul>                               |
| <b>Magazines</b>   | <ul style="list-style-type: none"> <li>Potentially large coverage area</li> <li>Can target a specific audience</li> <li>Can use color</li> <li>Flexibility in size and cost</li> <li>Visibility of the product (i.e., picture)</li> <li>Use of coupons to measure effectiveness</li> <li>Large repeat and secondary exposure</li> </ul>  | <ul style="list-style-type: none"> <li>Clutter (can be lost among others)</li> <li>Cost associated with repeat exposure</li> <li>Lack of movement and sound</li> <li>Not immediate; publication may be weekly, monthly or less frequent</li> </ul>  |
| <b>Television</b>  | <ul style="list-style-type: none"> <li>Large coverage area</li> <li>Can target a specific audience</li> <li>Uses both visual and auditory stimuli</li> <li>Large repeat exposure</li> </ul>  | <ul style="list-style-type: none"> <li>Costly to produce and air</li> <li>Time limitations restrict message</li> <li>Need for repetition</li> <li>Short ad recall</li> <li>Clutter (can be lost among other ads)</li> <li>Inverse relationship between hours watched and audience income</li> </ul> |
| <b>Direct Mail</b>   | <ul style="list-style-type: none"> <li>Can target a specific audience</li> <li>More opportunity to educate on product/service benefits</li> </ul>  | <ul style="list-style-type: none"> <li>Expensive (\$1 to \$2 per piece)</li> <li>Difficult to obtain "clean" mailing list</li> <li>May be perceived as junk mail</li> <li>Not immediate, 2- to 3-week lag time</li> <li>May be discarded unopened</li> </ul>  |
| <b>Point of Sale</b>   | <ul style="list-style-type: none"> <li>Can influence impulse purchasing</li> <li>Helps product stand out among competition</li> <li>Customer has opportunity for direct response at time of ad presentation (i.e., purchase)</li> </ul>  | <ul style="list-style-type: none"> <li>Can be expensive</li> <li>Clutter (ad can be lost among other point-of-sale material)</li> </ul>   |
| <b>Outdoor (signage and billboards)</b>  | <ul style="list-style-type: none"> <li>Large audience exposure depending on placement</li> <li>Use of color</li> <li>Can provide information and directions</li> <li>Continuous exposure</li> </ul>  | <ul style="list-style-type: none"> <li>Limited message length</li> <li>Initial production and preparation costs</li> <li>Ideal sites are difficult to access</li> </ul>   |
| <b>Internet</b>  | <ul style="list-style-type: none"> <li>Information available 24/7</li> <li>Customers access in their environment and at their convenience</li> <li>Relatively cost effective</li> <li>Can target types of viewers</li> <li>Messages can be timely</li> <li>Ads can be interactive</li> <li>Ability to use coupons to measure effectiveness</li> </ul>  | <ul style="list-style-type: none"> <li>Maintenance necessary</li> <li>Not effective as a stand-alone strategy</li> <li>Difficult to gauge impact</li> <li>Costs of development and maintenance can vary dramatically</li> </ul>   |

<sup>6</sup>Dalton, Anne, Rob Holland, Shasta Hubbs and Kent Wolfe. Adapted from *Marketing for the Value-Added Agricultural Enterprise*. University of Tennessee Extension publication PB1699. May 2002. Available online at <http://www.utextension.utk.edu/publications/pbfiles/PB1699.pdf>. Accessed April 4, 2005.

# Developing Paid Advertisements

Developing Paid Advertisements

**P**aid advertisements for your agritourism enterprise should be developed to reach your target audience and designed around your enterprise’s positioning statement. Advertising is effective only if the message reaches your target audience and registers with them.

Paid advertisements, like all other promotional materials, should portray a consistent image for your enterprise. The development and use of an appealing business name and an attractive logo will help to build awareness and recognition of your enterprise and to create consistency in

marketing efforts. A graphic artist could assist you in the development of your logo. You may choose to trademark the logo so that it cannot be used by other businesses.

Preparations for paid-advertising should begin at least two months prior to the time when the advertisements will be run. This includes contacting media for costs and scheduling information. If you plan to outsource the development of the advertisements, more time will be needed. If possible, advertisements should be developed by the same source to maintain consistency.

Consider this six point advertising strategy when developing paid advertisements. This strategy will assist in creating a focused and comprehensive advertisement that will effectively communicate needed information to potential customers.

| Six Point Advertising Strategy <sup>3</sup>  |
|--|
| 1. Primary Purpose— <i>What results do you expect from the ad? or Why are you advertising?</i>   |
|  |
|  |
| 2. Primary Benefit— <i>What unique benefit can we offer customers? What customer value or need can my enterprise meet?</i>                   |
|  |
|  |
| 3. Secondary Benefit— <i>What other key benefits will customers receive from our products or services?</i>                                   |
|  |
|  |
| 4. Target Audience— <i>At whom (what target audience) are we aiming this advertisement?</i>  |
|  |
|  |
| 5. Audience Reaction— <i>What response do we want from our audience (come to the operation, visit a Web site, call an information line)?</i> |
|  |
|  |
| 6. Company Personality— <i>What image do we want to convey in our advertisements?</i>  |
|  |
|  |

Once an advertisement has been developed, make sure to double-check it for grammar and spelling errors. You may choose to test your advertisements with a small group of customers to determine whether they have the desired effect.

<sup>3</sup>Adapted from: Marchall, Maria I. *The Marketing Mix: Putting the Pieces Together*. Purdue University. Available online at <http://www.foodsci.purdue.edu/outreach/vap/materials/marketing.pdf>. July 15, 2004.

# Brochure Development

Brochures can be effective paid-advertising tools for agritourism enterprises, depending on the target audience. They can be used as rack cards in visitor centers, chambers of commerce or other businesses; distributed personally at speaking engagements; or used as direct mail pieces. Brochure design is critical to catching the attention of potential customers. Effective brochures will present pertinent information in an organized and easily understood format.

## Catching Attention

The top one-third of the front cover should contain your business name and logo. For rack cards, the back cover should also include the business name and logo on the top one-third, in case the cards get turned backwards.

Photographs really are worth a thousand words. Using them on the cover and throughout a brochure helps in catching and holding attention. Photos should be of good quality, honestly depict your products and/or services, be current, and include people when possible.

Paper weight and quality are important. Brochures need to stand up in racks or withstand mailing. A brochure size of 4 inches by 9 inches fits in racks, can be mailed easily and is easy for customers to carry.

## Legibility

The design should be appealing to the eye and easy to read. Color of paper, text and pictures should be attractive to your target audience. Although bright, neon colors are attention grabbers, these colors can make brochures very difficult to read.

Typeface and font size are also important. Text should be in at least 12-point type. If your target market includes senior citizens, your font size should be even larger. The type should be clear and easy to read. Serif typefaces are considered more legible in blocks of text than are sans serif typefaces.

## Content

The following table lists information to include as well as the suggested placement in the brochure.

| Placement        | Information to Include  |
|------------------|---|
| Top 1/3 front    | Business name and logo<br>City, state   |
| Middle front     | Days/hours of operation<br>Picture<br>Keywords, phrases or short text to describe activities, producers, services |
| Bottom front     | Contact information<br>Business name<br>Mailing and street address<br>Phone and fax<br>E-mail and Web site        |
| Top 1/3 Back     | For rack cards; same as top 1/3 front   |
| Back             | Map and directions with easiest route   |
| Bottom back      | Contact information<br>Month and year printed (To avoid confusion with reprints)                                  |
| Alternative back | Mailing panel with logo and return address "To:"  |

The brochure may also contain other information if space is available, such as in a tri-fold brochure. This may include

- More detailed information about products and services
- Information about your family or operation history
- Price lists



# Planning a Successful Direct Mail Campaign<sup>4</sup>

**D**irect mail can be an effective way to target a specific group of customers with advertising flyers, brochures, postcards, specials, price lists and countless other types of promotional materials. As with all promotional strategies, careful planning and implementation are important.

Although a number of factors are critical to implementing a successful direct mail campaign, the single most critical factor is having an accurate and well-targeted mailing list. One simple and inexpensive way to generate a mailing list is to collect basic information from customers (name, address, city, state, zip code, telephone number and e-mail address). You may be able to do this by using a guest book or by assigning an employee to collect information from visitors as they enter or exit your enterprise.

Other methods to obtain mailing lists do exist but are much less effective and often more expensive than developing your own list from customers. Mailing lists can be obtained through list brokers, organization membership lists, news articles, magazines, trade lists and show exhibitor lists. You may also be able to work with your post office to deliver a mailing to each residence in a specified area. Be careful to choose a method that will allow you to reach your target audience. Response rates for residential mailings are often only one in 1,000, while responses to a target-customer list may be more than three per 100.<sup>5</sup>

Besides the careful compilation or selection of a mailing list, a number of other factors can significantly impact the success of your direct mail campaign. The basic elements<sup>6</sup> to consider are

- The product and/or service offer
- Presentation of the offer
- Envelope considerations
- Mailing considerations

**Product and/or service offer.** The focus of the mailing should be a product/service offer that must somehow appeal to potential consumers and entice them to visit your operation. The offer must convince them that you can provide a benefit they want and/or need.

**Presentation of the offer.** The presentation of the offer is critical to a successful mailing campaign since the recipient is not able to evaluate the product in the traditional manner (i.e., taste, touch, see or smell the product). Therefore, the presentation of your company and product/service is critical to build the customer's perception of your enterprise. The material should emphasize product and/or service benefits, be presented in a professional manner and clearly written so your potential customer can easily and fully understand your offer. Pictures of people enjoying activities at your enterprise are an effective way to help in the presentation of your offer.

**Envelope considerations.** The envelope (or outside of the direct mail piece if no envelope is used) should look professional and avoid the appearance of junk mail to decrease the chances of having your mail tossed out unopened. Although the envelope should not look like junk mail, it should create some level of curiosity. If recipients are curious about the contents of the envelope, you increase the chances of them opening it. Hand writing the address on the envelope may arouse recipient curiosity.

**Mailing considerations.** First-class mail is less likely to be perceived as junk mail and is more reliable than bulk mail. The Direct Marketing Association estimates that anywhere from

<sup>4</sup>Adapted from Wolfe, Kent. *Planning a Successful Direct Mail Campaign*. University of Tennessee Extension Center for Profitable Agriculture publication ADC Info #44, March 2000.

<sup>5</sup>Attard, Janet. *Using Direct Mail to Build Business*. Available online at <http://www.businessknowhow.com/marketing/usingdm.htm>. July 19, 2004.

<sup>6</sup>Adapted from WGSC Publications. *Direct Mail Works Like Magic*. Phone: (909) 924-8831, FAX: (909) 924-8431 or online at [www.wgsc.com](http://www.wgsc.com).

# Coloring Your Marketing Message

Color choice is an important consideration in developing marketing materials. Colors have a psychological effect on people and can be used to your advantage (or disadvantage).

Consumer studies have found that some colors affect males and females differently. This may be related to the visibility of the color, the retention of the color, the preference for the color and the feelings associated with the color. For your marketing materials, choose colors with high visibility, retention, preference and positive associations your target audience, if possible. Reactions to basic colors by gender are described in the following table.

| Reactions by Consumer Gender to Basic Colors <sup>2</sup> |                 |            |           |            |   |
|---|-----------------|------------|-----------|------------|---|
| Color   | Consumer Gender | Visibility | Retention | Preference | Association   |
| Blue  | Female          | Low        | Low       | Low        | Depressing, Business-Like, Leadership                         |
| Blue  | Male            | Low        | Low       | High       | Reliable, Intelligent, Secure                                 |
| Pink  | Female          | Low        | Low       | High       | Therapeutic, Feminine   |
| Pink  | Male            | Low        | Low       | Low        | Calm, Relaxing, Feminine                                      |
| Black   | Male and Female | Low        | Low       | High       | Male = Rich<br>Female = Sensuous                              |
| White   | Male and Female | High       | Low       | Low        | Pure, Clean   |
| Red   | Male and Female | High       | High      | High       | Male = Danger, Bargain, Excitement<br>Female = Warm, Intimate |
| Yellow  | Male and Female | High       | High      | Low        | Sun, Outdoors   |
| Brown   | Male and Female | Low        | Low       | High       | Rich, Earthy  |
| Green   | Male and Female | Low        | Low       | Low        | Money, Leisure  |
| Gray  | Male and Female | Low        | Low       | High       | Security  |
| Orange  | Male and Female | High       | High      | Low        | Healthful, Warm   |

<sup>2</sup>Adapted from Bill Gallagher, "Winning Colors and Shapes for Your Company," June 10, 1996. Available online at [http://www.gmarketing.com/tactics/weekly\\_29.html](http://www.gmarketing.com/tactics/weekly_29.html).

## Simple Marketing Checklist

This marketing checklist provides a simple means of tracking the company's marketing activities, recording them, and tracking their implementation. It is important to set goals, work toward them, and successfully complete them.

**Develop a company and product name.**

Goal: Research and develop a company name. Check company and product registration to make sure the name is not taken and that the name can be reserved. Register the name with the Secretary of State.

Was goal accomplished?

\_\_\_Yes \_\_\_No \_\_\_Partially

What needs to be accomplished?

**Develop a marketing budget.**

Was goal accomplished?

\_\_\_Yes \_\_\_No \_\_\_Partially

What needs to be accomplished?

**Develop business stationary systems (brochures, invoices, signs, stationary, business cards, displays, etc.).**

Goal: Develop business material. Need to obtain product photographs for the brochure and website. Need to develop a company logo to incorporate into all business materials.

Was goal accomplished?

\_\_\_Yes \_\_\_No \_\_\_Partially

What needs to be accomplished?

- Develop a list of all media that you would like to contact during the next year. The list should include local, regional, national, and international media directed toward potential consumers. This would include news lead sources, newspapers, magazines, radio stations and television stations.**

Goal: Investigate local print media and radio stations. Determine what media exists and who they target. Identify contact with each media outlet for future advertising and promotional activities. Investigate local television shows that focus on the area. Morning shows highlight area businesses in special segments. Contact local cable provider to determine the feasibility of local advertising.

Was goal accomplished?  
\_\_\_Yes \_\_\_No \_\_\_Partially

What needs to be accomplished?

- Develop a list of key people who will be provided product samples at appropriate occasions.**

Goal: Compile a detailed list of food editors and store buyers.

Was goal accomplished?  
\_\_\_Yes \_\_\_No \_\_\_Partially

What needs to be accomplished?

- Develop a list of trade shows you plan to attend.**

Goal: Investigate the specialty food industry to identify specialty food shows in the southeast. Determine when the shows start, cost of obtaining a booth, how to register, and the types of attendees the shows generally draw. Talk to other specialty food businesses and ask their opinions of each show. Develop a short list of shows you will attend.

Was goal accomplished?

\_\_\_Yes \_\_\_No \_\_\_Partially

What needs to be accomplished?

**Develop your company website and update it regularly.**

Goal: Find a web developer and develop a functional website. The website will promote products as well as allow customers to purchase products online.

Was goal accomplished?

\_\_\_Yes \_\_\_No \_\_\_Partially

What needs to be accomplished?

**Start compiling a mailing list. A good place to start is with current customers. Keep name and contact information for anyone who orders a product or requests information.**

Goal: Develop a working mailing list. Develop a spreadsheet to track who is buying what and how often. Use this to market new products and promote existing products.

Was goal accomplished?

\_\_\_Yes \_\_\_No \_\_\_Partially

What needs to be accomplished?

*SAMPLE AGREEMENT*

*PERMISSION TO ENTER AND USE PROPERTY FOR RECREATION PURPOSES*

\_\_\_\_\_ (Guest) is hereby given permission to enter property known as: \_\_\_\_\_ for the following purposes: \_\_\_\_\_ on the following dates: \_\_\_\_\_

This permission is strictly limited to the above description and is subject to strict compliance with the rules and regulations copied and attached, and other limitations or restrictions which from time to time may be given either orally or in writing.

*RELEASE, WAIVER, AND INDEMNITY*

I have read the above permission and the accompanying rules and warnings, and I understand that participating in \_\_\_\_\_ (name of activity) results in certain risks, regardless of all feasible safety measures, which can be taken. I am aware of the nature of the risks involved. I will follow any and all rules presented to me. I will conduct myself as a prudent person with regard for the safety of others, and myself and for the property of others.

To the extent proposed activities involve equine activity as that term is defined in state law, I hereby waive the right to bring an action against the equine professional or equine activity sponsor for any injury or death arising out of riding, training, driving, grooming, or as a passenger upon the equine.

I assume the risk of any responsibility of injury, loss, or damage to person or property resulting from my participation in activities on the premises. I will not hold the landowners, possessors, or occupiers liable.

I agree to indemnify and hold the landowners, possessors, or occupiers harmless from any claims or damages resulting from my actions, which may affect the person or property of the landowners, possessors, or occupiers of the premises or any other person.

Signed \_\_\_\_\_ Date \_\_\_\_\_





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