



GLENGARIFF GROUP, INC.  
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**KENTUCKY AGRITOURISM MARKET STUDY**  
**EXECUTIVE SUMMARY AND RECOMMENDATIONS**

**DECEMBER 2005**

*Kentucky Agritourism Market Study*  
*December 2005*  
*Glengariff Group, Inc.*

## **The Research Process**

The Glengariff Group, Inc. was retained by the Kentucky Office of Agritourism to conduct a market study of agritourism in the Commonwealth of Kentucky. Specifically, this study will:

- Provide an inventory of agritourism businesses in Kentucky
- Determine the existing and potential economic impact of agritourism in Kentucky
- Address current issues facing the growth of agritourism in Kentucky
- Create a marketing assessment of current and potential marketing opportunities.
- Provide recommendations for taking advantage of agritourism opportunities.

This report was built on primary research conducted from September 2005 through November 2005. A detailed itinerary of research methods is included below.

Like any successful business industry, the tourism industry is built by fulfilling the customer's needs and expectations. That philosophy is also true for a successful agritourism business. For this reason, the key recommendations in this report are driven largely by the research of current and prospective Kentucky travelers. Their input is the basis for the successful long term strengthening of the Kentucky agritourism industry.

This comprehensive report is broken down into each component of the four month market research project including:

- Summary of results
- Recommendations
- Kentucky Agritourism Database
- Kentucky Agritourism Survey Report
- Focus Group Report
- State by State Review of Findings: Best Practices Study

## Building the Database

A database of 270 Kentucky agritourism businesses was built using the following methods:

- Kentucky Convention and Visitor Bureau and Regional Tourist Associations were mailed asking them to contribute the names and addresses of any agritourism businesses in their region. The original request for information was to be sent with a letter from the Kentucky Department of Tourism requesting each local destination marketing organization to take time to participate in the project. A letter was drafted for the Department of Tourism with a deadline for signature.. After extending the deadline for four weeks the Glengariff Group, Inc. and the Kentucky Office of Agritourism were unable to get a letter of support to include in the mailing. The decision was made to move forward with the mailing without a letter from the Kentucky Department of Tourism.
- All Kentucky Cooperative Extension offices were mailed and asked to contribute names and addresses of any agritourism businesses in their region. The original request for information was to be sent with a letter from the Kentucky Cooperative Extension Office requesting each county take time to participate in the project. A letter was drafted for the Cooperative Extension Office, but after four weeks the Glengariff Group, Inc and the Kentucky Office of Agritourism were unable to get a letter of support to include in the mailing. The mailing went ahead without any letter of support from the Cooperative Extension Office.
- All agritourism businesses listed in the Kentucky Department of Tourism website, [www.kytourism.com](http://www.kytourism.com), were incorporated in the database.
- All agritourism businesses listed in the following regional websites were incorporated into the database: [www.rivervalleyagritourismalliance.com](http://www.rivervalleyagritourismalliance.com) and [www.kyfarmsarefun.com](http://www.kyfarmsarefun.com) .

## Survey of Potential and Existing Kentucky Travelers

The Glengariff Group, Inc. conducted a 1,000 sample survey of travelers over the age of 18 years of age. The 1,000 sample , random digit dial survey was conducted from September 15-21, 2005. The sample waste stratified by region with 250 respondents coming from the Commonwealth of Kentucky, 250 respondents from the Cincinnati/ Columbus/ Dayton, Ohio markets, 250 respondent from the Nashville/Knoxville, Tennessee markets, and 250 respondents from the Indianapolis/ Evansville, Indiana markets. These markets

reflect eleven of Kentucky's eighteen largest tourist markets and represent the largest markets within a 250 mile radius. The aggregate survey has a margin of error of +/- 3.1%. Each regional sub-sample has a margin or error of +/- 6.2%.

### Focus Groups of Current Kentucky Travelers

The Glengariff Group, Inc. conducted six focus groups on Kentucky agritourism with recent travelers. Two groups were conducted in Cincinnati, Ohio on October 25, 2005. Two groups were conducted in Louisville, Kentucky on October 26, 2005. Two groups were conducted in Nashville, Tennessee on October 27, 2005. There was a mix of ages and an equal mix of gender recruited for each group. All respondents had taken a vacation or getaway/leisure trip in the Commonwealth of Kentucky over the past twelve months.

### State Agriculture and Tourism Director Surveys

A survey was mailed from the Glengariff Group, Inc. on the behalf of the Kentucky Office of Agritourism to 49 State Tourism Directors and 49 State Agriculture Directors. 23 of the 49 states responded to the survey for a response rate of 47%

### State Requests for Information

The Glengariff Group, Inc. called and emailed every state Tourism Office on September 19, 2005 requesting general tourism information, and specifically, requesting any materials they could include related to agritourism. 38 of the 50 states provided some type of fulfillment information as of November 30, 2005 for a 76% response rate. The Glengariff Group, Inc. also conducted a review of 49 state tourism sites for a review of agritourism specific information on each site.

### Survey of Agritourism Businesses

A confidential survey was mailed from the Glengariff Group, Inc to all 270 agritourism businesses assembled into the database on October 27, 2005 under the signature of the Kentucky Office of Agritourism. This survey was delayed by three weeks from the original project estimate due to the original lack of support letters. 76 businesses responded for a response rate of 28%.

## **Agritourism: Learning to Speak the Language of the Traveling Public**

Kentucky House Bill 654 defines agritourism as “The act of visiting a working farm or any agricultural, horticultural, or agribusiness operations for the purpose of enjoyment, education or active involvement in the activities of the farm or operation.”

As we review in our State by State Best Practices report, agritourism is in infancy when it comes to state governments and tourism destination marketing organizations. But “agritourism” appears to be a new buzzword in tourism circles -- an industry well known for catapulting itself toward the latest trend in an effort to stay fresh and new.

But what does agritourism mean to travelers?

When we conducted six focus groups with 62 different Kentucky tourists, we asked respondents if they knew what the term “agritourism” meant. Only one of sixty two respondents had heard of the term “agritourism” and had a vague understanding of what that word meant.

This fact is crucial in successfully building an agritourism industry in Kentucky.

Agritourism is a word that the tourism industry uses to define a business operation. But it is not a word that the traveler uses to plan and execute their trips. The term ‘agritourism’ does not fit in the traveler’s need to:

- Relax
- Getaway
- Reconnect with Family
- Share an experience

Travelers told us that they were not necessarily looking for an “agriculture” opportunity; rather, they were looking for a fun-filled, family opportunity to share experiences.

## **“The Kentucky Experience”**

We asked travelers what they thought of when they thought of Kentucky. The most often cited words and phrases were:

“Horses”  
“Horse Farms”  
“Rolling green hills”  
“White fences”

*“Horse farms. Horse farm after horse farm. And those white fences.”*

*“Everything just open up, the white fences, the barns are terrific in Kentucky.”*

*“Slow pace, not rushed. It’s the oppose of city life.”*

*“It’s good ole country living.”*

In a survey of 1,000 potential Kentucky travelers within a 250 mile radius of the Commonwealth of Kentucky, including Kentucky, respondents were asked what first came to mind when they thought of Kentucky:

17%	Horses/ Horse Farms
10%	Kentucky Derby/ Churchill Downs
7%	Bluegrass
7%	Horse Racing

Not surprisingly, the horse image dominates the Kentucky brand. But an additional experiential part of that brand is the pace of life travelers expect to find on their trip. It is slower. It provides time to reconnect.

Research from the survey was reinforced by research in the focus groups. While travelers have a primary image of Kentucky as rolling hills and horse farms, their primary experience often revolves around the inland lakes, camping, and the caves. Travelers talk about taking trips to Louisville and Lexington to get away for a weekend. It is about family trips, relaxation, and new experiences.

At its core, the picture of the “Kentucky Experience” that travelers paint is an agritourism based experience. But agritourism has not yet successfully tapped into those trips.

Travelers come to Kentucky for an experience. As the comments above from focus group respondents reflect, the Kentucky Experience matches up neatly with agritourism. More importantly, Kentucky’s chief brand – the slower paced image that travelers have of their potential Kentucky experience – is a brand that matches agritourism.

But it would be a significant mistake to assume that travelers are coming to Kentucky just for an agritourism experience. Quite the contrary, they are coming to Kentucky for a well-rounded experience. We did not talk to one traveler that came to Kentucky for a getaway or trip that focused primarily on agritourism. They came to Louisville or Lexington to relax for a weekend. They drove the back roads looking at the scenery and for something unique that stood out. They went camping, hiking or boating. They went shopping.

The challenge is how to include agritourism businesses into the “Kentucky Experience” – not make agritourism a stand alone piece of that experience.

## **The Always Present Battle Over Turf**

***“The Division (tourism) doesn’t actively promote agritourism – the Department of Agriculture does.”***  
***---Tourism office representative from another state in the region***

Agritourism is in its infancy when it comes to state government. And what we found in a review of the fifty states was a common dynamic reflected in our experience with the Commonwealth of Kentucky. States are showing an interest in agritourism. They have not yet figured out how to work together to do it. Many states appear to have awkward conversations between the Departments of Tourism and Agriculture about who is going to do what as the above quote from one state indicates.

The reality in every state is that the Tourism Departments have more money to market and greater marketing know-how. The Agriculture Departments have a far greater understanding of the agriculture industry, its potential, and are far more committed to helping build the agritourism industry.

Kentucky is no different in this regard.

At the beginning of this agritourism project, a letter was sent to every convention and visitor bureau/ regional tourist association asking them to provide input on any agritourism businesses in their area. As part of this letter, the Office of Agritourism asked the Department of Tourism to provide a three paragraph letter of support that would be included. The letter of support could not be sent because a signature could not be obtained for that letter.

This case is a small but poignant example of how bureaucratic turf battles between the Departments of Agriculture and Tourism will not help agritourism businesses. The reality is agriculture needs tourism's marketing support, and tourism needs agriculture's industry relationships, knowledge, and the important "filling out the customer experience" that Kentucky agritourism businesses will bring to the table.

But the turf issue becomes more important when it comes to talking with potential travelers.

80% of travelers told us that when they planned their trip, they went online. They did a web search or "googled", for example, "Louisville" or "Bowling Green". They immediately turned to state tourism sites, local convention and visitor bureaus or local chambers of commerce that were optimized at the top of the search engine list.. Web users planning their trips have become savvy at understanding that a tourism infrastructure of destination marketing organizations exists online. Past research also highlights that these trip planners want to know that they are on the "official" web site of a particular state, region or community.

But we discovered across the nation that agritourism is setting up its own websites to promote agritourism.

Tourists do not look at agriculture websites to plan their trip. Tourists look at tourism website to plan their trips. Tourists are not searching for "Kentucky agritourism". They are searching "Kentucky", "Bowling Green" "Paducah" and "Lexington". The word 'agritourism' is not in the travelers' lexicon so agritourism specific websites will be of limited use.

This divide in websites offers an illustrative example of why agriculture needs to speak the language of tourists, and why Agriculture and Tourism will need to learn to work together. Both Agriculture and Tourism appear to have formed the foundation to make this relationship work in the future.

## **Agritourism Across the Nation**

A review was conducted of every state's tourism websites and all fulfillment information that was provided by states to understand the scope of the agritourism product offerings. Additionally, Agriculture and Tourism Directors were asked to provide their most successful agritourism businesses and what made those businesses successful.

This review discovered that agritourism can be divided into two unique, and important, categories:

- Regional Agritourism Infrastructure
- Unique Branded Offering

### Regional Agritourism Infrastructure

Today, nearly every state in the nation offers farm markets, upicks, Christmas tree farms, nurseries and agri-entertainment (pumpkin patches/hayrides/cider mills/corn mazes/petting zoos). But equally surprising was that 75% of states now promote wineries. These agritourism products are not unique to any one state. They now comprise what can be referred to as an regional agritourism infrastructure. In a review of Kentucky agritourism businesses that fit into these categories, approximately 85-90% of their customers are local or regional customers.

These agritourism businesses have become community hubs and are successful by becoming an integral part of their local communities:

- Acting as community meeting places for special events and fundraisers
- Providing educational programs for children's school tours
- Offering quick local getaways for families with fun things to do.
- Constantly adapting to the seasons for the holidays, Halloween, springtime, and summer fare often sponsoring events or festivals.

In almost all cases, the most successful of these locations is spoken of by regional residents as a great place to getaway for a few hours and meander, take their children for an experience, or act as a place where the community meets. In every case, the largest and most successful offer an array of products.

During our focus groups in Louisville, for example, every woman with a child had said that they had visited Huber's Farm in Starlight, Indiana accompanying their child on a class field trip. They had since made it a regular trip for varied reasons – either taking their children back for another experience, killing some time, picking up produce, or taking friends. Despite being 20 minutes away and in a different state, Huber's has successfully become Louisville's location for agri-entertainment.

Chaney's Dairy Barn has had similar success in Kentucky by acting as a multi-purpose facility, offering farm tours, product sales, and educational tours.

In every state that reported its largest and most successful agritourism operation, it was modeled on a similar agri-entertainment concept acting as a multi-purpose hub of regional community activity. States reported that what made these businesses successful were:

1. A complete commitment to agritourism.
2. A commitment to providing a diverse and changing experience.
3. A effort to link to local, regional and state tourism organizations.
4. The businesses focused on the fundamentals of any successful tourism business: a clean operation, with standard hours, in a convenient location, that focused on top quality customer service.

The lessons learned by these successful agri-entertainment businesses can help strengthen other smaller, growing agritourism businesses. Additionally, smaller businesses agritourism businesses need to understand that they are in fact part of their local community infrastructure and would be wise to focus their marketing efforts strategically on those customers.

## Unique Branded Offering

The second nationwide category of agritourism businesses offer a unique branded offering. In most cases, they become major players in their state's tourism industry because they are unique to the region. In most cases, these agritourism entities have become part of a larger trail, region or broader experience.

All of these offerings have one shared quality. They may not necessarily be a unique offering, but they are superior in their field for either the abundance of the offering or the quality of the offering. Several examples of this unique branded offering include:

- Winery tours of California and Oregon. Today, 75% of states promote winery tours. But Napa Valley, Sonoma Valley and the Oregon Wine Country represent both an abundance of wineries and world recognized wine quality.
- Dude Ranches and Western Adventure. Dude ranches can be found in many states. But Texas and Montana offer both abundant quantity and the most authentic western experience.
- Michigan farm markets. Every state in the nation offers farm markets and upicks. But Southwest Michigan offers such an abundance of offerings in a small concentrated area that the abundance of product, and the size of its chief market Chicago, make it stand out as unique.
- Vermont Farms. No state uses the imagery of its farms to more effectively brand itself than the state of Vermont. It plays its rural farm brand effectively as an antidote to the urban hubs of New York and Boston.

But unique agritourism offerings do not have to be on an enormous statewide scale. For example, Wisconsin Rapids, Wisconsin has effectively packaged a small agritourism opportunity in its "Cranberry Highway" – an opportunity for travelers to see the brilliant cranberry bogs at harvest time combined with fall foliage tours. What is essential about the "Cranberry Highway" is that it offers more than just viewing cranberry bogs. While small, it still has packaged together several restaurants that offer cranberry offerings, gift shops that sell cranberry products, driving tours for the bogs, and suggestions for what you would see at different times of the year.

These unique agritourism products offer more than just the actual product – they offer a well wrapped experience.

- California and Oregon wineries offer winery tours, great dining, intimate inns, and spa opportunities.
- Michigan farm markets are coupled with quaint beachtowns, shopping, and top notch beaches.
- Vermont farms offer the anti-urban getaway experience for the entire weekend.

### Kentucky's Unique Offering

Kentucky has a unique opportunity. It can boast two agritourism offerings that are both abundant and world recognized:

- Bourbon Tours
- Horse Farms and Racing

A good effort has begun to market a “Bourbon Trail” in Kentucky. And while the Lexington Convention and Visitor Bureau does a superb job of marketing its horse farms, and the Louisville Convention and Visitor Bureau offers extensive marketing of Churchill Downs and horse racing, Kentucky's overall positioning as the world center of horse farms and horse champions has not yet been cleanly offered to travelers in ready made itineraries or easy to plan trips.

Additionally, travelers in all six focus groups told us that Kentucky has not yet focused on packaging an overall experience with the amenities needed to make a complete trip. For instance, the Bourbon Trail offers a trail of bourbon distilleries and museums, but it offers no other amenities along the way to complete the package. Most travelers will want to know about more than just the bourbon distilleries along the way – they will want an overall experience.

Kentucky has the agritourism makings of two significant world recognized products. Its challenge is to now turn those agritourism products into an overall tourism experience.

## The Size of Kentucky Agritourism

The completion of the Kentucky Agritourism Database produced a total of 268 agritourism businesses broken down the following regions:

Western Lakes and Rivers Region	18 businesses	6.7%
Green River Region	10 businesses	3.7%
Cave Region	30 businesses	11.2%
Louisville-Lincoln Region	35 businesses	13.0%
Southern Kentucky Lakes & Rivers Region	32 businesses	11.9%
Northern Kentucky Region	45 businesses	16.9%
Bluegrass Region	64 businesses	23.9%
Eastern Highlands- North Region	7 businesses	2.6%
Eastern Highlands- South Region	27 businesses	10.1%
TOTAL	268 BUSINESSES	

These 268 businesses were broken down in the following categories:

Agri-entertainment	32 businesses	11.9%
Bourbon Distilleries	10 businesses	3.7%
Farms/Orchard/Upick	69 businesses	25.8%
Gardens	3 businesses	1.1%
Horses/ Horse Farms	48 businesses	18.0%
Horse Racing	9 businesses	3.3%
Lodging	12 businesses	4.4%
Markets	17 businesses*	6.3%
Museum	8 businesses	3.0%
Nursery	24 businesses	9.0%
Other	20 businesses	7.5%
Winery	16 businesses	6.0%

- Farm Markets does not include the 70 individual farm markets located across the state.

These 268 business were broken down by region and type as follows:

Western Lakes and Rivers Region 18 businesses

- 1 Agri-entertainment
- 8 Farm
- 1 Horse Racing
- 3 Horse Farm
- 1 Lodging
- 1 Farm Market
- 1 Museum
- 1 Nursery
- 1 Winery

Green River Region 10 businesses

- 2 Agri-entertainment
- 4 Farm
- 1 Horse Racing
- 1 Horse Farm
- 1 Museum
- 1 Other

Cave Region 30 businesses

- 5 Agri-entertainment
- 2 Farm
- 8 Horse Farm
- 5 Markets
- 1 Museum
- 4 Nursery
- 5 Other

Louisville-Lincoln Region 35 businesses

- 4 Agri-entertainment
- 6 Distilleries
- 7 Farm
- 1 Garden
- 2 Horse Racing
- 4 Horse Farm
- 2 Lodging
- 1 Market
- 2 Museum
- 2 Other
- 4 Winery

Southern Kentucky Lakes and Rivers Region 32 businesses

- 4 Agri-entertainment
- 7 Farm
- 5 Horse Farm
- 1 Lodging
- 4 Markets
- 7 Nursery
- 3 Other
- 1 Winery

Northern Kentucky Region	45 businesses
5 Agri-entertainment	
16 Farm	
1 Horse Racing	
5 Horse Farm	
2 Lodging	
2 Market	
1 Museum	
7 Nursery	
4 Other	
2 Winery	

Bluegrass Region	64 businesses
6 Agri-entertainment	
4 Distilleries	
18 Farm	
1 Garden	
3 Horse Racing	
12 Horse Farm	
3 Lodging	
2 Markets	
2 Museums	
4 Nursery	
3 Other	
6 Winery	

Eastern Highlands – North	7 businesses
1 Farm	
1 Garden	
1 Horse Racing	
3 Horses	
1 Market	

Eastern Highlands – South	27 businesses
5 Agri-entertainment	
6 Farm	
7 Horse Farm	
3 Lodging	
1 Market	
1 Nursery	
2 Other	
2 Winery	

## **Tourism Dollars Spent on Agritourism**

The Kentucky Department of Tourism estimates that last year there were 40,770,000 tourists in the Commonwealth of Kentucky creating an economic impact of more than nine billion dollars.

By overlaying the responses to the 1,000 sample traveler survey onto the total number of Kentucky tourists, we are able to create some spending patterns and estimates by tourists on agritourism.

It must be strongly stressed, these numbers are merely estimates and guidelines which must allow for significant variations based on the methodology such as the survey margin of error of +/- 3.1%. These figures provide the greatest value in painting a portrait of how much travelers are spending at each individual location. The chart below outlines each agritourism category and the average expenditures that tourists told us they spent at each particular type of agritourism business:

<u>Agritourism Category</u>	<u>Average Trip Expenditure</u>
Horse Racing	\$235.83
Farm Stay/ B&B	\$211.00
Winery	\$ 66.00
Horse Farm/ Riding	\$ 57.00
Bourbon Distillery	\$ 26.59
UPick/Agri-entertainment	\$ 21.29
Tobacco Farm	\$ 11.00

These figures are averaged estimates provided by actual tourists. In our survey of Kentucky agritourism businesses we were able to cross check these estimates with what Kentucky agritourism business owners said their average customer spent. Tourist expenditures were found to be closely in line with the per customer estimates provided by Kentucky agritourism businesses.

[Note: We did not receive responses from Horse Racing or Tobacco Farm businesses to be able to cross check these expenditures with traveler estimates.]

It needs to be stressed that there are significant qualifiers to multiplying these figures to estimate economic impact:

- Travelers are asked to recall spending from their trip over the past year. In some cases these are estimates and only best recollections by the traveler because the interviewing was not done on site at the time of the expenditure.
- The survey is not destination specific. Meaning, when asked how much a traveler spent at a Kentucky winery they might choose to include any costs of wine they purchased anywhere in Kentucky. Or they might include costs of gas and meals along the drive as they went on that trip. The response provided by the respondent is completely open to the interpretation of the individual being interviewed.
- Figures for Farm Stay/ B& B spending again may be exaggerated by the respondents' interpretation of the question. Are they confusing Farm Stays with traditional inns? Are they including meal and driving costs in their overall expenditure? It is up to their interpretation

- These figures would undervalue agritourism businesses that are frequented but not included as part of a getaway or a vacation trip. For example, our research indicates that agri-entertainment businesses are generally frequented by local and regional customers who would not stop at the business during a trip. Therefore, Upick/Orchards and other agri-entertainment which draw largely local customers would be sharply undervalued in these numbers.

Overall, however these figures provide the first guidance for how tourists spend their money on these activities and where potential growth could be increase based on tourists saying they are interested in these activities on future trips.

Kentucky travelers were asked whether or not they stopped at a seven different types of agritourism businesses. If they did stop, they were asked how much money they spent there. Dollars figures were then averaged to provide a portrait of the average tourist expenditure. The chart below looks at each category of agritourism, the percentage of tourists that included that type of facility on their trip, and the average dollars spent on that activity. Combined with the 40,770,000 in annual tourists we are able to create a rough estimate of tourist spending on that activity.

<u>Agritourism Category</u>	<u>Annual KY Visitors</u>	<u>Participating</u>	<u>Average \$ Spent</u>	<u>Tourist Spending</u>
Farm Markets/ Upicks	40,770,000	3%	\$21.29	\$ 26,039,799.00
Horse Racing	40,770,000	15%	\$235.83	\$1,442,218,365.00
Horse Farms/ Horse Riding	40,770,000	9%	\$57.00	\$ 209,150,100.00
Kentucky Winery	40,770,000	5%	\$66.00	\$ 134,541,000.00
Tobacco Farm	40,770,000	3%	\$11.00	\$ 13,454,100.00
Farm Stay/ B&B	40,770,000	3%	\$211.00	\$ 258,074,100.00
Bourbon Distillery	40,770,000	7%	\$26.59	\$ 75,885,201.00
ESTIMATE VALUE:				\$2,159,362,665.00

Horse racing spending accounts for 67% of agritourism tourist spending. When those figures are factored out, tourists spend approximately \$717 million in agritourism related expenditures. Again, these figures do not take into account non-trip expenditures of primarily in-state residents at agri-entertainment businesses.

## The Greatest Potential for Agritourism In Kentucky

Using the expenditure estimates provided by tourists and matching those to percentage of tourists that said they would be interested in incorporating that activity into their next Kentucky trip, we are able to paint a picture of the highest potential value of the industry: Clearly, this picture only assumes traveler interest – not actual spending and would be severely altered by a range of factors. But it does demonstrate there is significant room for growth

<u>Agritourism Category</u>	<u>Annual KY Visitors</u>	<u>Would Add Activity to a Trip</u>	<u>Average Dollars Spent</u>	<u>Potential Value</u>
Farm Markets/U Picks	40,770,000	11%	\$21.29	\$ 95,479,263
Horse Racing	40,770,000	26%	\$235.83	\$2,499,845,166
Horse Farms/ Horse Riding	40,770,000	25%	\$57.00	\$ 580,972,500
Kentucky Winery	40,770,000	21%	\$66.00	\$ 565,072,200
Tobacco Farm	40,770,000	6%	\$11.00	\$ 26,908,200
Farm Stay/ B&B	40,770,000	18%	\$211.00	\$1,548,444,600
Bourbon Distillery	40,770,000	24%	\$26.59	\$ 260,177,832
<b>POTENTIAL VALUE</b>				<b>\$5,576,899,761</b>

## Current Policy Issues

In the survey of Kentucky agritourism businesses, respondents were asked what issue the Commonwealth of Kentucky could deal with that would help their agritourism business expand. Businesses were also asked what single issue was the greatest impediment to their growth.

- 33% of agritourism businesses cited high costs of liability insurance as a key policy issue needing to be addressed if their business is to expand.
- 20% of agritourism businesses cited the need for more advertising dollars to promote agritourism.
- 17% of agritourism businesses cited the need for more qualified labor.
- 15% of agritourism businesses requested direct government grants to their business.
- 15% of agritourism business cited the need for increased signage directing travelers to their businesses.

### Cost and Availability of Liability Insurance

“We are absolutely unable to find any insurance. This a huge oversight on the part of Kentucky and economic development concerns to not have considered this element. When I ask firms such as Kentucky Farm Bureau why the response is that way, they tell me it is not profitable. Businesses need an agritourism component in the farm owners’ policies.”

“My biggest problem is finding liability insurance at a reasonable price, if at all.”

“They need to come up with a solution to the extremely high cost of liability insurance.”

“Insurance that is affordable. We are just getting started and we are having trouble finding an insurance company that will insure us.”

The state of Kansas has taken the national lead on passing agritourism liability legislation which would (a) promote voluntary registration with the state of Kansas for inclusion in promotional materials (b) create standard language for warning signage to be posted at all agritourism locations to limit liability (c) provide a tax credit for liability insurance for agritourism businesses.

Mississippi and North Carolina have followed suit in passing similar limitations on agritourism liability as modeled in Kansas Senate Bill 334.

In addition, Tennessee has passed Senate Bill 2207 which changes the definition of agriculture in that state to include “recreational and educational activities on land used for the commercial production of farm products and nursery stock.”

### Qualified Labor

17% of agritourism businesses told us that they had a continuing problem getting and maintain qualified labor. Businesses reported that once they had a good employee, they moved on to a different job and were difficult to retain.

Agritourism businesses face the reality of most retailers. The retail industry is often the first step on a longer career ladder for most employees, particularly young employees. To retain employees, businesses face the following options

- Offer a career path in the business to retain employees
- Increase wages and benefits to retain employees
- Face the prospect of regular training as they constantly bring on new employees

### Signage

15% of agritourism businesses cited the need for increased signage as a major issue for their businesses. The signage issues appear to focus on the costs of existing signage options, the need to offer a number of direction signs off of the major interstates to get travelers to their business, and the desire for some businesses to put up their own signage outside of the state’s signage program. Kentucky’s signage program appears in line with other state signage programs including signage standards on interstates and a TODS signage program.

Kentucky tourism businesses, in general, appear to face a difficult task of getting tourists off the major interstates onto less traveled roads where many of these businesses conduct business. However, the state's signage opportunities appear to reflect those in other states.

## **Marketing of Kentucky Agritourism**

At the direction of the Office of Agritourism, our primary research focused on the following types of agritourism products:

- Horse Racing
- Horse Farms
- Tobacco Farms
- Orchards and U Picks
- Bourbon Distilleries
- Wineries
- Farm Stay
- Agri-Entertainment

### Orchards, UPicks and Agri-Entertainment

3% of Kentucky tourists had stopped at an Orchard, U Pick or Agri Entertainment facility as part of their Kentucky trip. When you review a breakdown of each of the four states in the survey, the number increases dramatically among in-state residents:

- 7% Kentucky
- 3% Indiana
- 1% Tennessee
- 0% Ohio

When these same respondents were asked if they would be interested in stopping at one of these businesses, only 11% of Kentucky tourists said they would be interested in stopping.

When respondents who had not traveled to Kentucky were asked if they would be interested in stopping at one of these agritourism businesses, only 17% were interested. Again, the number rises dramatically among in-state residents:

- 29% Kentucky
- 19% Ohio
- 14% Indiana
- 12% Tennessee

The focus groups re-stated these findings. These businesses are not unique to Kentucky and are, in fact, offered locally to these tourists:

*“Orchards might be on the way, but I have just as many orchards in Ohio.”*

*“I go to Huber’s. It’s close by. And it’s a great place. It has everything I need and gives me that experience without having to do it on vacation. It’s like a mini vacation close to home.”*

*“A corn maze as a destination? Oh no, there’s just too many of them around.”*

*“Why would I go the distance when I have one that’s closer?”*

And tourists also repeated a very rational consideration when it came to stopping at orchards and upicks while traveling through Kentucky:

*“What am I supposed to do with everything?”*

*“Odds are that you’re not going to stop and pick when you’re driving or on the road, what are you gonna do with all that stuff?”*

Orchards, Upicks and Agri-entertainment businesses will be most successful if they focus on becoming engrained into their community. They should build relationships within their community and region. One of the most successful tools for building those relationships was by sponsoring educational programs for local school children and children's organizations which bring not only the children, but the parents, to the business. They will be most successful in attracting out of state tourists by building relationships with their local customers who bring friends and family to the business.

Tourism organizations can be helpful by including them in database listing and including agritourism businesses as part of a broader local itinerary to travelers. Chambers of commerce, civic organizations, and local schools can play a particularly important role in helping farms, upicks and agri-entertainment businesses become part of the community infrastructure

Conversely, agri-entertainment businesses must realize that they are part of their community's business infrastructure and not a unique tourism differentiator in terms of tourism promotion and attraction.

### Tobacco Farms

There is a severely limited market for travelers interested in visiting tobacco farms.

Only 6% of existing Kentucky customers expressed an interest in visiting a tobacco farm to understand how tobacco is grown and produced. Among non-Kentucky travelers, only 7% said they were "very interested" in visiting a tobacco farm compared to 79% that said they were "very uninterested" in visiting a tobacco farm.

There is simply not a great demand for this tourism product.

These numbers were again reflected in the focus groups. 17% of the focus group respondents said they had visited a Kentucky tobacco farm. But upon further conversation, all respondents had done in the process of staying with friends or family on a tobacco farm. Their views of a tobacco farm are driven largely by their negative views of tobacco. And they will unanimously not include their children in such a visit.

*“I will not take my kids there. I will not expose them to that.”*

*“I associate tobacco farms with smoking. I want nothing to do with it.”*

*“It’s not something I would ever do.”*

## Horse Farms and Horse Racing

Horse farms and horse racing are a key marketing differentiator for the Commonwealth of Kentucky and local destination marketing organizations. This product is superior to any other horse farm/horse racing product offered anywhere else in the nation.

15% of Kentucky tourists reported visiting a horse race on their trip. 9% of Kentucky tourists reported stopping at a horse farm or riding horses. Below is a breakdown of what each state’s travelers visited:

	<u>Kentucky</u>	<u>Ohio</u>	<u>Tennessee</u>	<u>Indiana</u>
Horse Race	21%	10%	15%	12%
Horse Farm	11%	10%	9%	8%

26% of tourists report they would like to incorporate horse racing into their next Kentucky visit. 25% of tourists report they would like to incorporate a stop at a horse farm or riding horses into their next Kentucky trip.

17% of non Kentucky travelers said they would be very interested in coming to Kentucky go to a horse race or visit a horse farm.

Focus groups respondents told us that horse racing was easily accessible to tourists. But Horse Farms were not nearly as accessible. In fact, in focus groups in Cincinnati and Nashville respondents asked in each of those groups if it was even possible to tour the horse farms. In some tourists’ minds, the perceived wealth of Kentucky’s horse farms acted as an accessibility barrier.

The survey found a statistically significant difference between men and women in approaching horse racing and horse farms. Men were more likely to be attracted to horse racing. Women were more likely to be attracted to the horse farms. In focus groups, women spoke of wanting to take children or grandchildren to experience the horses and horse farms.

The Lexington Convention and Visitor Bureau has done an outstanding job of summarizing important information for tourists about horse racing and horse farm tours by providing both an alphabetical listing of options, but also providing highlights to tourists less familiar with the area. The Kentucky Tourism website, however, just provides a listing of horse racing and horse farm options with no assistance to travelers of proposed itineraries, high points and “must see” locations.

## Bourbon Distilleries

7% of Kentucky tourists reported visiting a bourbon distillery or taking a bourbon tour while on their trip. 21% of Kentucky travelers report wanting to include such a tour in their next Kentucky trip. 27% of non Kentucky travelers report being “very interested” in taking a trip down Kentucky ‘s Bourbon Trail to visit the world’s biggest bourbon distilleries. Men were significantly more likely to want to make this trip than women.

Interest for the Bourbon Trail was highest among Kentucky residents with 35% of residents who don’t vacation in the state very interested in the tour.

Like horse farms, bourbon distilleries offer the Commonwealth of Kentucky both an abundant and a superior product for travelers that assist with the branding of the state. It offers a travel experience that is unique to Kentucky.

While Kentucky has named this experience the “Bourbon Trail”, it offers nothing more than a listing of bourbon distilleries to visit. This is not a complete experience for the traveler.

The Commonwealth of Kentucky needs to expend resources and economic development efforts to bring the potential of the Bourbon Trail to maturity. From a marketing perspective, this trail should include complete itineraries packaged for travelers incorporated into Kentucky’s marketing vehicles. From an economic development perspective, this trail should work to create a full range of amenities along the trail that enhance the overall Bourbon Trail experience.

## Wineries

5% of Kentucky travelers reported stopping at a Kentucky winery. 21% of Kentucky travelers expressed an interest in adding a winery stop to their next trip. An impressive 29% of non-Kentucky travelers said they would be “very interested” in visiting Kentucky wineries for some wine tasting.

Travelers under the age of 54 were most likely to be interested in stopping at a winery as were travelers with incomes higher than \$25,000.

Interest among non-Kentucky travelers was high in all four targeted regions. The list below provides those non-Kentucky travelers that were “very interested” in visiting a Kentucky winery:

Kentucky	35%
Ohio	30%
Tennessee	30%
Indiana	24%

Kentucky wineries share a similar target market as bourbon distilleries, but are different in that they have a greater appeal to women.

Bluntly speaking, Kentucky wineries are a completely unknown commodity within the Commonwealth of Kentucky and in it’s neighboring states. During focus groups, most respondents – even those living in Kentucky -- openly asked if Kentucky had any wineries or could grow grapes.

*“Do they even have any?”*

*“Where are they?”*

*“Can you even grow grapes in Kentucky?”*

*“Do they even make wine in Kentucky?”*

However, this lack of information makes Kentucky wineries a curiosity to travelers:

*“I wouldn’t know what to expect. Curiosity would pique my interest.”*

*“I would be curious to see if they had any potential.”*

As stated earlier in this report, 75% of states now promote wineries. They are part of the tourism infrastructure. But Kentucky wineries, and the curiosity associated with them, can play an important role in filling out the experience of the Bourbon Trail as well as experiences in each local community.

Marketing of Kentucky wineries should play to the curiosity of the consumer. Travelers told us they were not sure what they would find. They did not expect or demand that the wines be superior wines. Travelers were intrigued in trying some new wines, experiencing a winery, and trying something new. Focus group respondents made very clear, however, that what they wanted was the “experience” associated with stopping at a winery. One respondent made the observation, agreed upon by others in the group, that if the tasting room were in a strip mall they would not stop. But if it were in a quaint setting with rolling hills, they liked the idea of stopping.

As with so much of what travelers told us about their Kentucky trip, when it comes to wineries it is more about the “Kentucky experience” than it is about the quality of the wines.

## Farm Stays

No area of agritourism has greater potential for growth than farm stays – working farms that act as bed and breakfasts.

Only 3% of Kentucky travelers report staying at a farm stay / B&B. 18% of Kentucky travelers said they would be interested in incorporating a farm stay into their next trip. Among non-Kentucky travelers a whopping 31% reported being “very interested” in a Kentucky farm stay. Among those within Kentucky who did not travel in the state, 41% reported being “very interested” in a Kentucky farm stay. Farm stays appeal equally to all income levels.

Focus group respondents described two distinct farm stay experiences:

*Kentucky Agritourism Market Study  
December 2005  
Glengariff Group, Inc.*

1. Romantic relaxation on an idyllic farm with rolling hills in a quiet setting served with big mouthwatering breakfasts with horses running in a nearby field.
2. Families staying on a working farm where their children could be exposed to the hard work associated with farm life and what agriculture entails.

These two farm stay scenarios are vastly different, and the idealized version of the country setting is much preferred to the education opportunities for children. In the end, most respondents wanted limited exposure to actual farm work. They wanted to use it as an educational opportunity for their children while they still had the opportunity to relax.

The farm stay business offers a significant opportunity for the Commonwealth of Kentucky to fulfill what travelers expect of the “Kentucky Experience.” But for business owners, the bed and breakfast concept is a difficult expectation to meet. Travelers have a romanticized version of a Kentucky farm that owners must try to fulfill. And farm stay bed and breakfast operations are among the most demanding in agritourism requiring daily tending of customers and constant clean up and preparation. The reality is that bed and breakfast operations are a hard business.

But the target market is a well defined urban population needing a break from the city. For Kentucky tourism officials, the farm stay offers another opportunity to brand the Kentucky trip experience with a unique location, at a slower pace and offer a well rounded branded package.

The tourist interest exists for the sustenance of a successful network of farm stays. But that network will require considerable training of individuals not necessarily experienced in the hospitality industry.

# RECOMMENDATIONS

## The Role of Agritourism

In attempting to create a database of agritourism businesses, we received responses from a combination of only twenty five tourism organizations or cooperative extension services in Kentucky. The response was better from the cooperative extension offices than from tourism organizations. But while Kentucky attempts to make agritourism a priority, the irony is that we received a much higher response rate from the 49 State Tourism and Agriculture Directors than we received from Kentucky's own Destination Marketing Organizations and Cooperative Extension Offices.

The Legislature created an Office of Agritourism to show their desire to make agritourism a priority. It does not appear that this legislative mandate has yet made its way to all areas of Kentucky's tourism community. It will take more than an Office of Agritourism to focus on agritourism opportunities. It will require the collective will of Agriculture, Tourism, Commerce and Transportation to pursue the varied economic opportunities presented by agritourism.

Below are 34 broad recommendations for dividing up agritourism responsibilities, areas of agritourism on which to focus, how best to market agritourism, and policy initiatives the Commonwealth of Kentucky can address to assist agritourism. Further detail supporting each of these recommendations will be found throughout this report.

## Defining Roles in Government

1. The Kentucky Office of Agritourism is, and should continue to be, the chief advocate of agritourism businesses in Kentucky. The Office of Agritourism should handle policy matters relating to agritourism, advocate for economic development of agritourism, and act as a clearinghouse of information and a government point of contact for the agritourism industry.
2. The Kentucky Department of Tourism should oversee the primary role of marketing agritourism businesses using its marketing expertise, advertising budget, and tourism infrastructure which is already in place. We provide recommendations below for how best to market agritourism in Kentucky.
3. The University of Kentucky Cooperative Extension Service should continue to act as a key trainer for agritourism businesses by – most importantly – offering those interested in running an agritourism business hospitality training, in addition to business management training. Successful agritourism operations must understand the importance of hospitality training and make it a priority.
4. If agritourism development is to be a priority for the Commonwealth of Kentucky, then it must be a priority from the top of government down through government ranks. When the Office of Agritourism seeks to work with other entities, it should be considered by other government agencies to be a valuable and important player in the development of agritourism.

## Marketing Focus of Agritourism

5. Kentucky's Bourbon Distilleries and Horse Farms/Horse Racing are primary points of differentiation that help brand the Commonwealth and provide unique attractions for travelers. The Department of Tourism should highlight and work to develop both areas of agritourism as key marketing areas for the purpose of tourist attraction to Kentucky for in-state and out-of-state markets.
6. We recommend that all promotions stop using the "agritourism" moniker when speaking with tourists. Tourists do not know what this term means, and focus groups demonstrated that the term certainly meant nothing to them and carried no meaningful message. Agri-entertainment businesses should be framed in the language of tourists such as "family fun options" or "attractions".
7. Agri-entertainment in the form of pumpkin patches, corn mazes, farm tours, u pick operations and orchards, petting zoos, and farmers markets are not unique to Kentucky. But they are vibrant elements of a local economy. The Department of Tourism should include these in general information about Kentucky, but not make these businesses a primary point of differentiation in branding Kentucky.
8. When tourists describe Kentucky, they paint a picture of an agriculture related image of the state that focuses on a more relaxed pace of life that includes the imagery of rolling hills, horse farms, green grass and white fences. This agritourism description is an essential piece of the Kentucky brand. Agritourism has the opportunity to create a more fulfilling "**Kentucky Experience**" that gives travelers accessibility to this agritourism brand by better packaging horse farms, horse racing, bourbon tours, wineries and farm stay lodging and offering greater amenities which research respondents said Kentucky lacks. Agriculture and Tourism need to package the "Kentucky Experience" as a well-rounded product for tourists.
9. The Tourism Department needs to create a more complete "Kentucky Experience" that revolves around both the Bourbon Trail and the creation of a similar trail reflecting Kentucky's Championship Horse Farms, for example, the "Champions Trail". These trails should be used to brand the state with a unique "Kentucky Experience" that takes visitors down the backroads including bourbon trails, horse farms, horse racing, the opportunity to stay lodge on a farm, and winery stops. But also includes small, unique shopping and other uniquely Kentucky activities.
10. As with any state, many Kentucky tourists are absolutely clueless about what they should visit and where they should stop. Tourists need to be spoon fed specific itineraries making it easy for them. Tourists told us they would not take trips that were exclusively agritourism related. Therefore, specific well-rounded itineraries that INCLUDE agritourism, but are not exclusively

agritourism, should be created. We recommend that itineraries similar to those like the “Pennsylvania Roadtrip” or Indiana’s well rounded itineraries serve as a model for this effort.

Many businesses and attractions not included in these itineraries will undoubtedly complain. This “why isn’t my business included” phenomena is common across all states. Kentucky tourism needs to use its strengths to get tourists into the state. That means leading with its crowned jewels of tourism like the Bourbon Trail or a Champions Trail. By getting tourists on these trails, other businesses can then take advantage of them being there. Agritourism businesses need to understand that Kentucky cannot, and should not, sell every single agritourism business individually to tourists. Rather, it must sell what customers consider its strongest experience to get them in the door. It is then up to local destination marketing organizations and individual businesses to take advantage of the bigger marketing effort.

11. While agri-entertainment businesses should not be key points in tourism “attraction”, they are essential points for tourism “retention” of existing Kentucky residents. Agri-entertainment businesses should be listed in all state tourism databases. They should not be listed under agritourism, however. They should be framed in the language of the tourists under “family fun”, “attractions” or “entertainment”.

12. Agritourism promotion needs to appear seamless to the tourist. Tourists made clear through our existing research and previous research that when they search for travel options, they do it by geography – by typing in the name of the location they are visiting. Travelers are savvy enough to look for signs that it is the “Official” website of that location. Agritourism should NOT create a separate tourism infrastructure of websites. Rather, promotion of agritourism must integrate into the existing tourism infrastructure and become part of the state and destination marketing organizations websites. Since travelers do not comprehend the word “agritourism”, they told us they would not search for “agritourism” on the internet for their travel options.

13. If the state creates several primary trails focusing on Bourbon Tours and Horse Farms, regional destination marketing organizations should take the lead in creating regional tours and itineraries for travelers. These itineraries should again be specific and well rounded packages that INCLUDE agritourism opportunities while not being exclusively agritourism related. These regional itineraries should provide detailed maps pinpointing itinerary destinations. By creating specific trails and making them a priority in statewide and local marketing, it will help Kentucky’s challenge of getting travelers off of the interstate thoroughfares and onto smaller, local roads. Good maps, with itineraries, and all the information about the destinations included in the map make it safer and easier in customers’ minds to get off the interstate.

14. Tourists told us that word of mouth recommendations were the most effective at getting them to visit another location. Tourists find recommendations provided by locals to be particularly effective. Those businesses and attractions that are included in state and local itineraries bear a responsibility to cross sell other businesses and attractions – this cross selling could be particularly important to agritourism businesses. We recommend that standards be set for any business or attraction included in state or local itineraries. Those standards would include responsibilities for being included in that itinerary which might include (a) training staff on the importance of pushing tourists to other business destinations and what those opportunities are and (b) having local information readily accessible for people entering their establishment. It is imperative that local agritourism businesses create partnerships with larger attractions to help facilitate these word of mouth recommendations.

15. In creating this report, we stopped at two different Kentucky Welcome Centers. Both looked like sterile government buildings with employees, albeit very nice, sitting behind a desk. Welcome Centers, first and foremost, should be sales centers for the Commonwealth of Kentucky. An opportunity exists to brand Kentucky's front door – it's Welcome Centers – with the image that tourists are looking for in the state. Without expending enormous dollars, the interior of these buildings can boast large imagery of the state's rolling hills, horse farms and white fences – they can promote the agritourism imagery of the "Kentucky Experience". Removing the foreboding barriers to staff in the form of big desks advances the feeling of friendliness.

Additionally, there are opportunities to use these facilities to showcase the branded experience. For example, Iowa has created a Welcome Center in a barn setting. Michigan regularly hands out Michigan fruit to travelers at its entrance into its fruit belt. Florida became well known for offering orange juice at its Welcome Centers.

Kentucky needs to explore ways to allow families to perhaps see a live horse, up close, at a welcome center, expand it's imagery inside the Welcome Centers away from a sterile building, place rockers at the front of the centers to encourage the image of relaxation.

Welcome Centers are the front door to the state. As any realtor will tell you, the image of the front door helps sell the house.

16. The Commonwealth of Kentucky should invest marketing dollars into the promotion of the trails we have mentioned. These trails would be branded with signage, marketed to group tour operators, and a central focus of easy to plan trips. Any new agritourism marketing dollars should be geared to the development of these easy to plan trips that have a heavy, but not exclusive, emphasis on agritourism.

## The Job of Agritourism Businesses

17. Businesses that want to cater to travelers – whether they be in-state or out-of-state travelers -- must realize that first and foremost they must meet the needs of the tourist. This responsibility requires that agritourism businesses meet basic customer expectations including standard operating hours, standard on-site signage directing travelers, a clean location, and a commitment to top notch customer service.

Because many agritourism locations are located on an existing farm, travelers told us that proper on-site signage directing them is essential to knowing where they can go at the location. Additionally, travelers are suspicious of agritourism businesses because all too often those businesses might be closed when they arrive because they do not operate on standard hours. State and local organizations should set minimum standards of customers' expectations (i.e. standard operating hours) before a business is promoted online or in publications.

Successful agri-tourism businesses generally do not provide just one service. They cater to an overall visitor experience which also includes some sort of refreshments/ food, a form of shopping, occasional festivals or special events, a changing focus depending on the season *as well as* the agritourism experience in which they specialize.

18. The most successful agri-entertainment businesses are those that become local and regional hubs of community activity. To successfully market your agritourism business, you must engrain yourself into the community itself. That means finding ways to act as a meeting location for community groups or a recreational center in some way for families and acting as a unique meeting location. Agritourism businesses need to become part of local chambers of commerce, create linkages with local convention and visitor bureaus, and focus on other community social organizations.

One unique example of community involvement we found was a local agri-entertainment business that used an outdoor garden setting to host their local high school orchestra providing the school with a unique setting for an annual outdoor concert. The concert brought in several hundred family members to the business who later wandered through the facility while providing the local school a unique concert setting.

19. Agritourism businesses cannot wait for organizations to come to them. As our research found, agri-entertainment businesses are a piece of the local and regional economy – but not an essential piece of the out-of-state attraction effort. Therefore, business owners face the same task of attracting customers as any other local business. They cannot rely on tourism organizations to attract their customers for them. Nearly all successful agri-entertainment businesses nationwide have found ways to partner with their local schools to provide teaching agriculture teaching experiences to local students.

Creating a compact, inexpensive, value added educational program for local schools should be a top priority for any agritourism business that wants to be successful.

20. Agri-entertainment businesses should focus their limited marketing efforts on the local region.

21. The Office of Agritourism should create specific opportunities for agritourism businesses to share information with each other. The office should maintain a webpage specifically geared to agritourism businesses and leave the agritourism tourist attraction effort to state and regional tourism organizations. This webpage should provide the latest news available to agritourism business, updates on important state policy efforts, linkages for information such as liability insurance and signage, and an opportunity for businesses to talk with each other in a chat room or blog format.

22. If agritourism businesses leaders want the recognition and support of government policymakers, they must expend the time and energy necessary to educate those leaders on the challenges and potential of the agritourism industry. These meetings require more than informing elected officials of issues at each individual business. It requires agritourism business operators to be spokespersons for the agritourism industry as a whole – regularly communicating to elected officials what challenges are being faced locally and statewide by a range of agritourism businesses. Government employees cannot advocate for the agritourism industry if business owners are not willing to advocate with their elected officials.

## Policy Initiatives

23. The cost and availability of liability insurance is a major problem for Kentucky agritourism businesses. If the Legislature is serious about promoting agritourism, it needs to tackle the problems agritourism businesses face on liability insurance – and these problems include availability AND cost. Kansas has taken the lead on agritourism liability insurance that tackles both issues of availability and cost. This legislation has been adapted for passage in North Carolina and Mississippi. We recommend that Kentucky adapt the Kansas legislation to handle the problem of availability and cost of liability insurance for agritourism businesses.

24. Many agritourism businesses cited the lack of signage capabilities as an issue facing their business. In a review of Kentucky's signage options, we do not find that Kentucky has a signage system different than other states. We would not recommend any comprehensive changes to allow for increased signage. We instead recommend that state and regional tourist organizations focus on creating mapped tours and mapped itineraries that work at making travelers feel comfortable about getting off the major interstates and onto smaller roads.

As part of that effort, we do support the idea of specific signage program for established state and regional tourism trails – such as a signage providing navigation of a Bourbon Trail, a Champions Trail, or well planned regional trails. Responsibility for designating a limited number of these trails should rest with the Tourism Department in consultation with the Office of Agritourism, the Department of Transportation and regional tourist associations that receive funding from the state.

The reality many agritourism businesses must face is that they are located in remote areas which are not conducive to easy navigation. Like any businesses they need to take location into account when considering setting up their agritourism business.

25. Zoning issues are a problem in some pockets of Kentucky for agritourism businesses – but it is not necessarily a problem in all Kentucky counties. Some counties appear to not understand that agriculture businesses are both agricultural and retail operations at the same time. Zoning is a local control issue. We do not recommend a statewide law standardizing zoning. But we do recommend that the state work with local governments to create recommended standardized language which takes into account the unique requirements of agritourism businesses. Just as farmers have been given a right to farm, zoning should allow agritourism operators the right to run their businesses. Municipal and county organizations can assist the agritourism industry by getting behind standardized language.

26. A number of agritourism businesses cited a desire to get state grants for marketing purposes. We strongly recommend that any grants for marketing go directly to tourism associations charged with marketing responsibilities for a particular region. Any marketing grants should come with a list of specific outcomes in exchange for the grants, such as the creation of regional itineraries, tours and maps. These grants should also be tied specifically to the inclusion of agritourism attractions into the itineraries, tours and marketing campaigns.

27. The Kentucky Tourism Development Act is one of the nation's more innovative tourism economic development packages using a sales tax incentive program for tourism development projects. As Kentucky develops the tours/trails we have outlined above including the Bourbon Trail, the Champions Trail, and regional trails, we would strongly advocate that special development opportunities be made for businesses that are attempting to develop along these two primary state trails and the regional trails that will be established. Based on research with tourists, we believe a special emphasis needs to be made on better clustering tourism amenities along with major attractions to provide a complete tourism experience. While Kentucky offers significant agritourism product, it has yet to develop the amenities surrounding that product to offer a complete experience to travelers.

28. Quantitative and qualitative research of Kentucky travelers confirms that farm stays – a bed and breakfast on a farm -- offer a strong growth opportunity to enhance the tourism experience and further the Kentucky Experience sought after by tourists. These farm stays also offer farms another potential revenue stream. There is a strong market interest from tourists in neighboring urban areas interested in staying on a farm. We would recommend that the Kentucky Tourism Development Act be expanded to allow operating farms interested in becoming lodging facilities to use the sales tax incentive program to recoup the costs associated with converting a facility from a residency to a lodging facility to enhance further growth in farm stays.

29. Kentucky has developed a small winery industry. In-state and out-of-state travelers are very curious about the idea of Kentucky wines and are willing to experience a Kentucky winery as part of a trip. While 75% of states currently promote wineries, we believe that as part of the in-state tourism infrastructure wineries can help 'fill out' the overall travel experience provided the wineries are not in an urban setting, but rather are in a tradition rural setting with vineyards and a tasting room. One of the impediments to travelers knowing anything about Kentucky wines is the perception that the Commonwealth of Kentucky is largely a "dry" state and therefore has no wineries. This perception of Kentucky as a dry state is detrimental to the overall tourism potential of the Kentucky wine industry.

30. Kentucky has a strong brand as a “horse state”. This brand is advantageous in terms of tourism and agritourism business growth. We recommend that the state examine other policy steps it can take to further the tourism brand of Kentucky and its agritourism industry. One recommendation is that the state embrace the fledging rails-to-trails movement in Kentucky. Kentucky could connect now-defunct railbeds into a trail system for hiking and biking, but also create trails that focus on long distance equestrian riding. These long distance equestrian trails could work in conjunction with the recommended development of a more advanced Bourbon Trail, Champions Trail and regional trails. It would also allow Kentucky to attract equestrians already prone to visit the state with a unique opportunity to ride their horses long distances on approved trails.

A successful example of using rail beds for further tourism growth would be in Minnesota, Wisconsin and Northern Michigan which have used rail beds to develop extensive snowmobiling trails which have transformed the winter tourism economy in those states. Rapid development of amenities has occurred along those trails to support the snowmobile industry.

Kentucky could create a similar, more multi use trail system, which would allow the commonwealth the opportunity to further its tourism brand.

## TRAINING

31. We recommend that the University of Kentucky Cooperative Extension Service continues to take the lead on training agricultural businesses as they study and prepare for the changeover to an agritourism related business. The Cooperative Extension Office has been the state leader, to date, in the movement to agritourism related businesses. Their knowledge of both the agriculture and tourism industry is invaluable in helping businesses understand how to create a business plan and what pitfalls to expect. They can play a particularly important role in the development of a farm stays program and helping potential owners understand the difficulties and opportunities which face the bed and breakfast industry

32. We recommend that the Office of Agritourism work with statewide municipal and county government organizations to reach local elected officials to train them on the movement to agritourism related businesses, the challenges agritourism businesses face at the local level, the role agritourism businesses play in retaining existing Kentucky residents, and share with them policy recommendations for how local government can help agritourism businesses smoothly run their operations.

33. We recommend a joint educational effort conducted by the Departments of Tourism and Agriculture to continue educating tourism officials on the potential of the agritourism industry and the challenges it faces in the commonwealth of Kentucky. Because of the importance that horse racing and horse farms already play in tourism, the tourism industry should be cognizant of their importance. But it is equally important for tourism official to understand the role that agri-entertainment businesses play in retaining existing residents and their visitors. Tourism industry officials so often are geared toward trying to attract the new customer that they fail to focus on how to keep in-state, local customers. Agri-entertainment is an important element in retaining existing customers for short local excursions. And these businesses play an essential role in the education of Kentucky residents in the importance that agriculture plays in the commonwealth's economy and its history.

Agritourism should be a regular point of discussion at statewide, regional and local conferences and workshops. This report should serve as a useful vehicle to have the conversation about how tourism can work effectively with agritourism.

While this effort has been ongoing, the response we received from tourism organizations across the state indicates that this will need to be a long term strategy of constant education.

34. As agritourism businesses continue to develop, they will begin to play a greater role in the local tourism infrastructure and require education about that infrastructure. We believe the Office of Agritourism should take the lead with the Department of Tourism in sponsoring seminars, workshops and an annual Agritourism Conference that educates agritourism business owners on (a) how the tourism infrastructure works, (b) what opportunities exist for agritourism businesses to use tourism resources (c) educate agritourism businesses about how they fit in the overall state tourism industry and how marketing major entities helps bring customers their way (d) what tourists expect of a tourism related business and (3) how to tap into the important Group Tour market (f) and how to create partnerships and tourism packages with other local tourism businesses.

As part of this education effort, we recommend that a simple list be created that informs agritourism businesses about what marketing opportunities they can access including (a) incorporating their business into the state and local tourism databases (b) local marketing efforts they can be a part of (c) how to offer their packages for wider distribution (d) how to keep local and state tourism organizations informed of their latest product.