DIVERSIFICATION INTO FARM TOURISM

A PAPER SUBMITTED AND PRESENTED

BY

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1.1. Introduction/ Background of the Study

Agricultural industrialization driven by the changes in consumer demands, profit, and technology has led to increased commercialization of agriculture, decline in the number of farms, lower commodity prices, less flexibility on the part of farmers in selling their crops, and an overall reduction in farm income (Stewart, 2001). The structural change in agriculture stems from industrialization of agriculture and it entails changes in how agriculture is organized as a sector of the economy (Welsh, 1996). Structural compositions like “coordination”, “concentration” and “globalization” directed towards the agricultural sector have direct or indirect effects on farmers’ incomes. Consequently, farmers seek alternative uses of their farm assets by diversifying into non agricultural activities for the purpose of maintaining a reasonable level of income for survival (Gorman et al., 2001; Bollman and Bryden, 1997; Welsh, 1997; Fuller, 1991).

According to Gorman et al. (2001, p. 140), agricultural diversification is “the development of on-farm, non-food activities” which provide “new sources of income and employment” and are “oriented at newly emerging markets”. This is different from agricultural modernization, which promotes farm enlargement, intensification, and integration. Diversification protects farmers from the disappointment of declining income that results from calamitous effects of agricultural restructuring and industrialization. By diversifying into farm tourism, farmers can mitigate farm income losses and continue to practice farming. Diversification is achieved by selecting and investing in assets in different sectors of the economy that react in a different way to economic conditions in order to make up for losses in one sector with gains in another (Bodie et al., 2005). Therefore, farmers who diversify will experience less impact from the combined effect of agricultural restructuring, industrialization, globalization, and declining farm income.

To survive, farmers have at their disposal two main strategies or approaches of diversification to choose from. The first is that farmers have the option of diversifying their income by engaging in off-farm employment. The second is that farmers can diversify their income by using farm assets alternatively. Farm tourism, which constitutes non-agricultural practices on the farm, crosses these two frontiers as it provides an attractive business opportunity to augment farm income (England Research, 2005). Farm tourism activities as identified by OECD (1994), Grant (2001), Hall and Roberts (2001), and Killion (2001) are often characterised by outdoor events, and activities that are of particular appeal. It includes activities like on farm experience, fruit picking, hunting, fishing, horse-back riding, nature study, bird watching, and other adventure activities.

1.2 Importance of this Research

As farmers diversify their income by engaging in farm tourism via alternative use of farm assets, they are moving from a familiar territory to an unfamiliar one and have to contend with constraints that are challenging without losing focus. This research is a useful tool for government agencies and farm tourism operators in that it illuminates the problems that farmers face and also offers strategic concepts that can be applied in order to help farm tourism business succeed and keep farmers in agriculture as they insulate themselves from declining commodity prices and income loss. Also, this research will help farmers in the business of tourism meet the ultimate reality of blissful memories, satisfaction and value for money that farm tourists seek. In particular, this research will
help reduce the risks associated with lower crop sales and prices that Manitoba farmers are exposed to. It will also describe farm tourism as an option for Manitoba farmers seeking to diversify use of their assets for maximum economic returns.

1.3 Purpose and Objectives of this Research
The purpose of this research is (a) to examine constraints on farm tourism development in Manitoba, (b) to present solutions that will help farmers address these constraints. With this purpose in mind, this research will focus on the following objectives:

1. to identify and describe the main factors that influence farmers to diversify into farm tourism.
2. to identify challenges regarding farm tourism development that farm tourism operators face.
3. identify the type of programs that would help farm tourism operators
4. to present strategies relevant for the promotion and development of farm tourism.

1.4 Profile of Manitoba
According to the Statistics Canada (2008), the province of Manitoba has an estimated population of 1,196,291. Manitoba also has a total of 54.8 million hectares (135.3 million acres) out of which 14.6 million hectares (36.2 million acres) or 26.6% have potential for agricultural activities. Manitoba Agriculture, Food and Rural Initiatives (2006) estimated that in 2002, just 7.6 million hectares (18.8 million acres), that is approximately 51.9% of land with potential for agricultural activities was cultivated.

Agriculture has a significant impact on Manitoba’s economy. As stated by Manitoba Agriculture, Food and Rural Initiatives (2006), in 2002, agriculture, directly or indirectly, accounted for one dollar in eight of production in Manitoba, and in terms of multiplier effect, for every dollar of net income that is generated by agriculture in Manitoba, about $1.9 is generated in the overall Manitoba economy. Also, in 2002, agriculture accounted for about 4.6% of the province’s GDP (i.e. total value of goods and services produced) a drop from 7.2% in 1981. This sharp decline is attributed to lower crop sales and prices, as farmers have little or no control over prices they get for the commodities they produce (Manitoba Agriculture, Food and Rural Initiatives, 2006). Agriculture accounts for 9.1% employment (i.e. one out of eleven jobs) in Manitoba. Agriculture also contributes indirectly to the economy of Manitoba through income derived from industries that are connected to agriculture (e.g. food and beverage processing industries, machinery industries, fertilizer and other input industries, and service industries).

While agriculture is viewed as important to Manitoba’s economy, there have “fundamental changes” in its structure (Ramsey and Everitt, 2001). Overall, over the years, the number of farms and farm population has continued to decline. Also while operating expenses have continued to rise, total cash receipts and realized net income have continued to decline (Statistics Canada Census of Agriculture, 2006). For example, data from Statistics Canada Census of Agriculture (2008) indicate that total net farm income in Manitoba declined from $539,974,000 in 2003 to $277,662,000 in 2004 and $107,168,000 in 2005. However, in 2006, net farm income rose to $303,818,000 but decline to $165,788,000 in 2007. These phenomena as shown in Statistics Canada Census...
of Agriculture (2006) and (2008) continue to move farmers to seek alternative ways to augment their income. Within this context, diversification into tourism is recognized as a way of addressing decline in farm income, maintaining good levels of income, ensuring farm household survival, and militating against decline in income which traditional reliance on agriculture seems unable to do.

2.1. Theoretical Framework

2.2. Agricultural Restructuring:

Farm structure refers to how farming is organized as a sector of the economy. It basically describes ways in which farm resources are used as well as the financial and economic results of farm activities (United States Department of Agriculture, 2005). Structural change in agriculture covers areas of change in the way that agricultural products are produced, processed, and marketed. These structural changes in recent times have been referred to as “industrialization of agriculture” (Welsh, 1996, p. iii).

Seeking economic efficiency, the agricultural sectors in industrialized societies (e.g. Canada, United States, Australia, and United Kingdom) as noted by Ramsey et al. (2003) have gone through a series of radical restructuring processes. These restructuring processes according to Barlett (1993) are characterised by increased use of technology, special forms of machines and chemicals to increase productivity but with the consequence of lower prices for farmers and fewer but in larger farms.

Restructuring generally describes changes that are aimed at greater efficiency and adaptation to market conditions for the purpose of profitability (Bowman and Singh, 1993). Troughton (2003) discusses the internal and external restructuring forces that impact Canada’s farm sector. Farm survival under the industrialization model described by Troughton (2003, p. 28), is based on the ideology of “corporate capitalism” and “economic viability” with belief in scale enlargement, specialization, and investment in capital.

Discussions of changes in the agricultural sector use a number of indicators like farm ownership structure, farm size, number of farms, farm rate of return and farm tenure patterns to reference the changes in the agricultural sector and how these changes have affected the agricultural sector (Van der Ploeg et al. 2000; Keeney and Kemp, 2003; Parson, 1999). For example, Troughton, (2005, pp. 14-18) discusses how in an inelastic market the “Fordist” concept coupled with the application of advanced mechanical, chemical, and biological technologies results in mass production of food. Barlett (1993) noted that increase costs associated with production and subsequent decline in prices consumers are willing to pay results in “cost-price squeeze”, a situation where production expenses incurred is more than revenue generated. Barlett (1993) also describes the general experience of farmers in coping with the “cost-price squeeze” and the overall effect of overproduction on farm household income. Parson (1999) looks at the loss of farm population and overall decline in the number of farms due to farm consolidation. Lobao and Lasley (1995) describe how restructuring has brought about major changes in the organization and control of agricultural production. Bollman, Whitener and Tung (1995) examines restructuring from an economic perspective by looking at the roles played by changes in macroeconomic public policies, fiscal policy, tax policy, and exchange rates. Willis (2003) analyses the devastating impact that the removal of price
support and input subsidies has on farm families -- farm bankruptcy and foreclosure. Many of these literatures fundamentally consider the various transformations in agriculture and its effect on farm household and rural communities. Some also cover important survival strategies including cutting back on farm size and expenditure, part-time farming, off-farm employment, and diversification that farmers employ to sustain themselves in the business of farming as a livelihood (Pascotto, 2006; Ramsey, 2003).

Agriculture in Canada has not been immune to restructuring. It has experienced notable changes in size, capitalization, and concentration, (Parson, 1999). Data from Statistics Canada Census of Agriculture (2006) as depicted in Table 2.1 and 2.2 point to an increase in average farm size. There is also an indication of a total decline in the number of (i) farms, (ii) farm population, and (iii) net farm income. In the United States, data from the U.S Department of Agriculture (2004) as shown in Table 2.3 and 2.4 points to a similar decline in the number of farms and an increase in average farm size and investment in equipment. Table 2.4 shows that while sales from agriculture declined between 1997 and 2002, expenses within the same period rose. Similar trends exist in major European counties such as England, Ireland, Germany, and France (Woods, 2005).

The agricultural sector in Manitoba has been experiencing difficulty. As shown in Table 2.5, between 1996 and 2006, the total number of farms and farm population declined by 14.7% and 21.9% respectively. The decline in number of farms is due to consolidation as the average farm size in Manitoba rose from 317 hectares (i.e. 784 acres) in 1996 to 405 hectares (i.e. 1000.4 acres) in 2006 (Statistics Canada 2006 Census of Agriculture). Table 2.6 indicates that while operating expenses have continued to rise, the total cash receipts and realized net income have continued to decline.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Number of Farms</th>
<th>Total Farm Population</th>
<th>Average area of farm (in hectares)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>276,548</td>
<td>851,405</td>
<td>246</td>
</tr>
<tr>
<td>2001</td>
<td>246,923</td>
<td>727,130</td>
<td>273</td>
</tr>
<tr>
<td>2006</td>
<td>229,373</td>
<td>N/A</td>
<td>295</td>
</tr>
</tbody>
</table>

**Note:** Farm Population refers to all persons who are members of a farm operator’s household, living on a farm in a rural or urban area.

**Source:** Statistics Canada, Census of Agriculture, Population, and Total farm areas (2006)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>1,486,430,000</td>
</tr>
<tr>
<td>2003</td>
<td>2,871,154,000</td>
</tr>
<tr>
<td>2004</td>
<td>4,068,395,000</td>
</tr>
<tr>
<td>2005</td>
<td>2,478,789,000</td>
</tr>
</tbody>
</table>
Table 2.3: Demographics of US agriculture

<table>
<thead>
<tr>
<th>Year</th>
<th>1997</th>
<th>2002</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of farms</td>
<td>2,215,876</td>
<td>2,128,982</td>
<td>-3.9%</td>
</tr>
<tr>
<td>Average farm size (in acres)</td>
<td>431</td>
<td>441</td>
<td>2.3%</td>
</tr>
<tr>
<td>Average age of operator</td>
<td>54 years</td>
<td>55.3 years</td>
<td>2.4%</td>
</tr>
</tbody>
</table>


Table 2.4: Summary of financial information of US agriculture

<table>
<thead>
<tr>
<th>Year</th>
<th>1997</th>
<th>2002</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (in thousands of dollars)</td>
<td>201,379,812</td>
<td>200,646,355</td>
<td>-0.36%</td>
</tr>
<tr>
<td>Expenses (in thousands of dollars)</td>
<td>157,752,357</td>
<td>173,199,216</td>
<td>9.8%</td>
</tr>
<tr>
<td>Market value of equipment (in thousands of dollars)</td>
<td>119,302,923</td>
<td>136,624,880</td>
<td>14.5%</td>
</tr>
</tbody>
</table>


Table 2.5: Manitoba farm population and average hectares of farmlands

<table>
<thead>
<tr>
<th>Year</th>
<th>1996</th>
<th>2001</th>
<th>2006</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of farms</td>
<td>24,383</td>
<td>21,071</td>
<td>19,054</td>
<td>-21.9%</td>
</tr>
<tr>
<td>Total farm population</td>
<td>79,835</td>
<td>68,130</td>
<td>-</td>
<td>-14.7%</td>
</tr>
<tr>
<td>Average hectares per farm</td>
<td>317 hectares</td>
<td>361 hectares</td>
<td>405 hectares</td>
<td>27.8%</td>
</tr>
</tbody>
</table>

Source: Statistics Canada’s 1996 to 2006 Censuses of Agriculture and Statistics

Table 2.6: Total cash receipts, operating expenses and realized net income (in thousands of dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cash receipts</td>
<td>3,848,306</td>
<td>3,605,900</td>
<td>3,852,686</td>
<td>3,804,926</td>
<td>3,685,874</td>
</tr>
<tr>
<td>- Operating expenses after rebate</td>
<td>2,919,089</td>
<td>3,067,767</td>
<td>3,138,974</td>
<td>3,055,288</td>
<td>3,268,630</td>
</tr>
<tr>
<td>= Net cash income</td>
<td>929,217</td>
<td>538,133</td>
<td>713,712</td>
<td>744,638</td>
<td>417,244</td>
</tr>
<tr>
<td>+ Income in kind</td>
<td>8,298</td>
<td>7,802</td>
<td>8,824</td>
<td>11,886</td>
<td>12,316</td>
</tr>
<tr>
<td>- Depreciation</td>
<td>396,201</td>
<td>412,506</td>
<td>404,252</td>
<td>409,040</td>
<td>404,533</td>
</tr>
</tbody>
</table>
2.3 Agricultural Problems

The problems in agriculture are connected to the restructuring of agriculture. From the perspective of Willis (2003, pp. 64-65) pattern of “revolutionary” change (i.e. occurring quickly as a result of change in government policies) and “evolutionary” change (i.e. a process that is ongoing; increase in farm size), forces of change as identified by Ramsey et al. (2002) could be said to be the product of this revolutionary and evolutionary changes. The “revolutionary” change that creates problems in agriculture includes the fundamental change in government policies that led to price subsidy removal, input subsidy removal, deregulation, and also monetary policies related to a change in interest rates. The “evolutionary” change, revolves around seeking economies of scale and responding to market conditions, and competition through Intensification (i.e. an increased use of inputs like machinery, chemicals, and technology), Concentration (i.e. a focus on effective use of resources on fewer and larger farms), and Specialization (i.e. which is limiting the number of product types produced on the farm in order to concentrate farm resources in specialist areas) described by Woods (2005, pp. 47-48) and Walford and Burton (2003).

2.4 Concept of Farm Diversification

Fundamental processes of restructuring, the decline in farm income and a dwindling farm population have characterized the agricultural sector of industrial society. Tapping into opportunities such as farm tourism can have significant potential for farmers. The identification and promotion of farms as a result of their location, natural attraction and tourist-oriented facilities is essential in the process of diversification. The key feature of diversification is that it seeks to encourage investment in sectors that are usually different from those in which recent hardships have befallen (Binns and Nel, 2002).

Diversification is the term used to reflect traits of farm adjustment. It is construed as a means of leading farmers out of pressures on income and profitability due to increased competition and decreases in commodity prices (Oppermann, 1998). There is no single definition of diversification (Schmitz, 1989). On the one hand, it is seen as the practice of adding more and more activities to the farm enterprise. On the other hand, it is seen as the process of bringing more income stability than would otherwise be the case by engaging in economic activities that are negatively correlated with it (Kerr, 1989). Generally, the term “diversification” is used when the farm’s resources are engaged in “alternative farm enterprises” in order to generate a new source of income (Pascotto, 2006). While Gorman et al. (2001, p. 140) describe diversification as the process of targeting new and emerging markets for the purposes of creating “new sources of income and employment”. The Centre for Rural Research (2003, p. 12) sees diversification as “a sub-set of the broader conceptualisation of household pluriactivity, which covers all forms of non-agricultural income generation on and off the farm”.

<table>
<thead>
<tr>
<th>= Realized net income</th>
<th>541,314</th>
<th>133,429</th>
<th>318,284</th>
<th>352,484</th>
<th>25,027</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source: Statistics Canada’s farm financial statistics (2006)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Concentrating on agriculture exposes farmers to risk. If the industry stagnates or becomes competitively unprofitable, farmers’ prospects dim, maintaining a livelihood is harder to achieve, and survival becomes a concern. For this reason, farmers turn to diversification to survive the combined effect of high costs and low commodity prices by developing a different enterprise so as to reduce their farm household dependence on agricultural production. Mathews (2004) identifies factors like insufficient capital, lack of knowledge and age of farmer, and risk tolerance level as major barriers to farm diversification. Other factors as identified by The Centre for Rural Research (2003) include farm size and type, indebtedness, household type, culture and education.

### 2.4.1 Economic Analysis of Farm Diversification Decisions

The choice of sectors in which farmers choose to use their labour is guided by the consideration of the basic economic principle termed “opportunity cost”. Economists use the term opportunity cost to stress that making choices in the face of scarcity has a cost dimension, which could be expressed in terms of money and time. Parkin and Bade (1997, p. 8), describe the opportunity cost of any action as the cost of the “forgone alternative” or action. The concept of opportunity cost indicates that farmers will base their decisions to engage in off-farm work after considering the opportunity cost and will only choose to engage in it if the opportunity cost of the off-farm work (i.e. cost of not choosing farm work or the forgone alternative) is less.

### 2.4.2 Typologies of Farm Diversification

There are three common means of farm diversification (The Centre for Rural Research (2003). The first is “agricultural diversification” which is the use of farm resources to produce new sources of income (e.g. crop products, animal products, and farm woodland). The second is “structural or business diversification”. In this case, farm households have a variety of income from business activities (e.g. tourism, and value added activities) that are run on the farm or are partly dependent on the farm based land and capital assets. The third is “passive diversification” which includes leasing of agricultural land and buildings.

### 3.1 Tourism versus Farm Tourism

According to Shaw and Williams (2002), there have been various definitional issues regarding what tourism is. Page (2003) indicates how a broad outlook of tourism allows for the identification of tourism between countries and also tourism within a country. Dove (2004) describes tourism in the context of travel away from the home environment for leisure and holidaymaking. Tourism is defined by the World Tourism Organization as all travel that involves a stay of at least one night, but less than one year, away from the natural place of residence. In the research described in this thesis, the view adopted is that of Vanhove (2005) where tourism is seen as any activity related to momentary movement of people to a place outside their normal places of residence and employment, and the activities they engage in during the stay.

Farm tourism began in earnest after World War II, although its beginning is rooted in the concept of “social tourism” that was popular in the 1920s and 1930s.
Farm tourism as used by Roberts and Hall (2001, p. 150) refers to “stays in rural homesteads” where farming is practiced either full-time or part-time. Farm tourism is often used interchangeably with “agritourism” (Killion, 2001; Oppermann, 1997). Farm tourism is a sub-division of agritourism. It involves activities carried out on “working farms where the working environment forms part of the product” from the perception of the consumer (Roberts and Hall, 2001, p. 150). Farm tourism involves engaging the farm more than the primary production of food, fibre and raw materials. It may sometimes involve activities off the farm in addition to accommodation on the farm (Roberts and Hall, 2001). A number of studies on farm tourism consider it as an economic alternative for farmers who are facing decreased profits and difficulties generated by the agricultural crisis and restructuring. The opportunity to engage in activities that are negatively correlated with farming and the prospect of increasing farm income by spreading costs is probably the greatest advantage of incorporating tourism into the farm business. Because of the problems in agriculture, diversification has been viewed as a means of survival for farm business, with tourism thought to be an attractive and feasible option open to farmers.

Gorman et al. (2001, p. 140) discuss the “livelihood assets” of farm households in the context of human (i.e. skills and knowledge), economic (i.e. land, capital and labour), environmental (i.e. landscape features, clean air and water), social (i.e. networks and social interaction), cultural (i.e. include history, tradition, folklore and cultural heritage) and political (i.e. decision making power and influence on policies) that are available for and that can be exploited in the diversification process. In essence, when farmers utilize the potential opportunity for farm tourism and diversify, they shield themselves against the constraints of the cost-price squeeze and income decline (Barlett, 1993).

### 3.1.2 Benefits of Farm Tourism

Embacher (1994) identifies the contributions of farm tourism to the farming sector. The first recognition is that farm tourism provides more economic income for farmers, thus the farmers are able to cope and remain self employed in times of negative changes in the prices of agricultural produce/commodities. The second is that farm tourism provides an avenue for the direct sale of produce from farm. The third is that farm tourism contributes to the economic survival of farmers experiencing the effects of stiff competition, and changes in agricultural and trade policies.

### 3.1.3 Factors that Determine Diversification into Farm Tourism

Shaw and Williams (2002) shed light on the factors that influence the decision of farm households regarding diversification and what types of alternative enterprise to diversify into. These factors according to Wheelen and Hunger (2004) are the external and internal stimuli. The “external” stimuli stems from the external environment. They refer to the opportunities and threats that the farm household is exposed to (e.g. external capital sources, legal frameworks, market trends, change in technology, and sociocultural trends). The “internal” stimuli refer to strengths and weaknesses that are likely to determine if the enterprise will be able to take advantage of opportunities. These internal stimuli include profitability, availability of time, and family life course.

### 3.1.4 Farm Tourism Activities
Ten percent of Danish and twenty percent of UK farm holdings are engaged in tourism (Hjalager, 1996). In England and Wales, farm tourism produces an estimated 70 million Pounds per annum. In Australia, about 25% of farms have been receiving tourists for nearly a century and in Germany 44.4% of rural tourism operators who offered farm-based holidays generate 17% of their net income from it (Busby and Rendle, 2000).

More apparent farm tourism activities include accommodation, (e.g. bed & breakfast, farm accommodation, ranch) and recreational activities (e.g. wildlife viewing, hunting, fishing, and horseback riding) (Blacka et al., 2001). Others include educational activities (e.g. garden or nursery tours, historical agricultural display tours, and agricultural technical tours), direct farm product sales (e.g. on the farm sales of farm produce, pick your own operations, and sale of agricultural related crafts), entertainment activities (e.g. barn dances, harvest festivals and hunting) (Maetzold, 2004).

4.0 Conclusion and Recommendations

This research is a contribution to the understanding of the restructuring of agriculture, its effects on farm households and the shift towards alternative uses of farm assets. Structural change in agriculture is often used to describe changes in the way that agricultural products are produced, processed, and marketed. Agricultural industrialization is one form that this structural change is expressed. Restructuring generally describes changes that are aimed at greater efficiency and adaptation to market conditions for the purpose of profitability. Two forces of restructuring - - internal (e.g. availability of farm resources, and risk tolerance level) and external (e.g. change in technology and government policies) often have great impact on the agricultural sector. Overall, despite the shortcomings of restructuring of agriculture, the opportunity to diversify into farm tourism is seen by some devastated farm households as a welcome initiative and opportunity to enhance income so as to remain in farming. A Strategy based on tourism has been considered an effective diversification mechanism that can help ensure the economic security of farm households and contribute to improving local rural economies.

Major findings of this research will be presented in the analysis and discussion sections. The main theme of this research is “Diversification into Farm Tourism”. The purpose was to investigate the constraints of farm tourism development and to present solutions that will help farmers address these constraints. The central objectives of this research are to (a) identify and describe the main factors that influence farmers to diversify into farm tourism, (b) identify issues regarding farm tourism development that farm tourism operators face, (c) identify the type of programs that would help farm tourism operators, and (d) present strategies relevant for the promotion and development of farm tourism.

This research assumes that diversification is a way of responding to the “forces of restructuring” (Ramsey et al., 2003, p. 73) and that the process involves exploiting the market potential of farm resources. Using external literature, it was established in this research that farm income, the number of farms and farm population has continued to be in decline but farm size and number of bigger farms have been on the increase. As income from farming continues to fall, farm families are less secure and often strive to
seek alternative ways of efficiently utilizing farm assets (i.e. land, labour, capital, technology, and entrepreneurship). Diversification into farm tourism is a choice in an array of diversification options available to farm households.

Nevertheless, a series of efforts in the form of financial assistance, training programs, and marketing and business development programs have been made by government to assist farm operators to diversify. It has been noted that only a few of operators who diversify actually use these assistance or support programs partly because the general level of awareness regarding these programs is low.

Despite numerous constraints and challenges of starting and operating a farm tourism business, this research will seek to identify a number of operators that are gearing up for expansion in areas including accommodation, educational activities, recreational activities, food and entertainment services, and direct sales of farm produce. To serve the need of farm operators seeking to diversify into farm tourism, various programs that will contribute to assisting farm tourism operators will also be presented and discussed in this research coupled with recommendations that highlight relevant strategies in the promotion and development of farm tourism.

These recommendations will also help farm operators seeking to diversify into farm tourism.

- **Constant Revaluation**- For farm tourism operators to remain competitive and successful, there is need for continuous review of operational practices and other strategies related to use of farm assets for the promotion and development process so as to target more visitors, encourage them to stay longer and spend more during visits.

- **Development of Infrastructure**- Development of infrastructure (e.g. roads and telecommunication networks) and other essential services are critical to the successful promotion and development of farm tourism. The prospect of attracting the niche market looks uncertain without these basic infrastructures. Thus, government at the federal, provincial and municipal levels need to invest in rural infrastructure as a show of commitment to promoting and developing farm tourism.

- **Business and Marketing Plan Assistance and Training**- The prospect for farm tourism calls for expanded marketing and business planning supports. The present levels of marketing and business planning will be looked at and a corresponding recommendation made on whether to have it increased or not.

- **Intensify Women’s Initiatives**- A unique endeavour of this research will be to find out if more women are involved in both farm and farm tourism than men. This finding will be a significant guide when suggesting essential training and assistance targeted specifically at women to enable them to excel.

**Further Research**

Based on the outcome of this research, a recommendation will also be made on other areas that future research should look at.
References


Typically a farmer will be feeling financial pressure prior to starting a farm-based tourism enterprise. Motivation for engaging in farm-based tourism seems to be driven, primarily by economics. There is a dearth of research, however, concerning farm/ranch diversification, especially with respect to farm/ranch tourism. (Nickerson, et al.) While the critical success factors for tourism and agriculture can be broken into common denominators, tourism practitioners emphasize managing the guest experience from arrival to departure so that strong relationships are developed during the visitor experience between hosts and guests.

Diversification into Farm Tourism. Oredegbe A. Abayomi, Rural Development Institute, Brandon University, Brandon, Manitoba.

Overview: The agricultural sector is undergoing a series of continuous change due to changes in global and local economy, and technological innovation (e.g. mechanization and chemicalization of farms). This reality causes decline in commodity prices and represents the source of farm crisis (Keeney and Kemp, 2002, p. 4). If farming is to be sustained, farmers must respond by diversifying the use of farm assets. But according to Mathews (2004, p. 6) factors like insufficiency of the main objective of the project was to diversify the farm business into tourism. Specific objective was to adapt the farm to be part of the "A bed in the meadow." According to this concept the main aim is to offer small farmers an option to diversify their activities, as well as to support people living in rural areas and preserve rural heritage. The financial support offered by EAFRD measure 311 "diversification into non-agricultural activities" allowed the installation of basic equipment and facilities for tourists including, for example, tents, showers and bicycles.